KTM

Kohinoor Textile Mills Limited

ANNUAL REPORT 2019









BUILDING SUSTAINABLE FUTURE

BUILDING
SUSTAINABLE
FUTURE

We believe in a sustainable development where needs of current are met without compromising the abilities of future generations to meet their own needs. We are striving to achieve economic development with a socially responsible and environment friendly attitude. Depleting water reservoir and increasing carbon emission are among key challenges the world is facing today. We are committed to develop more and more renewable energy sources for clean-energy and water re-cycling facilities to stay green and eco-friendly for building a sustainable future.

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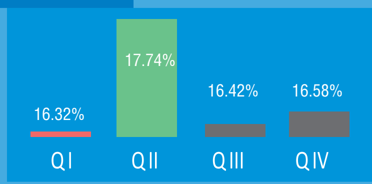
2019
YEAR AT A GLANCE

Current Ratio
1.09
Times

Profit from Operations
Rs. 2,692
million

Cash from Operations to Sales
11.75
Times

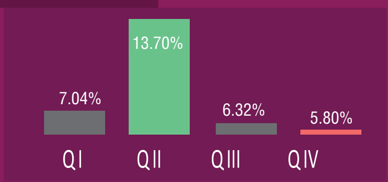
Gross Profit (GP)
Rs. 3,561
million
16.78%



Interest Cover
6.55
Times

Return on Equity
10.32
percentage

Net Profit (NP)
Rs. 1,751
million
8.25%



Dividend per Share
Rs. 2.00

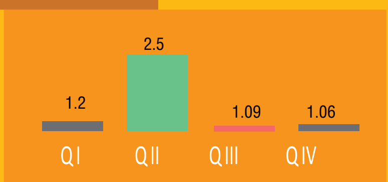
Dividend Yield
20%

Financial Leverage
0.30
Times

Revenue
Rs. 21,220
million

Debt to Equity Ratio
10:90

Earnings per share (EPS)
Rs. 5.85
per share



Cash used in Financing Activities
Rs. 1,866
million

Cash used in Investing Activities
Rs. 573
million

Cash Generated from Operating Activities
Rs. 2,494
million

ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT

COMPANY PROFILE & PRINCIPAL BUSINESS ACTIVITIES

KOHINOOR TEXTILE MILLS LIMITED (“THE COMPANY”) COMMENCED TEXTILE OPERATIONS IN 1953 AS A PRIVATE LIMITED COMPANY AND BECAME A PUBLIC LIMITED COMPANY IN 1968.

The Company's spinning production facilities now comprise 157,488 ring spindles and 1,848 open-end rotors capable of spinning a wide range of counts using cotton and man-made fibers. The weaving facilities at Raiwind comprise 288 looms capable of weaving a wide range of greige fabrics. The processing facilities at the Rawalpindi unit are capable of dyeing and printing fabrics for the home textile market. The stitching facilities produce a diversified range of home textiles for the export market. Both the dyeing and stitching facilities are being augmented to take advantage of greater market access. Fully equipped laboratory facilities for quality control and process optimization have been setup at all three sites.

The Company has been investing heavily in Information Technology, training of its human resources and preparing its management to meet the challenges of market integration.

The Company continues to ensure that its current competitive position is maintained as well as supporting the ongoing improvement process in our endeavor to maintain the world's best manufacturing practice. Operations of the Company are subject to different environmental and labour laws. The Company is fully complying with all applicable environmental, labour, corporate and other relevant legal laws.

Product Portfolio – To cater to varying needs of the market, the Company produces the following product:

i) Yarn
ii) Greige Fabric
iii) Dyed and Printed Fabric
iv) Home Textile Products (Bed Linen, Quilting, Embroidery, Curtains, etc)

The Company sells its products to local as well as international markets. Finished products of home textile business are exported to mainly Europe, America & Australia.

COMPANY INFORMATION

Board of Directors

Mr. Tariq Sayeed Saigol	Chairman
Mr. Taufique Sayeed Saigol	Chief Executive
Mr. Sayeed Tariq Saigol	
Mr. Waleed Tariq Saigol	
Mr. Danial Taufique Saigol	
Mr. Shafiq Ahmed Khan	
Mr. Arif Ijaz	
Syed Mohsin Raza Naqvi	

Audit Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Arif Ijaz	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Waleed Tariq Saigol	Member

Human Resource & Remuneration Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Arif Ijaz	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Danial Taufique Saigol	Member

Chief Financial Officer

Syed Mohsin Raza Naqvi

Company Secretary

Mr. Muhammad Ashraf

Chief Internal Auditor

Mr. Zeeshan Malik Bhutta

Auditors

M/s. Riaz Ahmad & Company
Chartered Accountants

Legal Adviser

Mr. Abdul Rehman Qureshi
Advocate High Court

Registered Office

42-Lawrence Road, Lahore.
Tel: (0092-42) 36302261-62
Fax: (0092-42) 36368721

Share Registrar

Vision Consulting Limited
1st Floor, 3-C, LDA Flats,
Lawrence Road, Lahore
Tel: (0092-42) 36283096-97
Fax: (0092-42) 36312550
E-Mail: shares@vcl.com.pk

Bankers of the Company

Al Baraka Bank (Pakistan) Limited
Allied Bank Limited
Askari Bank Limited
Bank Alfalah Limited
Bank Al-Habib Limited
Faysal Bank Limited
JS Bank Limited
MCB Bank Limited
Meezan Bank Limited
National Bank Limited
PAIR Investment Company Limited
The Bank of Punjab
United Bank Limited

Mills

- Peshawar Road, Rawalpindi
  Tel: (0092-51) 5495328-32 Fax: (0092-51) 5495304

- 8 K.M., Manga Raiwind Road, District Kasur
  Tel: (0092-42) 32560683-85, Fax: (0092-42) 32560686-87

- Gulyana Road, Gujar Khan, District Rawalpindi
  Tel: (0092-51) 3564472-74

Website:

- www.kmlg.com

Note -KTML's Financial Statements are also available at the above website

OUR VISION

The Kohinoor Textile Mills Limited stated vision is to achieve and then remain as the most progressive and profitable Company in Pakistan in terms of industry standards and stakeholders' interest.

OUR MISSION

The Company shall achieve its mission through a continuous process of having sourced, developed, implemented and managed the best leading-edge technology, industry best practice, human resource and innovative products and services and sold these to its customers, suppliers and stakeholders.

OUR VALUES

EMPATHY
We share each others' feelings and emotions, making us a stronger, more cohesive team; we communicate effectively and approach challenges collectively.

INTEGRITY
We ensure adherence to moral and ethical principles; we act with honesty, we do not compromise our values.

PASSION
It's about growth & success; we chase our goals and objectives – personal & professional – with the highest level of energy and enthusiasm.

CODE OF BUSINESS CONDUCT AND ETHICAL PRINCIPLES

The following principles constitute the code of conduct which all directors and employees of Kohinoor Textile Mills Limited are required to apply in their daily work and observe in the conduct of Company's business.

While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

The code emphasizes the need for a high standard of honesty and integrity which are vital for the success of any business.

ETHICAL PRINCIPLES

1. Directors and employees are expected not to engage in any activity which can cause conflict between their personal interest and the interest of the Company such as interest in an organization supplying goods/ services to the Company or purchasing its products. In case a relationship with such an organization exists, the same must be disclosed to the Management.

2. Dealings with third parties which include Government officials, suppliers, buyers, agents and consultants must always ensure that the integrity and reputation of the Company are not in any way compromised.

3. Directors and employees are not allowed to accept any favours or kickbacks from any organization dealing with the Company.

4. Directors and employees are not permitted to divulge any confidential information relating to the Company to any unauthorized person. Nor should they, while communicating publicly on matters that involve the Company's business, presume to speak for the Company unless they are certain that the views that they express are those of the Company and it is the Company's desire that such views be publicly disseminated.

5. All employees share a responsibility for the Company's good public relations particularly at the community level. Their readiness to help with religious, charitable, educational and civic activities is accordingly encouraged provided it does not create an obligation that interferes with their commitment to the Company's best interests.

6. The Company has strong commitment to the health and safety of its employees and preservation of the environment and the Company will persevere towards achieving continuous improvement of its Health, Safety and Environment (HSE) performance by reducing potential hazards, preventing pollution and improving awareness. Employees are required to operate the Company's facilities and processes keeping this commitment in view.

7. Commitment and team work are key elements to ensure that the Company's work is carried out effectively and efficiently. Also all employees will be equally respected and actions such as sexual harassment and disparaging remarks based on gender, religion, race or ethnicity will be avoided.

CULTURE

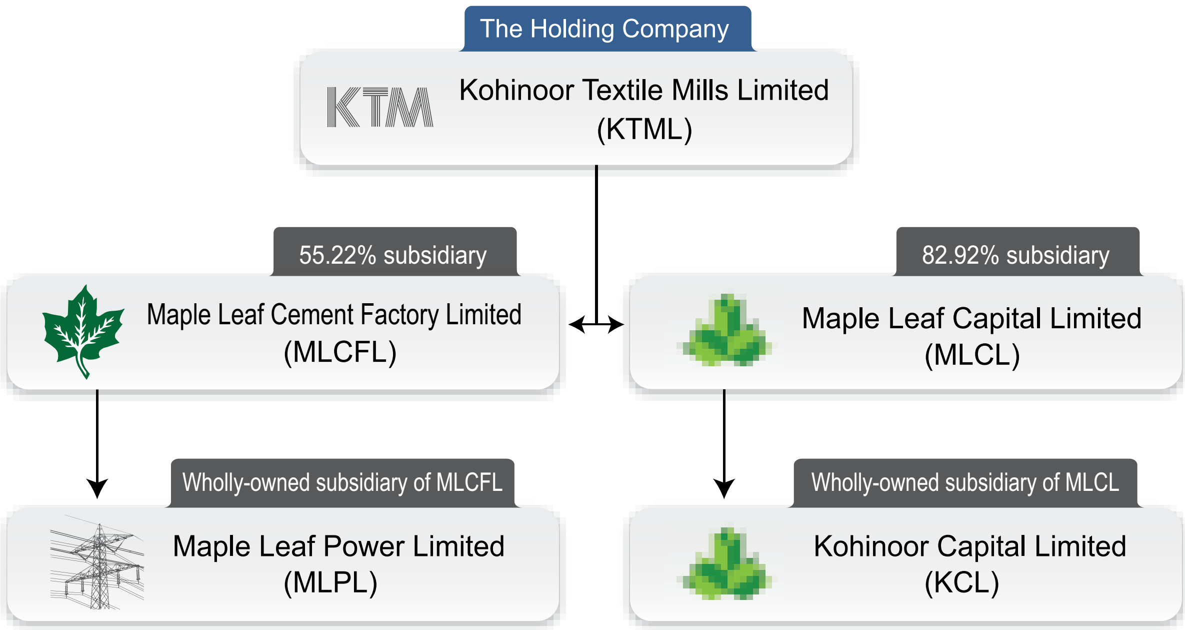
Organisational culture in Kohinoor Textile Mills Limited depicts the Company's philosophy which is based on shared values and beliefs. The Company is committed to build a strong corporate culture based on its core value at the highest standards of Empathy, Integrity and Passion. The Company believes in empowering its people by encouraging a culture of collective efforts for the achievement of Company's vision and objectives followed by self-assessment for continuous improvement.

CORPORATE STRATEGY

We, at Kohinoor Textile Mills Limited, manufacture and market yarn, cloth and wide range Home textiles. Our strategy is to be competitive in the market through quality and efficient operations. As a responsible member of the community, we are committed to serve the interests of our stakeholders and contribute towards the prosperity of the Country.

GROUP STRUCTURE

The Company is a part of Kohinoor Maple Leaf Group (KMLG). KMLG structure comprises of two listed public limited companies i.e. Kohinoor Textile Mills Limited (KTML) and Maple Leaf Cement Factory Limited (MLCF) and three unlisted public limited companies i.e. Maple Leaf Capital Limited (MLCL), Maple Leaf Power Limited (MLPL) and Kohinoor Capital Limited (KCL).



Kohinoor Textile Mills Limited (KTML) is a parent Company of other four below mentioned Companies. The initial capacity of its Rawalpindi Unit comprised 25,000 spindles and 600 looms. Later, fabric processing facilities were added and spinning capacity was augmented. Additional production facilities were acquired on the Raiwind-Manga Road near Lahore in District Kasur and on the Gulyana Road near Gujar Khan, by way of merger.

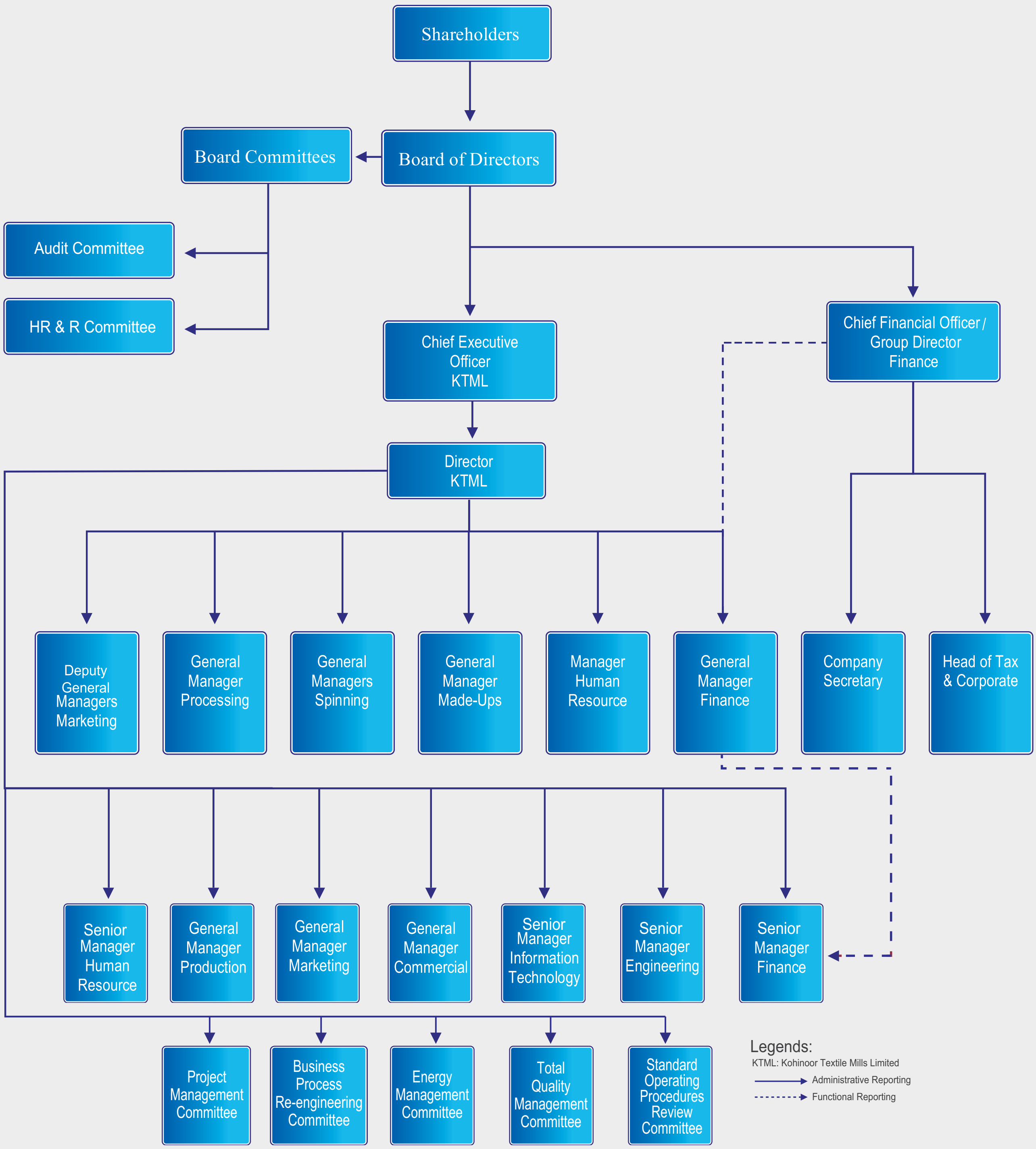
Maple Leaf Cement Factory Limited (MLCFL) was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. The cement factory is located at Iskanderabad District Mianwali in the province of Punjab. The principal activity of the Company is production and sale of cement. The Company is a subsidiary of Kohinoor Textile Mills Limited ("the Holding Company").

Maple Leaf Power Limited (MLPL), a wholly owned subsidiary of MLCF, an unlisted public limited company, has established a 40 MW Coal Fired Power Plant at Iskanderabad, District Mianwali which has successfully started its commercial production on 12th October 2017. The project was completed within budget and as per the planned timelines. The principal activity of MLPL is to generate, purchase, transform, distribute and supply electric power to MLCF. The project has added another reliable and inexpensive source of power compared to the national grid and has reduced dependency on the same. Project has provided a cushion against current bullish trend in furnace oil prices and is the cheapest source of electricity after waste heat recovery plant.

Maple Leaf Capital Limited (MLCL), was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance 1984 (now the Companies Act, 2017) as a public company limited by shares. The principal object of MLCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial instruments. MLCL is a subsidiary of KTML.

Kohinoor Capital Limited (KCL) was incorporated in Pakistan on 28 Nov 2018 under the Companies Act, 2017 as a public company limited by shares. The principal object of KCL is to buy, sell, hold or otherwise acquire or invest its capital in any sort of financial instruments. KCL is a wholly owned subsidiary of MLCL.

ORGANIZATION CHART



GEOGRAPHICAL PRESENCE

Regional Sales Office
25-West Wharf Road,
Karachi

Mills
Gulyana Road,
Gujar Khan,
Rawalpindi

Mills
Peshawar Road,
Rawalpindi

Head office
42 - Lawrence
Road, Lahore

Mills
8 K.M., Manga Raiwind
Road, District: Kasur

POSITION IN VALUE CHAIN

FACTORS EFFECTING EXTERNAL ENVIRONMENT

External Component	Factors	Organizational response
Political	• Frequent changes introduced by Government in regulations for doing business. • Reduced foreign investment badly impacting the performance of Pakistan stock exchange (PSX)	• Management proactively plans to manage the operations of Company in a way so that full compliance may be made with all applicable rules & regulations. • Impact on financials for each new amendment is monitored by projection / analysis on continuous basis so that operational decisions may be made efficiently. • Exploring new export markets is an ongoing exercise to efficiently utilize production capacities in response to reduction in sales volumetric growth in local market. • Regular market analysis by senior management and the Board. • Conducting corporate briefings and roadshows, both at national and international level, to mitigate the impact of government policies and actions on the market capitalization of the company. It further helped increase and sustain foreign shareholding in the total capital structure of the company.

Economic	• Price hike in major input costs (imported materials) due to devaluation of local currency.
	
	• Inflation
		• The company met price hikes in input costs by:
		
		  • Efficient procurement of local & imported cotton with better negotiation.
		
		  • Effective inventory management by meticulously reviewing inventory holding periods.
		
		  • Cost reduction initiatives to control production and non -production related fixed costs
		
		• The company avoided the enormous forex hit by paying maximum portion of LC in advance of its ongoing expansion projects and procurement of raw materials.

External Component	Factors	Organizational response
Social	• Stakeholders' inclination towards CSR compliant organizations • Better retention in organizations offering affordable health and educational facilities • Attitude change towards welfare of public at large	• Ensuring compliance with all requirements of Corporate Social responsibility • The Company supports provision of educational facilities for public at large and the Board has approved the construction of Al-Aleem medical college in Gulab Devi Educational Complex.
Technological	• Technical obsolescence of production facilities • Continuous development of information technology infrastructures and Management Information Systems (MIS) software • Communication infrastructure	• Company has the most novel technology to avoid any risk of technical obsolescence and keep on investing on BMR. • Company continuously invests in the robust hardware and software for system up-gradation and MIS. Recently company has managed ERP modules for meeting latest reporting needs. • The company has ensured the provision of latest Microsoft outlook software to meet communication needs of all company personals internally and with all external stakeholder groups.
Legal	• Enforcement of new Companies Act, 2017 • Continuous amendment in the provisions of income tax ordinance 2001 and sales tax act 1990 resulting from finance bill on annual basis • Amendments in the requirements of code of corporate governance, Pakistan stock exchange rules and the requirements of SECP act • Severe FBR actions to deter non- compliance and late payments • Amendments in employment laws and industrial relations regulations	• Company has engaged an efficient team of professionals to ensure compliance with all enacted or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements. • Company ensures that all taxes and duties payments, whether income tax or sales tax, are made timely by having an effective cash management system in place. • The Company has equipped itself with a competent legal team to make itself updated on employment and industrial laws. It further helps the management in complying with requisite updates on timely basis.

External Component	Factors	Organizational response
Environmental	• Attitude towards and support for renewable energy • Air pollution & deforestation • Lowering of underground water belt • Growing attention towards "green" attitudes	• Company is successfully operating waste heat recovery project (WHRP) for electricity generation from emitted heat of the engines. Solar based power generation has also augmented the operational efficiencies of the Company. • Planting trees to limit the emission of harmful gases in the atmosphere and to ensure maintenance and lifting up the underground water level by reducing the evaporation process. • Various water conservation plans are under process • The Company has been approved the standards of ISO 14001 and ISO 18001 for complying with an effective Environmental Management System (EMS) and Occupational Health and Safety Assessment Series (OHSAS) requirements.

Note:

In connection with risk and opportunities pertaining to the Company, Board's efforts for determining level of risk, Board's statement regarding robust assessment of risks, information about default in payment of any debt and inadequacy in capital structure have been covered in the Directors' Report.

SIGNIFICANT CHANGES FROM PRIOR YEARS

In comparison to the preceding year, a new venture, i.e., Kohinoor Capital Limited – a public unlisted company has been added in group structure during the current year.

External environment is constantly changing and rise in raw material prices globally followed by unprecedented devaluation of Pak. Rupee in comparison to US Dollar have affected the profitability of the Company.

EFFECT OF SEASONALITY ON BUSINESS IN TERMS OF PRODUCTION AND SALES

Being exporter of Home Textiles mostly in western countries, sales of the company show significantly increase in 2nd quarter of the year due to spiritual Christmas occasion across western world. Thereafter demand little bit slows for some time which again reaches to its normal pace.

KTML strength is to produce fine count of yarn that is used for summer suiting. Sales significantly increase in winter because cotton / lawn dresses are being prepared across the market in winter season to meet requirements. Due to less winter span, for which suiting is prepared in summer season, demand little bit slowdown for some time in summer.

STRATEGY AND RESOURCE ALLOCATION

STRATEGIC OBJECTIVES 2019 – 2020

Following are the main areas that constitute the strategic objectives of Kohinoor Textile Mills Limited: -

Short Term Objectives

1. Effective use of available resources; and

2. Improved capacity utilization of the Company's production facilities.

Medium Term Objectives

3. Effective marketing and innovative concepts;

4. Modernization of production facilities to ensure the most effective production;

5. Further improvements in implementation of Code of Corporate Governance through optimization of management processes; and

6. Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services.

Long Term Objectives

7. Explore alternative energy resources;

8. Implementation of effective technical and human resource solutions. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work;

9. Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions; and

10. Implementation of projects in the social and economic development of communities.

STRATEGIES AND MANAGEMENT OBJECTIVES

Management has the objective to transform the culture of the Company into highly customer driven, empowered and cross functionality focused company in order to maximize the return for stakeholders. Management has the belief that Quality may not be achieved without implementation of Key Performance Indicators (KPI's) in all the critical, contemporary areas of performance.

Total Quality Management team has been formed to monitor the KPI's in all the key areas on continuous basis and make corrective actions instantly where required. We strive to achieve our objectives with collective wisdom and empathy. We believe that training was and will remain the source of all process driven thinking. Accordingly, trainings for management team have been regularly arranged during the year 2018-19 and will continue in the year 2019-20. We have framed well defined different teams to address the key areas like Team energy, Team strategy, Team Culture Development etc.

We have reduced variable cost due to efficient energy management and other cost reduction measures. The to-date result, financial and non-financial, are the reflection of achievement of management's objective which are strategically placed to increase the wealth of stakeholder. The said results are properly evaluated against the respective strategic objectives to confirm the achievement.

There is no material change in Company's objective and strategies from the previous year.

ENTITY'S SIGNIFICANT RESOURCES

Our resources consist of mainly human resource, financial resource, and technological resource. The Company assorted and hired team of professionals with enormous expertise in latest technologies who proficiently design the ways for improving and upgrading our production process, networking and control systems. We have developed a dedicated team to analyse the human resource right from selection till retirement. We believe in adding value to our human resource by extensive trainings and development program.

KEY PERFORMANCE INDICATORS (KPIs)

Following are some of the critical performance measures and indicators against stated objectives of the Company.

Sr. No.	Objectives	Measures
1	Effective use of available resources and improved capacity utilization of the Company's production facilities	Efficient production planning and control (PPC) department with responsibility to plan orders on timely basis in order to minimize the idle time.
2	Modernization of production facilities in order to ensure the most effective production	Efficient and state of the art production and management information system
3	Effective marketing and innovative concepts	Increase in contribution margin and sales volume
4	Strengthening independence in terms of secure supply of low-cost services and resources, including energy supply, transportation and logistics services	Decrease in variable cost
5	Explore alternative energy resources	Reduced dependence on national grid by way of generation through furnace, gas and solar power plant
6	Further improvements in code of corporate governance through restructuring of assets and optimization of management processes	Number of notices received from government
7	Implementation of effective technical and human resource solutions. Personnel development, creating proper environment for professional growth of highly skilled professionals, ensuring safe labour environment, competitive staff remuneration and social benefits in accordance with scope and quality of their work	Well organized Human Resource Department. Number of non -conformities raised.
8	Compliance with local and international environmental and quality management standards, implementation of technologies allowing to comply with the limitations imposed on pollutant emissions	Compliance with ISO requirements and specific requirements from various international customers
9	Implementation of projects in social and economic development of communities.	Allocation of funds for CSR

Management believes that current key performance measures continue to be relevant in future as well.

LIQUIDITY AND FINANCIAL CAPITAL MANAGEMENT

Our liquidity condition has improved over the period. The management has a balanced team of suitably qualified professionals who have breadth of experience and knowledge of best practices in liquidity management pertaining to policies, processes, regulatory constraints, tax considerations and liquidity management system.

The Company continues its efforts to maintain debts at a reasonable level which supports the long term objectives of the company and improve its liquidity position. Keeping in line with plant modernization strategy, Moreover, the Company continued its strategy to utilize maximum cash profits for the payment of debts.

Management believes that there is no inadequacy in capital structure in status quo.

SIGNIFICANT PLANS AND DECISIONS

In order to become a truly “green” manufacturer, Company has successfully completed its second project of 2MW Solar Power Plant. This project, in combination with already installed 1MW solar power plant, will help reduce average power generation cost. Management is committed to increase capacity of power generation through solar based projects across other divisions of Kohinoor Textile Mills Limited in years to come.

Experimentation has successfully concluded to reuse treated effluent in order to reduce freshwater requirement. Management is working on more fantastic ideas to wisely use this scarce resource, i.e., water, considering dropping reservoirs across the country.

RISKS AND OPPORTUNITIES

RISKS AND OPPORTUNITIES ANALYSIS

The Board of Directors is committed to minimize the risks and take advantage of potential opportunities to systematically and sustainably improve the value of the Company for all stakeholders. Management has adopted a risk management approach and internal control framework, based on its business philosophy and corporate objectives, which is explained below:

STRATEGY FORMULATION

Management reviews the Statement of Strategic Objectives annually that represent the Stakeholder' expectations and are the lead indicators for determining the success level of the Company. To materialize the objectives, Management adopts certain strategies. These strategies are approved by the Board of Directors and are subject to adjustment, depending upon any changes in the external business environment or internal organizational factors.

RISK ASSESSMENT

Risk assessment is an on-going process that highlights numerous uncertainties that poses potential threats which may hinder the accomplishment of objectives of the Company. If these risks are not being addressed in timely manner, may culminate in loss. Such risks and uncertainties can arise both from external as well as internal factors within the Company. Broad categories of risks which may hinder operations of the Company are as follows:

RISKS TYPE	IMPLICATION
Strategic Risks	Strategic risks can be defined as the uncertainties and untapped opportunities embedded in strategic intent. These risks are key matters for the Board of Directors, and impinge on the whole business, rather than just an isolated unit.
Commercial Risks	Commercial risks refer to potential losses arising from the trading partners or the market in which the Company operates.
Operational Risks	Operational risks refer to risks resulting from breakdowns in internal procedures, people and system.
Financial Risks	Financial risk is an umbrella term for multiple types of risk associated with financing, profitability, liquidity and credit.

MATERIALITY APPROACH

Management believes materiality as a key component of an effective communication with stakeholders. The management has adopted materiality approach which is based on a combination of stakeholder engagement, understanding of environmental limits and strategic alignment. It has made the process, assumptions and evidence base for identifying material issues for more transparent, credible and amenable disclosures to have more transparency on risk and opportunities.

Not being conclusive, management considers that following are the major risks which may affect the operations of the Company and mitigating strategies for these risks.

OBJECTIVES, RISKS AND COUNTER MEASURES

Corporate Objective	Risk	Assessment	Mitigation Strategies
Industry Competition: To maintain Company's prominent position among leading export oriented Textile Companies.	**Strategic Risk:** There is increasing competition among existing market players. Further, threat from new entrants are foreseen in the operating segment. **Source: External** **Commercial Risk:** Increasing prices of raw material & overheads may affect the buying potential of customers and profit margins. **Source: External**	**Likelihood:** Medium **Magnitude:** High **Likelihood:** Medium **Magnitude:** High	Company operates as a vertically integrated unit. Management takes proactive decisions and selects the product mix in spinning and weaving segments which may positively counter the adverse uncontrollable affects in the sales of home textile segment.
Legislative and Legal Environment: To operate in a stable market being compliant with all relevant laws of the country and international regulations.	**Strategic Risk:** More stringent legal requirements within the Country and in exportable markets. Changes and Reforms in existing laws & regulations and legal uncertainties. **Source: External** **Commercial Risk:** Demand from international customers for being compliant for labor, health & safety and raw material quality standards. **Source: External**	**Likelihood:** High **Magnitude:** Medium **Likelihood:** Low **Magnitude:** High	Management exercises due care for procurement of raw materials. To meet the Health and Safety standards Company is actively following requirements of various certifications.
Technology: To produce the best and highest quality product that meets the demands of Customers and quality standards.	**Strategic Risk:** Technological shift may render production process obsolete and cost inefficient. **Source: External**	**Likelihood:** Low **Magnitude:** High	Management continuously investing considerable amounts for upgradation of technological infrastructure in order to remain competitive and cost efficient.
Operations: To ensure continuity of operations without any disruptions in supply of resource, continuous production and minimize idle time.	**Operational Risk:** Company relies on various third parties for sourcing of quality goods and services. Business constraints faced by associated ventures may adversely affect the customer servicing of the Company. **Source: External/Internal**	**Likelihood:** Low **Magnitude:** High	Management believes in the capacity building of internal and external trading partners / vendors in order to increase their potential for timely sourcing of required goods & services to the Company.

Corporate Objective	Risk	Assessment	Mitigation Strategies
Human Capital: To recruit and retain the best people and provide adequate training to ensure high quality skilled force.	**Operational Risk:** Loss of the qualified and competent staff. **Source: Internal**	**Likelihood:** Low **Magnitude:** Low	Management is continuously investing in the capacity building of its employees. A rigorous succession plan is also in place aimed to prepare the future leaders.
Health and Safety: To ensure health and safety of employees in workplaces.	**Operational Risk:** Accidents can take place which can cause serious injuries to employees. **Source: Internal** Unforeseen calamities and natural disasters may result in human loss. **Source: External**	**Likelihood:** Low **Magnitude:** Medium	Suitably qualified and well equipped health and safety department is operational which continuously monitors the HSE conditions in the Company and takes the remedial actions as and when required.
Environment: To ensure environment friendly products and processes.	**Operational Risk:** Hazardous emissions and discharges into air and water beyond the prescribed limits. Waste from operations may be disposed of in an inappropriate manner. **Source: Internal**	**Likelihood:** Low **Magnitude:** Medium	Management has installed the waste water treatment plant in order to meet the requirements of various regulatory authorities. Apart from that various initiatives are in process to reduce to the maximum possible minimum level the discharge of hazardous chemicals in water and air.
Finance: To maintain strong financial position and produce financial performance which is reflective of the Company's scale of business and Shareholders' expectations	**Financial Risk:** Increase in the cost of borrowing may limit the avenues for availability of sufficient working capital. **Source: External** Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities. **Source: External** Devaluation of Pak. Rupee may further adversely affect the raw materials cost of spinning segment. **Source: External**	**Likelihood:** Low **Magnitude:** Medium **Likelihood:** Low **Magnitude:** Medium **Likelihood:** Low **Magnitude:** Medium	Management has addressed the risk of shortage of working capital by availing sufficient lines from the diversified financial institutions in order to meet the short term finance requirements of the company. Moreover average credit period of the Company is also being improved along with improved operation cycle. Credit risk from counter parties is being addressed by frequent reviews of outstanding balances of major parties, and reconciliations after short time intervals to avoid the chance of disputed amounts / transactions.

OPPORTUNITY ANALYSIS

Unlocking and exploiting operational opportunities is an important aspect of Kohinoor entrepreneurial activities. We are committed to use existing products and new solutions to systematically enhance our growth and strengthen our position in global markets. Investing in new projects and increasing the productivity of existing ones are key elements for future organic growth. In the year under review, we strengthened the basis for further growth in the coming years by making selective investments in our existing businesses and developing innovations that support in achievement of company's stated vision.

In connection with risk and opportunities pertaining to the Company, Board's efforts for determining level of risk, Board's statement regarding robust assessment of risks, information about default in payment of any debt and inadequacy in capital structure have been covered in the Director's Report.

Key opportunity	Impact area	Strategy to materialize
Growing demand in local market Source: External	Social & relationship capital and; Financial Capital	The Company has increased its capacity of fabric printing by adding a latest machine of digital printing technology.
Cost reduction by using innovative production technology. Source: Internal	Manufactured capital	The Company, realizing the importance of reducing electric costs, has an active waste heat recovery plant at site which converts heat from power engine into steam, which was previously lost, into energy. Furthermore, the recent completed 2-MW solar power plant in addition to existing 1-MW plant further provides free electricity to the Company.
Development of human relations/resource. Source: Internal	Human capital	Developing the human resource is engraved in the company's mission statement and long-term objectives. By conducting extensive trainings and through its development program, the human resource add value to the company with their professional ability, caliber and integrity.
Improvements in the business process. Source: Internal	Financial capital	The Company can capture healthy profits through its ability to: • Operate at maximum capacity • efficient cash management system • making sound liquid investments • effective control over inventory

KEY RISKS AND OPPORTUNITIES OF CAPITALS

FORM OF CAPITAL	KEY RISK	KEY OPPORTUNITIES
Financial Capital	Increased fuel and power cost / finance cost	Growing demand in local market, energy generation through solar power plant.
Human Capital	Loss of qualified and competent staff	Bagging unparalleled and ideal workforce from the market.
Manufacturing Capital	Obsolescence of technology	Investing in the latest technologies and state of the art equipment.
Social and Relationship Capital	Bad reputation and publicity	Building relationships along the value chain and developing the Company portfolio.
Natural Capital	Water shortages	Easy access to local raw materials for yarn and fabric manufacture.

GOVERNANCE

CORPORATE BRIEFING

- NOTICE OF ANNUAL GENERAL MEETING
- CHAIRMAN'S REVIEW
- DIRECTORS' REPORT TO THE SHAREHOLDERS
- STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
- INDEPENDENT AUDITOR'S REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
- REPORT OF THE AUDIT COMMITTEE
- OTHER CORPORATE MATTERS

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 51st Annual General Meeting of the members of Kohinoor Textile Mills Limited (the "Company") will be held on Saturday, October 26, 2019 at 12:00 Noon at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business: -

Ordinary Business:

1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2019 together the Chairman's Review, Directors' and Auditors' Reports thereon.

2) To approve final cash dividend for the year ended June 30, 2019 at Re. 0.75 per share (7.50%), as recommended by the Board of Directors. This is in addition to the interim cash dividend already paid to the shareholders at Re. 1/- per share (10%), thus making a total cash dividend at Rs.1.75 per share (17.50%) for the year.

3) To appoint Auditors for the year ending on June 30, 2020 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

Special Business:

4) To consider and, if deemed fit, pass the following Resolution as a Special Resolution under Section 199 of the Companies Act, 2017, with or without modification, as recommended by the Directors:-

   "Resolved that the Chief Executive Officer of Kohinoor Textile Mills Limited (the "Company") be and is hereby authorized to make a long term equity investment, in accordance with Section 199 of the Companies Act, 2017, in the ordinary share capital of Maple Leaf Cement Factory Limited, a subsidiary of the Company, upto Rs. 3,343.935 million for subscribing 85% right shares numbering 278,661,217 in the ratio of 85 shares for every 100 shares held of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share).

   Resolved further that the Chief Executive Officer of the Company be and is hereby authorized to take any or all necessary actions to subscribe Right Shares and dispose off the shares so subscribed as and when he thinks fit on behalf of the Company.

   Resolved further that the Company Secretary be and is hereby authorized to do all acts, deeds, things, and to take any or all necessary actions to complete all legal formalities and file all necessary documents in this regards as he thinks fit on behalf of the Company."

5) To consider and, if deemed fit, pass the following resolution as a special resolution under Section 199 of the Companies Act, 2017, with or without modification, as recommended by the Directors:-

   "Resolved by way of special resolution that consent and approval of Kohinoor Textile Mills Limited (the "Company") be and is hereby accorded under Section 199 of the Companies Act, 2017 (the "Act") for investment in the form of loans / advances from time to time to Maple Leaf Cement Factory Limited, a subsidiary of the Company, upto an aggregate sum of Rs. 1,500 million (Rupees one thousand five hundred million only) for a period of one year commencing November 01, 2019 to October 31, 2020 (both days inclusive) at the mark-up rate of one percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. Vide special resolution passed in general meeting held on October 27, 2018 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs. 1,000 million which is valid till October 31, 2019.

   Resolved further that the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the subsidiary company but not limited to filing of all the requisite statutory forms and all other documents with the Securities and Exchange Commission of Pakistan, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution."

6) To ratify and approve transactions conducted with the Related Parties for the year ended June 30, 2019 by passing the following special resolution with or without modification: -

"Resolved that the transactions conducted with the Related Parties as disclosed in the note 34 of the unconsolidated financial statements for the year ended June 30, 2019 and specified in the Statement of Material Information under Section 134(3) be and are hereby ratified, approved and confirmed."

7) To authorize the Board of Directors of the Company to approve transactions with the related parties for the financial year ending on June 30, 2020 by passing the following special resolution with or without modification: -

"Resolved that the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with the Related Parties on case to case basis for the financial year ending on June 30, 2020.

Resolved further that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

BY ORDER OF THE BOARD

Lahore:
October 05, 2019

(Muhammad Ashraf)
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from October 19, 2019 to October 26, 2019 (both days inclusive). Physical transfers / CDS Transaction IDs received at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, First Floor, Lawrence Road, Lahore, at the close of business on October 18, 2019 will be considered in time for the purpose of final cash dividend and to determine voting rights of the shareholders for attending the meeting.

2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy to attend, speak and vote instead of him/her. CDC beneficial owners and Proxy Holder must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity. In case of Proxy, CDC beneficial owners and Proxy Holder must enclose an attested copy of their CNIC/ Passport with Proxy Form. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting. A member shall not be entitled to appoint more than one proxy.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

4. Members holding aggregate 10% or more shareholding, residing in a city other than Lahore, may demand the facility of video link for participation in the annual general meeting.

   In this regard, please fill the following and submit at the Registered Office of the Company situated at 42-Lawrence Road, Lahore, at least 07 days prior to the date of Annual General Meeting.

   "I/We, ____________________ of ___________________________________, being a member of Kohinoor Textile Mills Limited, holder of ___________ Ordinary Share(s) as per Registered Folio / CDC A/c # _______ hereby opt for video conference facility at ___________.

   ____
   Signature of Member(s) / Attorney"
   (please affix company stamp in case of corporate entity)

5. The Members, who desire for receiving the annual audited financial statements and AGM Notice through e-mail, are requested to send their written consent on a Standard Request Form available on website www.kmlg.com in order to avail this facility. The audited financial statements for the year ended June 30, 2019 are available on website of the Company. Further, the Company has sent its Annual Report 2019 through CD/DVD/USB to the shareholders at their available Registered Addresses instead of hard copy. However, hard copy of Annual Report will be provided free of cost on written request of the shareholder.

6. Shareholders are requested to notify / submit the following information & documents, in case of book entry securities in CDS to their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier provided / notified: -

a. Change in their addresses;

b. Pursuant to requirement of Section 242 of the Companies Act, 2017, any dividend payable in cash declared by a listed company shall only be paid through electronic mode directly into the bank account designated by the entitled shareholder. Accordingly, shareholders who have not yet provided / updated their International Bank Account Number (IBAN) details, are requested to furnish the information as provided on website of the Company on priority basis. In case of non-submission of IBAN of 24 digits, the Company will withhold the payment of dividends under the Companies (Distribution of Dividends) Regulations, 2017;

c. In case of non-submission of valid & legible copy of CNIC, the Company will be unable to comply with SRO 831(I)/2012 dated July 05, 2012 of SECP and will be constrained under the Companies Act, 2017 to withhold the payment of dividend to such shareholders;

d. Valid and legible copies of National Tax Number (NTN) or NTN Certificate(s) of corporate entities and must quote the company name and their respective Folio / CDC Account Numbers thereon while sending the copies to the Share Registrar of the Company;

e. Filer & Non-Filer shareholders will pay tax on dividend income @15% and 30% respectively. Therefore, please ensure that their name(s) have been entered into Active Taxpayers List (ATL) provided on website www.fbr.gov.pk of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before the date of approval of cash dividend at the Annual General Meeting on October 26, 2019, otherwise tax on their cash dividend will be deducted @30% instead of 15%;

f. As per clarification of FBR, each joint holder is to be treated individually as either a 'Filer' or 'Non-Filer' and tax will be deducted on the basis of shareholding notified by each joint holder. Accordingly, such shareholder(s) may notify in writing within 07 days from entitlement date i.e. October 18, 2019 as per following format to our Share Registrar. If no notification is received to our Share Registrar, then it will be assumed that the shares are held in equal proportion by the principal shareholder and the joint holder(s): -

Folio / CDC Account No.	Total Shares	Principal Shareholder		Joint Shareholder(s)		Signature(s)
		Name & CNIC No.	Shareholding Proportion (No. of Shares)	Name & CNIC No.	Shareholding Proportion (No. of Shares)	

g. Valid income tax exemption certificate issued by the concerned Commissioner of Inland Revenue is to be furnished to the Company / Share Registrar in order to avail tax exemption u/s 150 of the Income Tax Ordinance 2001 (tax on dividend) where the statutory exemption under clause 47B of Part-IV of Second Schedule is available and want to avail exemption u/s 150 of the Ordinance, otherwise tax will be deducted under the provisions of laws;

h. Members are requested to submit their Notarized Declarations (CZ-50) as per Zakat & Ushr Ordinance, 1980 for zakat exemption, if they want to claim exemption towards non-deduction of zakat on cash dividend;

i. Pursuant to requirement of Section 244 of the Companies Act, 2017, shareholders who could not collect their cash dividends / physical shares, are advised to contact at the Registered Office of the Company to collect / enquire about their unclaimed dividends or physical shares, if any;

j. As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e. May 30, 2017;

   The shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip less form, this will facilitate them in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Ltd.

k. For any query / information, the shareholders may contact with the Company Secretary at the above Registered Office and / or Mr. Abdul Ghaffar Ghaffari of Share Registrar, Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, Ph. Nos. (042) 36283096-97.

This statement sets out the material facts pertaining to the special business to be transacted at the Annual General Meeting of the Company to be held on October 26, 2019.

STATEMENT UNDER SECTION 134(3) OF THE ACT:

Agenda Item Number 4 of the Notice – Equity Investment in Maple Leaf Cement Factory Limited

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the "MLCFL") and Authorized Share Capital of Rs. 9,000,000,000/- (Rupees nine billion only) divided into 900,000,000 shares of Rs. 10/- each, comprising 800,000,000 Ordinary and 100,000,000 Preference Shares of Rs. 10/- each, with issued, subscribed and Paid Up Capital of Rs. 5,937,006,660/- divided into 593,700,666 ordinary shares of Rs. 10/- each. MLCFL is a public listed company engaged in the business of manufacturing and sale of cement and the factory is located at Iskanderabad, District Mianwali. MLCFL is a subsidiary of the Company and the Company, being a holding company, holds 327,836,727 ordinary shares constituting 55.22% of the aggregate paid-up capital in MLCFL and has also established an additional dry process clinker production line of 7,300 tpd grey clinker production and its grey cement capacity has been enhanced upto 18,000 tons per day. Commercial production of its expansion project has been started in the month of May 2019.

In order to reduce current debt levels and improve debt/equity leverage, MLCFL has announced 85% Ordinary Right Shares at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share) to its existing ordinary shareholders. This will help MLCFL to mitigate the adverse impact on profitability on account of rising interest costs.

The Board of Directors of the Company at their meeting held on September 20, 2019, has considered and recommended to subscribe the right entitlement by making an equity investment of Rs. 3,343.935 million by way of subscribing 278,661,217 ordinary right shares of Rs. 10/- each at a price of Rs. 12/- (inclusive of premium of Rs. 2/- per share) so that MLCFL continues to remain the subsidiary of the Company.

The Directors have carried out their due diligence relating to the proposed investment and duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting along with the latest audited accounts of the subsidiary company.

Information under Regulation 3(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017 (the "Regulations").

(a) Disclosure for all types of investments

(A) Regarding associated company or associated undertaking:

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th colspan="3">Information</th></tr>
<tr><td>(i)</td><td>Name of associated company or associated undertaking;</td><td colspan="3">Maple Leaf Cement Factory Limited (the "MLCFL")</td></tr>
<tr><td>(ii)</td><td>Basis of relationship;</td><td colspan="3">MLCFL is a subsidiary company of Kohinoor Textile Mills Limited (the "Company").</td></tr>
<tr><td rowspan="5">(iii)</td><td rowspan="5">Earnings per share for the last three years;</td><td colspan="3">(Rupees)</td></tr>
<tr><td>Year</td><td>Basic</td><td>Diluted</td></tr>
<tr><td>30.06.2017</td><td>8.81</td><td>8.81</td></tr>
<tr><td>30.06.2018</td><td>6.29</td><td>6.29</td></tr>
<tr><td>30.06.2019</td><td>2.47</td><td>2.47</td></tr>
<tr><td>(iv)</td><td>Break-up value per share, based on latest audited financial statements;</td><td colspan="3">As on June 30, 2019
With revaluation surplus Rs. 51.40
Without revaluation surplus Rs. 44.85</td></tr>
<tr><td rowspan="13">(v)</td><td rowspan="13">Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;</td><td colspan="3">Based on the audited financial statements for the financial year ended 30 June 2019, the financial position of MLCFL is as under: -</td></tr>
<tr><td>Particulars</td><td colspan="2">Amount Rupees (000)</td></tr>
<tr><td>Paid up capital</td><td colspan="2">5,937,007</td></tr>
<tr><td>Capital reserves</td><td colspan="2">5,640,300</td></tr>
<tr><td>Accumulated profits</td><td colspan="2">15,052,799</td></tr>
<tr><td>Surplus on revaluation of fixed assets–net of tax</td><td colspan="2">3,884,480</td></tr>
<tr><td>Current liabilities</td><td colspan="2">14,164,518</td></tr>
<tr><td>Current assets</td><td colspan="2">14,206,878</td></tr>
<tr><td>Sales - Net</td><td colspan="2">26,005,944</td></tr>
<tr><td>Gross Profit</td><td colspan="2">4,917,080</td></tr>
<tr><td>Operating Profit</td><td colspan="2">2,836,733</td></tr>
<tr><td>Net Profit</td><td colspan="2">1,465,299</td></tr>
<tr><td>Earnings per share (Rs.)</td><td colspan="2">2.47</td></tr>
</table>

(B) General Disclosures:

Ref. No.	Requirement	Information
(i)	Maximum amount of investment to be made;	Upto Rs. 3,343.935 million
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	**Purpose:** : KTML expects dividend income which would further augment the cash flow. **Benefits:** Price appreciation of KTML's share and better profit distribution to the valued shareholders of KTML **Period:** A long term equity investment.
(iii)	Source of funds to be utilized for investment and where the investment is intended to be made using borrowed funds, - (I) Justification for investment through borrowings; (II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and (III) Cost benefit analysis;	• Internal cash generation • Inter Corporate arrangement • Funds will be utilized to partially finance the subscription of right entitlement of MLCFL so that it continues to remain subsidiary and lucrative return by way of payouts thus enhancing liquidity of KTML resulting in appreciation in KTML's share value and better profit distribution to the shareholders of KTML. • No collateral is considered necessary since funds are being arranged from Group Company.
(iv)	Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	NA
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Investing Company i.e. KTML is a holding company of MLCF and Seven Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.

Ref. No.	Requirement	Information
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	Presently, KTML holds 55.22% ordinary shares of MLCFL. KTML's liquidity has been augmented due to persistent dividend payouts by MLCFL since 2015. No impairment and/or write off has been recorded so far.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

(b) Additional disclosure regarding Equity Investment:

Ref. No.	Requirement	Information
(i)	Maximum price at which securities will be acquired;	Rs. 12/- per share
(ii)	In case the purchase price is higher than market value in case of listed securities and fair value in case of unlisted securities, justification thereof;	N/A
(iii)	Maximum number of securities to be acquired;	278,661,217 shares
(iv)	Number of securities and percentage thereof held before and after the proposed investment;	Before: 327,836,727 shares Shareholding Percentage: 55.22% After: No. of Shares: 606,497,944
(v)	Current and preceding twelve weeks' weighted average market price where investment is proposed to be made in listed securities; and	Current quoted price of MLCF scrip as on 30/9/2019: Rs. 14.68 Weighted Average Market Price of MLCF Scrip: Rs.18.67
(vi)	Fair value determined in terms of sub-regulation (1) of regulation 5 for investments in unlisted securities;	N/A

Disclosure under Regulation 4(1):

Six Directors including Sponsor Directors of associated company i.e. MLCF are also the members of KTML and are interested to the extent of their shareholding as under: -

Name	%age of shareholding in MLCF	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	0.0194	14.3755
Mr. Taufique Sayeed Saigol	0.0015	14.5090
Mr. Sayeed Tariq Saigol	0.0010	0.1286
Mr. Waleed Tariq Saigol	0.0010	0.0112
Mr. Danial Taufique Saigol	0.0005	0.0010
Mr. Shafiq Ahmed Khan	0.0014	0.0010

AGENDA ITEM NUMBER 5 OF THE NOTICE – INVESTMENT IN MAPLE LEAF CEMENT FACTORY LIMITED IN THE FORM OF LOANS/ADVANCES

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the "MLCF"), is a subsidiary of the Company and the Company being a holding company, holds 327,836,727 ordinary shares constituting 55.22% of the aggregate paid-up capital in MLCF, a public listed company engaged in the business of manufacturing and sale of cement and the factory is located at Iskanderabad, District Mianwali.

The Board of Directors of the Company in their meeting held on September 20, 2019 has approved Rs. 1,500 million as loans / advances, being a reciprocal facility, to MLCF on the basis of satisfactory profit trend of MLCF subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCF in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in MLCF and it has been kept at the Registered Office of the Company for inspection of the members along with audited and the latest interim financial statements of MLCF as required under the Regulations.

The information under clauses 3(1)(a), 3(1)(c) & 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2017.

3(1)(a) Regarding associated company or associated undertaking:-

Ref. No.	Requirement	Information
(i)	Name of associated company or associated undertaking;	Maple Leaf Cement Factory Limited (the "MLCF")
(ii)	Basis of relationship;	MLCF is a subsidiary of Kohinoor Textile Mills Limited (the "Company") and the Company holds 55.22% of the aggregate paid-up capital in MLCF.
(iii)	Earnings per share for the last three years;	(Rupees) Basic / Diluted June 30, 2017: 8.81 / 8.81 June 30, 2018: 6.29 / 6.29 June 30, 2019: 2.47 / 2.47
(iv)	Break-up value per share, based on latest audited financial statements;	As on June 30, 2019 With revaluation surplus Rs. 51.40 Without revaluation surplus Rs. 44.85
(v)	Financial position, including main items of statement of financial position and profit and loss account on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2019, the financial position of MLCFL is as under: -

Particulars	Amount Rupees (000)
Paid up capital	5,937,007
Capital reserves	5,640,300
Accumulated profits	15,052,799
Surplus on revaluation of fixed assets–net of tax	3,884,480
Current liabilities	14,164,518
Current assets	14,206,878
Sales - Net	26,005,944
Gross Profit	4,917,080
Operating Profit	2,836,733
Net Profit	1,465,299
Earnings per share (Rs.)	2.47

General Disclosures:-

<table>
<tr><th>Ref. No.</th><th>Requirement</th><th>Information</th></tr>
<tr><td>(i)</td><td>Maximum amount of investment to be made;</td><td>Rs. 1,500 million (Rupees one thousand five hundred million only).</td></tr>
<tr><td>(ii)</td><td>Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;</td><td>Purpose: To earn income on the loans and/or advances to be provided to MLCF from time to time for working capital requirements of MLCF.

Benefits: The Company will receive mark up at the rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher. This shall benefit the Company’s cash flow by earning profit on idle funds.

Period: For a period of one year from November 01, 2019 to October 31, 2020.</td></tr>
<tr><td>(iii)</td><td>Source of funds to be utilized for investment and
where the investment is intended to be made using borrowed funds, -
(I) Justification for investment through borrowings;
(II) Detail of collateral, guarantees provided and assets pledged for obtaining such funds; and
(III) Cost benefit analysis;</td><td>Loan and/or advance will be given out of own funds of the Company.

N/A</td></tr>
<tr><td>(iv)</td><td>Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;</td><td><table>
<tr><td>Nature</td><td>Loan / advance</td></tr>
<tr><td>Purpose</td><td>To earn mark-up / profit on loan / advance being provided to MLCF which will augment the Company’s cash flow.</td></tr>
<tr><td>Period</td><td>One Year</td></tr>
<tr><td>Rate of Mark-up</td><td>One percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.</td></tr>
<tr><td>Repayment</td><td>Principal plus mark-up/ profit upto October 31, 2020</td></tr>
<tr><td>Penalty charges</td><td>3-months KIBOR plus one percent in addition to the outstanding amount(s).</td></tr>
</table></td></tr>
</table>

Ref. No.	Requirement	Information
(v)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertaking or the transaction under consideration;	Investing Company i.e. the Company is a holding company of MLCF and Seven Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.
(vi)	In case any investment in associated company or associated undertaking has already been made, the performance review of such investment including complete information/justification for any impairment or write offs; and	A similar nature of loan/advance facility of Rs. 1,000 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 27, 2018 which is valid till October 31, 2019. There is no impairment and/or write off against the above facility.
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

3(1)(c) Investments in the form of loans

Ref. No.	Requirement	Information
(i)	Category-wise amount of investment;	Short term loan for working capital requirements for a period of one year as dilated in preamble.
(ii)	Average borrowing cost of the investing company, the Karachi Inter Bank Offered Rate (KIBOR) for the relevant period, rate of return for Shariah Compliant products and rate of return for unfunded facilities, as the case may be, for the relevant period;	Average borrowing cost of the Company is 5.40% for the year ended June 30, 2019.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from MLCF at one percent above the three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since MLCF is a subsidiary company of the Company.

Ref. No.	Requirement	Information
(v)	If the investment carries conversion feature i.e. it is convertible into securities, this fact along with terms and conditions including conversion formula, circumstances in which the conversion may take place the time when the conversion may be exercisable; and	N/A
(vi)	Repayment schedule and terms and conditions of loans or advances to be given to the associated company or associated undertaking.	The loan / advance would be for a period of one year from November 01, 2019 to October 31, 2020 (both days inclusive). MLCF will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2020.

Six Directors including Sponsor Directors of associated company i.e. MLCF are also the members of the Company and are interested to the extent of their shareholding as under: -

Name	%age of shareholding in MLCF	%age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	0.0194	14.3755
Mr. Taufique Sayeed Saigol	0.0015	14.5090
Mr. Sayeed Tariq Saigol	0.0010	0.1286
Mr. Waleed Tariq Saigol	0.0010	0.0112
Mr. Danial Taufique Saigol	0.0005	0.0010
Mr. Shafiq Ahmed Khan	0.0014	0.0010

AGENDA ITEM NO. 6 OF THE NOTICE - RATIFICATION AND APPROVAL OF THE RELATED PARTY TRANSACTIONS:

Transactions conducted with the related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2017. However, during the year since majority of the Company's Directors were interested due to their common directorships and therefore these transactions are being placed for the approval by shareholders in the Annual General Meeting. In last Annual General Meeting of the Company, in order to promote transparent business practices, the shareholders had authorized the Board of Directors to approve transactions with the related parties from time-to-time on cases to case basis for the year ended June 30, 2019 and such transactions were deemed to be approved by the shareholders. Such transactions were to be placed before the shareholders in the next annual general meeting for their formal approval/ratification. Accordingly, these transactions are being placed before the shareholders in this meeting for their formal approval/ ratification.

All transactions with related parties to be ratified have been disclosed in the note 34 to the unconsolidated financial statements for the year ended June 30, 2019. Party-wise details of such related party transactions are given below: -

Sr. No.	Name of Related Party	Relationship	Description of Transactions	Rupees in thousands
1)	Maple Leaf Cement Factory Limited	Subsidiary Company	Purchase of goods and services	107,894
			Dividend income	327,836
			Mark up on loans	2,116
2)	Maple Leaf Capital Limited	Subsidiary Company	Loan obtained	100,000
			Loan repaid	531,530
			Mark-up on loans	14,495
3)	Provident Fund	Post-employment benefit plan	Contribution	53,031

The Company carries out transactions as per the approved policy with respect to 'transactions with related parties' in the normal course of business. All transactions entered into with related parties require the approval of the Audit Committee of the Company, which is chaired by an Independent Director of the Company. Upon the recommendation of the Audit Committee, such transactions were placed before the Board of Directors for approval.

The nature of relationship with these related parties has also been indicated in the unconsolidated financial statements for the year ended June 30, 2019. The Directors are interested in the resolution only to the extent of their shareholding and having their common directorships in such related parties.

AGENDA ITEM NUMBER 7 OF THE NOTICE – AUTHORIZATION FOR THE BOARD OF DIRECTORS TO APPROVE THE RELATED PARTY TRANSACTIONS DURING THE YEAR ENDING ON JUNE 30, 2020.

The Company shall be conducting transactions with its related parties during the year ending on June 30, 2020 as per the approved policy with respect to 'transactions with related parties' in the normal course of business. The majority of Directors are interested due to their common directorships in the subsidiary/associated companies. In order to promote transparent business practices, the shareholders are required to authorize the Board of Directors to approve transactions with the related parties from time-to-time and on case to case basis for the year ending on June 30, 2020, which transactions shall be deemed to be approved by the Shareholders. The nature and scope of such related party transactions is explained above. These transactions shall be placed before the shareholders in the next AGM for their formal approval/ratification.

The Directors are interested in the resolution only to the extent of their shareholding and/or only their common directorships in such related parties.

CHAIRMAN'S REVIEW

I am pleased to present the annual report and audited financial statements of the Company for the year ended 30 June, 2019 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2018-19. The Management of the Company is encouraged by the future prospects and expects to continue to demonstrate satisfactory performance through its efforts and strategic directions provided by the Board.

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017, mechanism has been put in place for annual evaluation of the performance of the Board of Directors (the "Board") of Kohinoor Textile Mills Limited (the "Company"). The main objective of this exercise is to internally evaluate the performance of the Board and its Committees in order to facilitate the Management and to play an effective role as a coordinated team for the success of the Company. Strategic goals for the Management have been earmarked for the coming year and the Board's effectiveness is measured in the context of achievement of such objectives. Accordingly, the Board has completed its annual self-evaluation for the year 2019 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2019, remained satisfactory. Such assessment was based on standards set by the Board in line with best corporate governance practices.

COMPOSITION OF THE BOARD:

The composition of the Board depicts reasonable balance of executive and non-executive Directors including independent Directors and as a Group, possess the requisite skills, core competencies and industry knowledge to lead the Company. All Board members have exercised their individual business judgment and are involved in important Board decisions.

VISION & MISSION STATEMENTS:

The Board members are aware of the high level of ethical and professional standards laid down in our Vision & Mission Statements which are adopted by the Company and fully support the same in attaining the objectives dilated therein.

STRATEGIC DECISION MAKING:

Overall corporate strategy and objectives have been set in line with the strategic vision of the Board from which the annual business plan is derived, as well as, projected plans for the next five years have been set by the Management, covering all functional and operational areas by utilization of available resources, modernization and expansion and production facilities to ensure continued growth in the bottom line which should hopefully result in high growth.

DILIGENCE:

The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The meetings of the Board are held at required frequencies and agenda along with working papers are circulated in sufficient time prior to Board and Committee meetings.

ADEQUATE GOVERNANCE:

The Board has framed the Code of Conduct which defines requisite behaviour and has been disseminated throughout the Company, along-with supporting policies and procedures. Adequate controls and robust systems are in place to ensure effective control environment so compliance of best policies of Corporate Governance are achieved. The Board sets high standards of honesty and integrity which we consider are vital for success of the business.

PRESENTATIONS:

During the course of discussion and approvals of financial statements, comprehensive presentations are placed before the Board based on incisive, critical and strategic analysis of all functional areas relating to core business of the Company. Benchmarking compared with the industry's peer group are carried out. This practice provides ample opportunity for objective analysis of the Company's goals and evaluation of its own financial performance with the peer group. The Board provides appropriate directions and oversight emanated on the basis of thorough and detailed discussions.

Lahore
20 September 2019

(Tariq Sayeed Saigol)
Chairman

DIRECTORS' REPORT
to the Shareholders

In compliance with Section 227 of the Companies Act, 2017, the Directors are pleased to present 51st Annual Report along with audited financial statements and Auditors' Report thereon for the year ended 30 June 2019.

PRINCIPAL ACTIVITIES

Kohinoor Textile Mills Limited ("the Company") is a public limited company incorporated in Pakistan and listed on Pakistan Stock Exchange Limited. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

REVIEW OF OPERATIONS

In the year under review, the Spinning division showed a strong result with profits increasing significantly. This increase drew largely from the Company's timely purchase of raw materials and major improvements in productivity and quality due to heavy investments in new technology. The markets currently face turmoil due to efforts of the Government to document the economy. To cope with these temporary difficulties, the Company has slightly altered its product mix, producing counts which can be taken up by documented and registered buyers. This has been a challenge but has been navigated satisfactorily. We are in the process of commencing procurement of raw materials – both imported and local – and it is hoped that the financial results will remain strong in the coming year. The Company continues to invest in modernization of equipment and enhancement of Spinning capacity which should lead to increase in sales and profits.

The Weaving division's efforts towards cost reduction and efficiency improvement are reflected in its results. These efforts will continue going forward as the Company strives to solidify its position.

The financial results of the Cut & Sew division were much improved over those of the previous year. We expect further improvement as the impact of investments in the Company's capability to produce complex products bears fruit. It is planned to further augment digital printing capacity at the Finishing plant.

The second phase of the Company's solar project at its Rawalpindi site has been completed and is operating well. Further expansions are also being planned. Additionally, a solar project has been launched at the Company's Raiwind site. These developments fall in line with KTML's vision of becoming an environmentally friendly "Green" company.

With coming corrections in energy prices and exchange rates, we expect the current year to be profitable with greater emphasis on increasing exports where we see potential for growth.

FINANCIAL REVIEW

During the year under review, Company's sales increased by 18.99% to Rupees 21,220 million (2018: Rupees 17,834 million), while cost of sales increased by 15.00% to Rupees 17,659 million (2018: Rupees 15,356 million). This resulted in gross profit of Rupees 3,561 million (2018: Rupees 2,478 million). Operating profit for the year under review stood at Rupees 2,692 million (2018: Rupees 2,516 million). The Company recorded after tax profit of Rupees 1,751 million (2018: Rupees 1,664 million). Earnings per share for the year ended 30 June 2019 stood at Rupees 5.85 against Rupees 5.64 for the last year.

GROUP FINANCIAL REVIEW

During the year under review, Company's consolidated revenue increased to Rupees 47,118 million (2018: Rupees 43,467 million), while cost of sales increased to Rupees 37,196 million (2018: Rupees 32,167 million). This resulted in gross profit of Rupees 9,922 million (2018: Rupees 11,300 million). Earnings per share for the year ended 30 June 2019 were at Rupees 10.45 against Rupees 11.95 for the last year.

DIVIDEND & APPROPRIATIONS

Keeping in view the results, the Board of Directors has announced final cash dividend for the year ended June 30, 2019 at Re. 0.75 per share (7.50%). This is in addition to interim cash dividend already paid at Rs. 1/- per share (10%), thus making a total cash dividend at Rupees 1.75 per share (17.50%) for the year.

The Directors recommend as under:

Description	Rs "000"
Profit before taxation	2,280,935
Provision for taxation	(530,291)
Profit after taxation	1,750,644
Final dividend declared for the year ended 30 June 2018	(299,296)
Interim dividend declared during the year ended 30 June 2019	(299,296)
Accumulated profit brought forward	6,542,187
Accumulated profit carried forward	7,694,239

EQUITY INVESTMENT IN SUBSIDIARY THROUGH RIGHT ISSUE

To reduce debt levels and improve debt/equity leverage, the Board of Directors of MAPLE LEAF CEMENT FACTORY LIMITED (MLCFL), (Subsidiary Company), have decided to raise a sum of Rs. 6,056 million by way of right issue. This will help MLCFL to better face the adverse impact on profitability on account of higher interest costs. It is being proposed to issue 85% right shares of Rs. 10/- each at a price of Rs. 12/- per share (inclusive of premium of Rs. 2/- per share). This will also result in increase in profit available for appropriation i.e. profit available for distribution to shareholders as dividend and to meet any future capital expenditures.

The Company holds a shareholding of 327,836,727 ordinary shares in MLCFL. This will enable the Company to earn return on equity through steady stream of pay-outs and future capital appreciation. The Board recommended to subscribe the right entitlement by making a further equity investment of Rs. 3,343.935 Million by way of subscribing 278,661,217 right shares of Rs.10/- each at a price of Rs. 12/- (inclusive of premium of Rs. 2/- per share) so that MLCFL continues to remain the subsidiary of the Company subject to approval by the members in the forthcoming Annual General Meeting.

FUTURE PROSPECTS

We expect future results of the Spinning and Home Textiles divisions to be at least as profitable as those achieved during the period under review and hopefully improve due to addition of new product lines. In addition, we feel positive that the new government is determined to increase exports and will take measures to achieve this goal. Changes to the exchange regime have had a salutary impact already.

SUBSEQUENT EVENTS

No material changes or commitments affecting the financial position of the Company have occurred between the end of the financial year of the Company and the date of this report.

DEFAULT OF REPAYMENTS, DEBT/LOAN ETC.

Adhering to the best business practices, the Company recognizes its responsibility of timely repayments of due amount. No default on payment of loan/debts was recorded during the year under review.

PRINCIPAL RISKS AND UNCERTAINTIES

- Declining export sales due to increased competition at global as well as regional levels.
- Rupee devaluation causing escalation in prices of imported raw cotton, packaging and dyes, which truncating profit margins.
- Increased energy cost due to rising fuel and power prices.
- Overall inflationary increase in operating expenses.
- Increased finance cost due to hike in discount rate by central bank resulted increase in KIBOR.

CHANGE IN NATURE OF BUSINESS

No change has occurred during the financial year concerning the nature of the business of the Company or of its subsidiaries, or any other company in which the Company has interest.

CORPORATE SOCIAL RESPONSIBILITY

The Company acknowledges its responsibility towards society and performs its duty by providing financial assistance to projects for society development by various charitable institutions on consistent basis. The Company has been recognized by the Pakistan Centre for Philanthropy as a leader in social and charitable contributions and strives to be a constructive member of the communities in which it has a presence.

The Company has contributed in medical social sciences project and in this regard, during the last financial year, the Company's Board of Directors and the Board of the subsidiary company jointly decided to donate towards construction of Admin Block at Al-Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. As of today, 40% of the work has been completed at site and is expected to complete by January 2020. Total cost to complete this project is expected to be Rupees 160 million. A committee of the members of Board is formed for better monitoring and execution of this task.

The Company has also contributed in the past for medical social service projects and in this regard the Company donated a state-of-the-art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by building Sayeed Saigol Cardiac Complex at GDCH.

Kohinoor Maple Leaf Group has received "Corporate Social Responsibility National Excellence Award 2019" on account of its performance of various social obligations.

IMPACT OF COMPANY'S BUSINESS ON THE ENVIRONMENT

Management understands the harmful effects of contaminated water on the surrounding areas after emission from the mills premises. In order to prevent the potentially harmful effects of any chemicals used in processing on the surrounding water table, a waste water treatment plant has been constructed minimizing or negating any contamination in water discharged from the factory. Further, the company continues to investigate and implement pilot projects into alternative, sustainable energy sources.

ADEQUACY OF INTERNAL CONTROL

The Board of Directors is aware of its responsibility with respect to internal controls environment and accordingly has established an efficient system of internal financial controls for ensuring effective and efficient conduct of operations, safeguarding of Company assets, compliance with applicable laws and regulations and reliable financial reporting. The independent Internal Audit function of the Company regularly appraises and monitors the implementation of financial controls, whereas the Audit Committee reviews the effectiveness of the internal control framework and financial statements on quarterly basis.

MANAGEMENT'S RESPONSIBILITY TOWARD PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The Management is aware of its responsibility 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 controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' REPORT

The existing auditors of the Company M/s. Riaz Ahmad & Company, Chartered Accountants, in their independent auditors' report on financial statements of the Company for the year have expressed an unqualified opinion on the state of affairs of the Company.

AUDITORS

The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, the retiring auditors and being eligible, they have offered themselves for re-appointment for the ensuing year subject to approval of the members in the forthcoming Annual General Meeting.

COMPOSITION OF BOARD OF DIRECTORS

Total Number of Directors:

a) Male	8
b) Female	-

Composition:

Independent Director	1
Other Non-Executive Directors	4
Executive Directors	3

NAME OF DIRECTORS AND BOARD MEETINGS

During the year under review, four meetings of the Board of Directors were held in Pakistan and no meeting was held outside Pakistan. Attendance by each Director was as follows: -

Category	Names	Meetings Attended
Independent Director	Mr. Shafiq Ahmed Khan	4
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol	4
	Mr. Sayeed Tariq Saigol	4
	Mr. Waleed Tariq Saigol	4
	Mr. Arif Ijaz	4
Executive Directors	Mr. Taufique Sayeed Saigol	4
	Mr. Danial Taufique Saigol	4
	Syed Mohsin Raza Naqvi	4

Following executive directors are also non-executive directors in other companies: -

Category	Names	No. of directorships in other companies
Executive Directors	Mr. Taufique Sayeed Saigol	4
	Mr. Danial Taufique Saigol	3
	Syed Mohsin Raza Naqvi	2

Pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2017, the following Committees were constituted:-

AUDIT COMMITTEE

A total number of four meetings of the Audit Committee were held during the year. The attendance of each member was as under:-

Name	Designation	Meetings Attended
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)	4
Mr. Arif Ijaz	Member (Non-Executive Director)	4
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)	4
Mr. Waleed Tariq Saigol	Member (Non-Executive Director)	2

Leave of absence was granted to the Member(s) who could not attend the meetings.

The Chairman of the Audit Committee was present in the last AGM of the Company held on October 27, 2018.

HUMAN RESOURCE & REMUNERATION COMMITTEE (HR & R COMMITTEE)

Mr. Shafiq Ahmed Khan Mr. Arif ijaz Mr. Sayeed Tariq Saigol Mr. Danial Taufique Saigol	Chairman / Independent Director Member / Non-Executive Director Member / Non-Executive Director Member / Executive Director

NUMBER OF MEETINGS HELD – 01 (All Members attended the meeting).

REMUNERATION TO NON-EXECUTIVE / INDEPENDENT DIRECTORS

The Board of Directors has approved a 'Directors' Remuneration Policy', the salient features of which are:

- No Director shall determine his/her own remuneration.
- Meeting fee of a Director other than regular paid Chief Executive, Sponsors and / or family Directors and full time working Director(s), shall be net of tax amounting to Rs.10,000/- (Rupees ten thousand only) per meeting or as time to time determined by the Board for attending the Board and its Committee meetings.
- Any tax obligation against such payment applicable for the time being and/or amended hereinafter shall be borne by the Company.
- The Directors shall be entitled to be paid all reasonable expenses, including travelling, hotel charges and other expenses incurred by them for attending meetings and for other business conducted for and on behalf of the Company

PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2019 is annexed.

ACKNOWLEDGEMENT

The Directors are grateful to the Company's members, financial institutions and customers for their co-operation and support. They also appreciate hard work and dedication of all the employees working at the various divisions.

For and on behalf of the Board

Lahore
20 September 2019

(Syed Mohsin Raza Naqvi)
Director

(Taufique Sayeed Saigol)
Chief Executive

STATEMENT OF COMPLIANCE

With the Listed Companies (Code of Corporate Governance) Regulations, 2017

Name of Company: Kohinoor Textile Mills Limited
Year Ended: June 30, 2019

This Company has complied with the requirements of the Regulations in the following manner: -

1. The total number of Directors is Eight as per the following: -

   Male: 8
   Female: -

   The requirement of minimum number of female and independent Directors on the Board would be complied by within the time allowed by these Regulations.

2. The Composition of Board is as follows: -

Category	Names
Independent Director	Mr. Shafiq Ahmed Khan
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol Mr. Sayeed Tariq Saigol Mr. Waleed Tariq Saigol Mr. Arif Ijaz
Executive Directors	Mr. Taufique Sayeed Saigol Mr. Danial Taufique Saigol Syed Mohsin Raza Naqvi

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.

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 Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of 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. In terms of Regulation 20 of the Code, the Company was required to ensure that at least 50% of the Directors on their Board have acquired prescribed certification under Directors' Training Program by 30 June 2019. The Board had arranged Orientation Courses for two of its Directors during the preceding years from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas two Directors having the requisite educational qualification and experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program for which SECP's approval has been obtained.

10. The Board has approved appointment of CFO, 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. CFO and CEO duly endorsed the financial statements before approval of the Board.

12. The Board has formed committees comprising of members given below:

AUDIT COMMITTEE

NAME	DESIGNATION
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)
Mr. Arif Ijaz	Member (Non-Executive Director)
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
Mr. Waleed Tariq Saigol	Member (Non-Executive Director)

Human Resource & Remuneration Committee

NAME	DESIGNATION
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)
Mr. Arif Ijaz	Member (Non-Executive Director)
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
Mr. Danial Taufique Saigol	Member (Executive Director)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.

14. The frequency of meetings of the committees were as per following:

MEETINGS	FREQUENCY
Audit Committee	Four meetings were held during the financial year.
Human Resource and Remuneration Committee	One meeting was held during the financial year.

15. The Board has set up an effective internal audit function who are 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 a 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 the 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, these 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.

(TARIQ SAYEED SAIGOL)
CHAIRMAN

Lahore: September 20, 2019

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Kohinoor Textile 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 Textile Mills Limited (the Company) for the year ended 30 June 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 requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2019.

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: September 20, 2019

REPORT OF THE AUDIT COMMITTEE

The Audit Committee comprises of one Independent Non-Executive Director and three Non-Executive Directors. The Chief Financial Officer, the Chief Internal Auditor and the external auditors attend the Audit Committee meetings as provided in Listed Companies (Code of Corporate Governance) Regulations, 2017. Four meetings of the Audit Committee were held during the year 2018-2019. Based on reviews and discussions in these meetings, the Audit Committee reports that:

1) The Audit Committee reviewed and approved the quarterly, half yearly and annual financial statements of the Company including consolidated financial statements and recommended them for approval of the Board of Directors.

2) Appropriate accounting policies have been consistently applied. All core and other applicable International Accounting Standards were followed in preparation of financial statements of the Company and consolidated financial statements on a going concern basis, which present fairly the state of affairs, results of operations, cash flows and changes in equity of the Company.

3) Accounting estimates are based on reasonable and prudent judgment. Proper and adequate accounting records have been maintained by the Company in accordance with the Companies Act, 2017, and the external reporting is consistent with management processes and adequate for shareholder needs.

4) The Audit Committee reviewed and approved all related party transactions.

5) No cases of material complaints regarding accounting, internal accounting controls or audit matters, or Whistle Blowing were received by the Committee.

6) The Company's system of internal control is sound in design and is continually evaluated for effectiveness and adequacy.

7) The Board has established internal audit function being an independent appraisal function for the review of the internal control system in all areas of the business activity and provides management with objective evaluations, appraisals and recommendations on the adequacy, effectiveness and compliance with each system reviewed.

8) Company's internal audit function is headed by a Chartered Accountant with a team of professionals who are suitably qualified and experienced and well aware of the Company's policies and procedures.

9) Internal audit function operates under the charter approved by the Audit Committee and head of the internal audit function has direct access to the Audit Committee.

10) Company's internal audit function prepares annual plan for the financial year and a strategic audit plan for following two years during which all major systems and areas of activity will be audited. Annual and strategic audit plan is approved by the Audit Committee.

11) Internal audit reports include findings, conclusions, recommendations and action plans agreed with management. These are reported promptly to the appropriate level of management. Follow up in implementation is ensured.

12) The Audit Committee, on the basis of the internal audit reports, reviewed the adequacy of controls and compliance shortcomings in areas audited and discussed corrective actions in the light of management's responses. This has ensured the continual evaluation of controls and improved compliance.

13) The Audit Committee has reviewed the Annual Report for the last financial year and found it fair, balance and understandable to users of financial statements. Annual Report provides the necessary information to all the stakeholders about the Company's financial performance, financial position and future prospects.

14) Performance of the Audit Committee is annually reviewed by the Board of Directors. However, the Committee is devising a checklist for self-evaluation of its performance.

15) The Audit Committee ensured that statutory and regulatory obligations and requirements of best practices of governance have been met.

16) Present Auditors, M/s. Riaz Ahmad & Company, Chartered Accountants, were appointed as on December 30, 2004. They are professional services company having satisfactory QCR rating. They carry out objective examination and evaluation of the financial statements to make sure that the records are fair and accurate representation of the transactions. They confirm every year that the firm and all Partners in the firm are compliant with the IFAC guidelines on code of Ethics as adopted by the Institute of Chartered Accountants of Pakistan.

17) The external auditors, M/s Riaz Ahmad & Company, Chartered Accountants, were allowed direct access to the Audit Committee and necessary coordination with internal auditors was also ensured. Major findings arising from audits and any matters that the external auditors wished to highlight were freely discussed with them.

18) The Audit Committee reviewed the Management Letter issued by the external auditors and the management response thereto. Observations were discussed with the auditors and required actions recorded.

19) Appointment of external auditors and fixing of their audit fee was reviewed and the Audit Committee following this review recommended to the Board of Directors re-appointment of M/s Riaz Ahmad & Company, Chartered Accountants, as external auditors for the year 2019-2020.

On behalf of the Audit Committee

(Shafiq Ahmed Khan)
Chairman, Audit Committee
20 September 2019

BRIEF PROFILE OF DIRECTORS

MR. TARIQ SAYEED SAIGOL
(CHAIRMAN / DIRECTOR)

OTHER ENGAGEMENTS

CHAIRMAN / DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Kohinoor Capital Limited

Mr. Tariq Sayeed Saigol is the Chairman of Kohinoor Maple Leaf Group (KMLG). He is a member of the reputed Saigol Family who pioneered in textile manufacturing after partition and later ventured into the financial sector, chemicals, synthetic fibres, sugar, edible oil refining, civil engineering, construction, cement and energy.

Mr. Saigol was schooled at Aitchison College, Lahore and graduated from Government College University, Lahore, following which he studied Law at University Law College, Lahore.

He started his career in 1968 at Kohinoor's Chemical Complex at Kala Shah Kaku. Upon trifurcation of the Group in 1976, he became Chief Executive of Kohinoor Textile Mills Limited, Rawalpindi. Since 1984, he has been Chairman of Kohinoor Maple Leaf Group which has interests in textiles, cement manufacturing and energy.

He remained Chairman of All Pakistan Textile Mills Association from 1992 to 94, President of Lahore Chamber of Commerce and Industry for 1995-97 and Chairman of All Pakistan Cement Manufacturers Association from 2003-2006.

Mr. Saigol was a member of the Federal Export Promotion Board and Central Board of State Bank of Pakistan. He has also served on several Government Commissions and Committees on a number of subjects, including Export Promotion, reorganization of WAPDA and EPB, Right Sizing of State owned Corporations and Resource Mobilization. He is the author of "Textile Vision 2005" which was adopted by the Government in 2000 and also its critique prepared in 2006. He also served as a member of the Central Board of State Bank of Pakistan for a second term in 2007 and was a member of the Prime Minister's Economic Advisory Council established in 2008.

He takes keen interest in the development of education and health care in Pakistan. He has been a member of the Board of Governors of Lahore University of Management Sciences, Founding Chairman of the Board of Governors of Chandbagh School, Founder Trustee of Textile University of Pakistan, Member of the Syndicate of University of Health Sciences and Member of Board of Governors of Aitchison College, Lahore. He presently serves on the Managing Committee, Gulab Devi Chest Hospital, Lahore.

In recognition of his contribution, he was conferred with the civilian award, Sitara-e-Isaar by the President of Pakistan in 2006.

He is a keen golfer and has represented Pakistan at Golf in Sri Lanka and Pakistan in 1967.

MR. TAUFIQUE SAYEED SAIGOL
(CHIEF EXECUTIVE / DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Kohinoor Capital Limited

CHAIRMAN / DIRECTOR
Maple Leaf Capital Limited

Mr. Taufique Sayeed Saigol is the Chief Executive of Kohinoor Textile Mills Limited and Director in all KMLG companies. He is a leading and experienced industrialist of Pakistan. He graduated as an Industrial Engineer from Cornell University, USA in 1974. He has widely travelled and his special forte is in the export business. He is a business man of impeccable credibility and vision and has substantial experience of working in different environments.

MR. SAYEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited

DIRECTOR
Maple Leaf Capital Limited

Mr. Sayeed Tariq Saigol is the Chief Executive of Maple Leaf Cement and Maple Leaf Power Ltd. He graduated from McGill University with a degree in management. Mr. Sayeed Saigol also has several years of work experience in the textile industry. Prior to joining Maple Leaf Cement, he was involved in setting up and managing an apparel dyeing company. He is a member of the Board of Governors of the Lahore University of Management Sciences.

MR. WALEED TARIQ SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited

CHIEF EXECUTIVE / DIRECTOR
Maple Leaf Capital Limited
Kohinoor Capital Limited

Mr. Waleed Tariq Saigol is the Director in all KMLG companies and the Chief Executive Officer in Maple Leaf Capital Limited and Kohinoor Capital Limited. He holds a bachelor's degree in Political Science from the London School of Economics & Political Science. Apart from his responsibilities in textiles, he is also involved in identifying and developing new areas of business for KMLG. He is a keen golfer and has won several tournaments in Pakistan.

MR. DANIAL TAUFIQUE SAIGOL
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited
Maple Leaf Power Limited
Maple Leaf Capital Limited

Mr. Danial Taufique Saigol is the younger son of Mr. Taufique Sayeed Saigol, CEO of KTML. Danial began his career with KMLG in January 2012 as Executive Director. He holds a bachelor's degree in Finance from McGill University, Montreal, Canada. He is currently posted at Kohinoor Textile Mills Limited, Rawalpindi.

MR. ARIF IJAZ
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Power Limited
Maple Leaf Capital Limited

Mr. Arif Ijaz has done his bachelor in Electrical Engineering from University of Engineering and Technology (UET) Lahore, Pakistan and MBA from Iran Center for Management Studies. He has over 27 years of experience in the development and growth of business strategy. He has also served as the CEO of Adamjee Insurance, CEO of KSB Pumps, Director of Pakistan Steel Mills, National Refinery, Lahore Stock Exchange, HUBCO, and Lahore University of Management Sciences (LUMS).

He is serving as MBA Faculty member at UET Lahore and former visiting faculty member of LUMS.

MR. SHAFIQ AHMED KHAN
(DIRECTOR)

OTHER ENGAGEMENTS

DIRECTOR
Maple Leaf Cement Factory Limited

Mr. Shafiq Ahmed Khan got his bachelor degree from Punjab University and joined Habib Bank Limited at entry level in 1968 and spent over a period of 24 years in order to become Executive Vice President while performing in different areas of services. Since 1992, he spent a period of five years in Fidelity Investment Bank Limited, Lahore, as first President and CEO of a major investment bank in the country and guided with sound business and risk management.

Since 1996 to 2005, he has been associated with Pakistan's largest private sector commercial bank as Senior Executive Vice President / Group Head and taken responsibilities for devising and implementing business strategies for MCB Bank Limited. Over the course of 36 years in a career, he used up in domestic and international market with all necessary skills for developing & implementing successful strategies for institutions' businesses across geographical segments particularly in banking relationships and enjoy sound relationships with regulatory authorities in various countries. Currently, being an Independent Director, he is heading Board's Audit Committee as well as Human Resource and Remuneration Committee of Kohinoor Maple Leaf Group's listed companies.

SYED MOHSIN RAZA NAQVI
(DIRECTOR / GROUP DIRECTOR FINANCE / CHIEF FINANCIAL OFFICER)

OTHER ENGAGEMENTS

DIRECTOR / CHIEF FINANCIAL OFFICER
Maple Leaf Cement Factory Limited

DIRECTOR
Maple Leaf Power Limited
Maple Leaf Capital Limited

Mr. Mohsin Naqvi is Fellow Member of the Institute of Chartered Accountants of Pakistan with over 30 years of Financial Management experience. His areas of expertise include: financial projections, forecasting-short term and long-term cash flows, business strategy development, acquisitions and evaluations of business units, establishing company's reporting structure, implementing budgetary control procedures, implementing financial software, organizing finance and treasury functions of the Company.

He is former board member of Kohinoor Mills Limited and Al-Wazan Group, Kuwait. He has experience of working in several countries which include Saudi Arabia, Kuwait, Philippines, Morocco, Jordan and Pakistan.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QUALIFICATION OF CFO AND HEAD OF INTERNAL AUDIT

The Chief Financial Officer and the Head of Internal Audit possess the requisite qualifications and experience as prescribed in the Listed Companies (Code of Corporate Governance) Regulations, 2017.

ROLE OF CHAIRMAN AND THE CEO

The Company's Chairman reports to the Board and the CEO reports to the Chairman (acting on behalf of the Board) and to the Board directly. Their respective roles are being described hereunder:

ROLE OF THE CHAIRMAN	ROLE OF THE CEO
Principal responsibility is the effective running of the Board.	Principal responsibility is running the Company's business.
Responsible for ensuring that the Board as a whole plays a full and constructive part in the development and determination of the Company's strategy and overall commercial objectives.	Responsible for proposing and developing the Company's strategy and overall commercial objectives, which he does in close consultation with the Chairman and the Board.
Guardian of the Board's decision-making process.	Responsible with the executive team for implementing the decisions of the Board and its Committees.
Responsible for promoting the highest standards of integrity, probity and corporate governance throughout the Company and particularly at Board level.	Responsible for promoting, and conducting the affairs of the Company with the highest standards of integrity, probity and corporate governance.

FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS / DIRECTORS TRAINING PROGRAM

In terms of Regulation 20 of the Code, the Company was required to ensure that at least 50% of the Directors on their Board have acquired prescribed certification under Directors' Training Program by 30 June 2019. The Board had arranged Orientation Courses for two of its Directors during the preceding years from recognized institutions of Pakistan that meet the criteria specified by the SECP whereas two Directors having the requisite educational qualification and experience on the Board(s) of Listed Companies are exempt from the Directors' Training Program for which SECP's approval has been obtained.

Further, the Directors have also provided declarations that they are aware of their duties, powers and responsibilities under the Companies Act, 2017 and the Listing Regulations of Pakistan Stock Exchange.

MATTERS DECIDED BY THE BOARD OF DIRECTORS

The Board of Directors approves overall corporate strategy which is in line with Company's Vision. All the Strategic Decisions of the Company are taken by the Board. As sanctioned by the Companies Act 2017 and authorised by Articles of Association of the Company, following decisions are taken by the Board namely: -

- Issue of shares;
- Approval of financial statements;
- Approval of bonus to employees;
- Incurring capital expenditure and disposal of fixed assets;
- Declaration of interim dividend;
- Writing off bad debts, advances and receivables;
- Writing off inventories and other assets of the company;

- Make borrowings in the form of loans, debentures, leasing contracts or redeemable capital
- Investment of funds of the company;
- To determine the terms of and the circumstances in which a law suit may be compromised and a claim or right in favor of a company may be released, extinguished or relinquished
- Other matters of strategic nature e.g. taking over a company or acquiring a controlling or substantial stake in another company;

MATTERS DELEGATED TO THE MANAGEMENT

Management of the Company is entrusted with the responsibility to conduct operations of the Company adhering to corporate strategy approved by Board of Directors. Tactical and operational matters are delegated to the Management of the Company which mainly include:

- Cash flow Management;
- Selling and Marketing;
- Compliance with legal requirements;
- Production Management;
- Procurement Management and
- Other support functions like Human Resource Management.

COMPENSATION POLICY OF EXECUTIVE DIRECTORS WHO ALSO SERVE OTHER COMPANIES BOARD OF DIRECTORS

Executive Director of the Company shall be appropriately compensated for their service in the Company and for representation on the Company's Board. This compensation shall take into consideration the amount of time required to be devoted to Board activities, the fiduciary responsibility of such positions and the competitiveness of the compensation levels. Compensation is subject to change at the discretion of the Board. Board may approve revision in Director's Compensation Policy from time to time.

No fee is paid to Executive Directors of the Company by way of their appointment in other associated in the capacity of Non-Executive Director.

Moreover, none of our Executive Director is working as Non-Executive Director in companies which are not associated companies.

SECURITY CLEARANCE OF FOREIGN DIRECTOR

No foreign director was on Board of Directors of the Company during the year.

TERMS OF REFERENCE OF BOARD COMMITTEES

AUDIT COMMITTEE

The Main terms of reference of the Audit Committee of the Company include the following:-

a) Determination of appropriate measures to safeguard the Company's assets;

b) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:

   (i) Major judgmental areas;

   (ii) Significant adjustments resulting from the audit;

   (iii) Going concern assumption;

   (iv) Any changes in accounting policies and practices;

   (v) Compliance with applicable accounting standards;

   (vi) Compliance with these regulations and other statutory and regulatory requirements; and

   (vii) All related party transactions.

c) Review of preliminary announcements of results prior to external communication and publication;

d) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

e) Review of management letter issued by external auditors and management's response thereto;

f) Ensuring coordination between the internal and external auditors of the Company;

g) Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;

h) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

i) Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

j) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

k) Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the Chief Executive Officer and to consider remittance of any matter to the external auditors or to any other external body;

l) Determination of compliance with relevant statutory requirements;

m) Monitoring compliance with these regulations and identification of significant violations thereof;

n) Review of arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;

o) Recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the Company by the external auditors in addition to audit of its financial statements. The Board of Directors shall give due consideration to the recommendations of the Audit Committee and where it acts otherwise it shall record the reasons thereof.

p) Consideration of any other issue or matter as may be assigned by the Board of Directors.

HUMAN RESOURCE & REMUNERATION COMMITTEE

The Main terms of reference of HR&R Committee of the Company include the following: -

i. Recommending human resource management policies to the Board;

ii. Recommending to the Board the selection, evaluation, development, compensation (including retirement benefits) of Chief Operating Officer, Chief Financial Officer, Company Secretary and Head of Internal Audit;

iii. Consideration and approval on recommendations of Chief Executive Officer on such matters for key management positions who report directly to Chief Executive Officer or Chief Operating Officer; and

iv. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the Company.

MANAGEMENT COMMITTEES & TERMS OF REFERENCE

Management Committees are constituted to monitor and control the progress of various operational and strategic goals and ensure their effective contribution towards achieving Company's strategic objective.

Following is a brief description of each committee, its cross-functional composition and its terms of reference:-

PROJECT MANAGEMENT COMMITTEE

Project management committee (PMC), serves as a driving forum to monitor the progress of agreed goals & objectives of the company on consistent basis, and steer the organization in right direction in order to achieve the stated vision and mission of the organization.

MEMBERS

Director
Head of Department – Marketing
Head of Department – Production
Head of Department – Engineering
Head of Department – Finance
Head of Department – Information Technology
Head of Department – Human Resource
Head of Department – Commercial

Terms of reference

- Possible review each of the project areas – activities or sub projects
- Developing a framework for integrating planning.
- Tools for achieving sustainable coastal economies and environments
- Handling financial issues, budget monitoring and modifications
- Develop standards & follow-up project progress

NO. OF MEETINGS HELD: 36

BUSINESS PROCESS RE-ENGINEERING COMMITTEE

Business Process Re-engineering (BPR) team has been formed to achieve dramatic improvements in critical, contemporary measures of performance, such as cost, quality, service and speed on consistent basis. Information technology and information systems are the main areas of interest where management is rigorously investing considerable resources to determine and then opt what feasible technological options are available that best meets the goals of the organization in order to remain cost competitive and provide the maximum return to stakeholders.

MEMBERS

Director
Head of Department – Marketing
Head of Department – Production
Head of Department – Engineering
Head of Department – Finance
Head of Department – Information Technology
Head of Department – Human Resource

Terms of reference

- Our BPR team implies specific business objectives such as cost reduction, time reduction, output quality improvement.
- We focus on the most important processes that reflect our business vision.
- Understand and measure the existing process to avoid repeating of old mistakes and to provide a baseline for future improvements.
- Design and build the prototype of new processes and ensure quick delivery of results and involvement and satisfaction of customers.

NO. OF MEETINGS HELD: 15

ENERGY MANAGEMENT COMMITTEE

Management has strong commitment towards securing the future of company, to remain competitive and provide the maximum return to stakeholders. Efficient use of energy cannot be compromised therefore; Energy Management Committee (EMC) has been formed to suggest the cost cutting opportunities for the sake of improvement in performance through wise energy use in all the departments of the company.

MEMBERS

Director
Head of Department – Engineering
Head of Department – Finance
Head of Department – Production
Head of Department – Marketing

Terms of reference

- Our team is committed for annual energy cost reductions from continuous improvements.
- To minimize environmental impacts, it incorporates energy efficiency, water conservation, waste minimization, pollution prevention, resource efficient materials and indoor air quality in all phases of a building's life.
- EMC design plans that help us meet our climate protection commitments.
- The appointment of a full time energy management coordinator ensures the plan proceeds.
- Responsible for energy procurement, monitoring and targeting energy savings, maintaining program of energy saving measures, raising energy awareness and corporate wide energy monitoring and reporting.

NO. OF MEETINGS HELD: 20

TOTAL QUALITY MANAGEMENT COMMITTEE

Total Quality Management (TQM) committee is formed to improve quality at every level in the organization. TQM is an organization wide program aimed to ensure standardization and continual improvement in all its products, services, processes & procedures. This program lays down the Quality Management standards for all the processes & procedures in the organization and is equipping the existing human resources to improve their innate abilities in order to achieve the desired level of performance through synergistic activities.

MEMBERS

Director
Head of Department – Quality Assurance
Head of Department – Marketing
Head of Department – Production
Head of Department – Engineering
Head of Department – Finance
Head of Department – Information Technology
Head of Department – Human Resource
Head of Department – Commercial

Terms of reference

- Standardization of processes and operations within every function of the company.
- Introduction of Performance Measurement System by developing Key Performance Indicators and continuous compilation of their associated data, analysis and reporting to concerned stakeholders, so that performance of every key function and process is monitored, controlled, and improved.
- Reduction and elimination of wastages from different processes.
- Improvement in organization wide abilities, procedures and plans.
- Training of employees on basic, medium and advanced problem solving and statistical tools in order to improve their analytical abilities.
- Creation of various forums within an organization where Quality improvement initiatives are formally institutionalized, e.g. Kaizen, Quality Circles, and functional / Cross Functional Teams.

NO. OF MEETINGS HELD: 10

STANDARD OPERATING PROCEDURES REVIEW COMMITTEE

Standard operating procedures review committee has been formed to review and update SOP's for all the activities / procedures being performed in the Company & develop new SOP's if required.

MEMBERS

Director
Head of Department – Internal Audit
Head of Department – Marketing
Head of Department – Production
Head of Department – Finance

Terms of reference

- Documentation of all the important activities and procedures.
- Standardization of documents as prescribed by Quality Management standards.
- Incorporation of industry best practices in the procedures to make the system efficient and effective.
- Elimination of duplication of records in different procedures.

NO. OF MEETINGS HELD: 15

OTHER CORPORATE MATTERS

ANNUAL EVALUATION OF BOARD PERFORMANCE

The Board has set a criterion based on emerging and leading practices to assist in the self-assessment of an individual director and the full Board's performance. It is not intended to be all-inclusive. When completing the performance evaluation, Board considers the following main performance evaluation process or behaviour: -

- Adequate Board composition.
- Satisfactory Processes and Procedures for Board meetings.
- The Board sets objectives and formulates an overall corporate strategy.
- The Board has set up adequate number of its Committees.
- Each Director has adequate knowledge of economic and business environment in which the Company operates.
- Each Board member contributes towards effective and robust oversight.
- The Board has established a sound internal control system and regularly reviews it.
- The Board reviews the Company's significant accounting policies according to the adequate financial reporting regulatory framework.
- The Board considers the quality and appropriateness of financial accounting and reporting and the transparency of disclosures.

EVALUATION CRITERIA OF BOARD PERFORMANCE

Following is the main criteria:

- Financial policies reviewed and updated;
- Capital and operating budgets approved annually;
- Board receives regular financial reports;
- Procedure for annual audit;
- Board approves annual business plan;
- Board focuses on goals and results;
- Availability of Board's guideline to management;
- Regular follow up to measure the impact of Board's decisions;
- Assessment to ensure compliance with code of ethics and corporate governance.

During the year under review, the performance review of Board was not carried out by any external consultant.

PERFORMANCE REVIEW OF BOARD COMMITTEES

Performance of Board Committees is regularly evaluated by the Board of Directors based on the terms of reference as defined and approved by the Board.

CEO'S PERFORMANCE REVIEW

The performance of the CEO is regularly evaluated by the Board of Directors and this evaluation is based on the criteria defined by the Board of Directors which includes various financial and nonfinancial key performance indicators (KPIs). At the start of the year, CEO presents his KPI for the upcoming year to the Board of Directors. The Board periodically evaluates the actual performance against those KPIs during the year and discusses the future course of action to attain the Company's stated goals. The CEO also appraises to the Board regarding an assessment of senior management and their potential to achieve the objectives of the Company.

BOARD'S REVIEW OF BUSINESS CONTINUITY AND DISASTER RECOVERY PLAN

The Board of Directors periodically review the Company's Business Continuity & Disaster Recovery (BC/DR) plan to ensure that critical business functions will be available to customers, suppliers, regulators, and other entities that have access to those functions even under extraordinary circumstances. BC/ DR plan mainly includes daily tasks such as customer/ suppliers correspondence, production data, trading activities, project management, system backups and help desk operations.

The primary activities of the Board for the execution of the plan include:

- To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment.
- To ensure that a Business Continuity Recovery Team includes representatives from all business units.
- To provide ongoing business continuity training to all employees, including executive management and the Board.
- Ensure that thorough current business impact analysis and risk assessments are maintained.
- Ensure a centralized executive view of the business continuity plan and programs.

CONFLICT OF INTEREST MANAGEMENT POLICY

The company has the policy for actual and perceived conflicts of interest and measures are adopted to avoid any conflict of interest, identify the existence of any conflict of interest, and to disclose the existence of conflict of Interest. The Company annually circulates and obtains a signed copy of Code of Conduct applicable to all its employees and Directors, which also relates to matters relating to conflict of interest. Further, it seeks to set out the process, procedures and internal controls to facilitate compliance with the Policy as well as to highlight the consequences of non-compliance with the Policy by all its employees and Directors. The Company Policy provides a guide as to what constitutes a conflict of interest, the processes and procedures that are in place in order to facilitate compliance and, the consequences of non-compliance. The Policy is intended to assist directors and employees in making the right decisions when confronted with potential conflict of interest issues.

MANAGEMENT OF CONFLICT OF INTEREST:

The primary goal of Kohinoor policy is to manage conflicts of interest to ensure that decisions are made and are seen to be made on proper grounds, for legitimate reasons and without bias. To do this Kohinoor has set the following procedures to manage and monitor the conflict of Interest:

- Identify areas of risk.
- Develop strategies and responses for risky areas.
- Educate all employees about the conflict of interest policy.
- Communicate with stakeholders to provide the platform for proper disclosure.
- Enforce the policy

Further, the directors are annually reminded of the insider trading circular issued by the Securities and Exchange Commission of Pakistan to avoid dealing in shares while they are in possession of the insider information. Every director is required to provide to the Board complete details regarding any material transaction which may bring conflict of interest with the Company for prior approval of the Board. The interested director do not participate in the discussion neither they vote on such matters. The transactions with all the related parties are made on arms-length basis and complete details are provided to the Board for their approval. Further all the transactions with the related parties are fully disclosed in the financial statements of the Company.

INVESTORS' GRIEVANCES POLICY

The company believes that Investor services is a vital element for sustained business growth and we want to ensure that our Investors receive exemplary service across different touch points of the Company. Prompt and efficient service is essential to retain existing relationships and therefore, Investor satisfaction becomes critical to the Company. Investor queries and complaints constitute an important voice of Investor, and this policy details grievance handling through a structured grievance framework.

Grievance policy is supported by a review mechanism, to minimize the recurrence of similar issues in future. Investors has the facility to call toll free call centre

24/7 to register their grievances. The Company's Grievance policy follows the following principles:

- Investors are treated fairly at all times.
- Complaints raised by Investors are dealt with courtesy and in a timely manner.
- Investors are informed of avenues to raise their queries and complaints within the organization and their rights if they are not satisfied with the resolution of their complaints.
- Queries and complaints are treated efficiently and fairly.
- The Company's employees work in good faith and without prejudice, towards the interests of the Investors.

SAFETY OF RECORDS

The Company is effectively implementing the policy to ensure the safety of the records. All records must be retained for as long as they are required to meet legal, administrative, operational, and other requirements of the Company. The main purposes of the Company Policy are:

- To ensure that the Company's Records are created, managed, retained, and disposed of in an effective and efficient manner;
- To facilitate the efficient management of the Company's Records through the development of a coordinated Records Management program;
- To ensure preservation of the Company's Records of permanent value to support both protection of privacy and freedom of information services throughout the Company to promote collegiality and knowledge sharing;
- Information will be held only as long as required, and disposed of in accordance with the record retention policy and retention schedules and
- Records and information are owned by the Company, not by the individual or team.

IT GOVERNANCE POLICY

Kohinoor has properly documented and implemented IT governance policy to ensure an integrated framework for evolving and maintaining existing information technology and acquiring new technology to achieve the Company's strategic focus. The purpose of this policy is to define the IT governance scope, and its roles and responsibilities. IT Governance policy consist of the following:

- To provide a structured decision making process around IT investment decisions.
- Promotes accountability, due diligence, efficient and economic delivery of the Company's IT services.
- Lay down solid foundation for management decision making and oversight.
- Safeguard of Company's financial data.
- Development and up gradation of different modules to provide reliable, efficient and timely information.
- To create a culture of paper less environment within the Company.

HUMAN RESOURCE MANAGEMENT

The Company is committed to build a strong organizational culture that is shaped by empowered employees who demonstrate a deep belief in Company's vision and values. Therefore, Human Resource Management (HRM) is an integral part of our business strategy. The Company fosters leadership, individual accountability and teamwork. The main objectives of the Company's HRM policy are:

- Selecting the right person, with the right experience, at the right time, offering the right compensation.
- Developing management philosophies and practices to promote and encourage motivation and retention of the best employees.
- Recognizing and rewarding employees' contribution to the business.
- Fostering the concept of team work and synergetic efforts
- Encouraging and supporting team concepts and team building techniques.
- Nurturing a climate of open communications between management and employees.
- Making all reasonable efforts to achieve a high quality of work-life balance.

SUCCESSION PLANNING

The Company believes in proactive approach towards succession planning. We recruit employees, develop their knowledge, skills, abilities, and prepare them for advancement or promotion into ever more challenging roles. Rigorous succession planning is also in place throughout the organization. Succession planning ensures that employees are constantly groomed up to fill each needed role.

TRAINING AND DEVELOPMENT OF EMPLOYEES

No Company, small or large, can win over the long run, without energized employees, who believe in the Mission of the Company and understands how to achieve it. In KOHINOOR, we look for people who exemplify continuous improvement when we are spotting future successors. In this relation, the Company also expends a lot in terms of finances and time for the training of its resources as is evident from the below trainings held during the year:

- Emotional Intelligence
- Effective Communication Skills
- Project Management
- Supply chain management
- Simatic Program Logic Controllers
- Situational Leadership II
- Building Impactful Brands
- Benchmarking Session
- Management Development Program
- HSE Emergency Response Training
- Developing Future Leaders

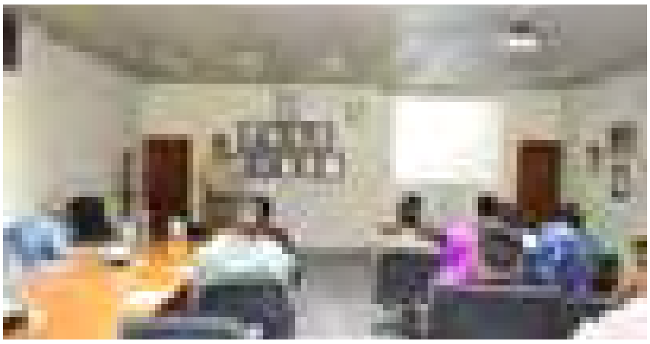
SOCIAL AND ENVIRONMENTAL RESPONSIBILITY POLICY

The Company's Social and Environmental Responsibility Policy reflects the Company's recognition that there is a strong, positive correlation between financial performance and corporate, social and environmental responsibility. The Company believes that the observance of sound environmental and social strategies is essential for building strong brand and safeguarding reputation, which in turn is vital for long term success.

SOCIAL RESPONSIBILITY POLICY:

- Implementation of Employee Code of Conduct that fits with local customs and regulations.
- Culture of ethics and behaviour which improve values like integrity and transparency.
- Focusing on social involvement by developing multicultural teams with different competencies.
- Promoting the culture of work facilitation and knowledge transfer.

- Carrying out corporate philanthropy actions that focus in particular on preserving life and the environment.



- Maintaining collaborative relations with the society through a good harmony and effective communication.

ENVIRONMENTAL RESPONSIBILITY POLICY

- Ensure our products, operations and services comply with relevant environmental legislation and regulations.
- Maintain and continually improve our environmental management systems to conform to the ISO Standards or more stringent requirements as dictated by specific markets or local regulations.
- Operate in a manner that is committed to continuous improvement in environmental sustainability through recycling, conservation of resources, prevention of pollution, product development and promotion of environmental responsibility amongst our employees.
- Responsibly managing the use of hazardous materials in our operations, products and services and promote recycling or reuse of our products.
- Inform suppliers, including contractors, of our environmental expectations and require them to adopt environmental management practices aligned with these expectations.

POLICY ON DIVERSITY

At Kohinoor Textile Mills Limited, we aim to be an inclusive organisation, where diversity is valued, respected and built upon. We recruit and retain a diverse workforce irrespective of religious and political beliefs, gender, race, ethnicity, disability, education, colour, language, age, socioeconomic background, and geographic location and region. The culture of the Company values differences and recognises that stakeholders from different backgrounds and experiences can bring valuable insights to enable a collaborative work environment by introduction of varied ideas and perspectives within the Company.

We Aim to pro-actively tackle discrimination and to ensure that no individual or group is directly or indirectly discriminated against for any reason regarding employment and the Company bears no tolerance for harassment/bullying and persecution. The company has a whistle blowing policy in place, and employees are encouraged to report all such matters and related grievances to the Human Resources department.

The Board ensures application of diversity policy through Human Resource department by ensuring that all talent hunting seminars, job fairs and advertisements specifically mention that we are an equal opportunity employer in all areas and we nourish an organizational culture where individual differences are appreciated rather than criticized for novel ideas and improvements. Furthermore, Internal Audit department ensures and reports compliance of diversity policy on periodic basis.

WHISTLE BLOWING POLICY

In line with the Company's commitment to open communication, the whistle blowing policy through non-conformance reporting was designed to provide an avenue for employees to raise concerns, and reassurance that they will be protected. As an aware and attentive organization, Kohinoor believes in the conduct of the affairs of its business in a fair and see-through approach by adopting the uppermost principles of professionalism, truthfulness, reliability and principled manners. The said policy has the following main procedures:

- All Protected Disclosures should be addressed to the nominated Ombudsperson of the Company.
- Protected Disclosures should preferably be reported in writing so as to ensure a clear understanding of the issues raised and should either be typed or written in a legible in English, Urdu or in the regional language.
- The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower.
- Protected Disclosures should be factual and not speculative or in the nature of a conclusion, and should contain as much specific information as possible to allow for proper assessment of the nature and extent of the concern and the urgency of a preliminary investigative procedure.
- Anonymous disclosures will not be entertained by the Ombudsperson as it would not be possible for it to interview the Whistle Blowers.
- If initial enquiries by the Ombudsperson indicate that the concern / complaint has no basis, or it is not a matter to be investigation pursued under this Policy, it may be dismissed at this stage.
- Where initial enquiries indicate that further investigation is necessary, this will be carried through in a fair manner, as a neutral fact-finding process and without presumption of guilt. A written report of the findings would be made.

In Kohinoor, no whistle blowing related incidence was highlighted and reported under the above said procedures during the year.

GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT

The management of the Company believes to follow best governance practices that can be implemented in the Company's environment. To implement these practices the minimum benchmark is to comply with all the legal requirements. However, the management goes ahead to implement best practices of corporate governance that are followed globally and are in favour of the Company's shareholders, employees, environment and community.

Following additional governance practices implemented by the management include:

- Disbursement of additional corporate and financial information to shareholders and legal authorities, although not required by any law, to make the Company's affairs more transparent and to give better insight of the Company's affairs, policies and strategies.
- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounded community.

The Company understands and fulfil its corporate social responsibility and has implemented various social projects for welfare of the community.

RELATED PARTY TRANSACTIONS

The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

Moreover, the Company has also decided to place its related party transactions before the Annual General Meeting for obtaining shareholders' approval for the same. Details of party-wise disclosure of such transactions is also given in the statement u/s 134 annexed with the Notice of AGM.

TRANSACTION / TRADE OF COMPANY'S SHARES

The Board has reviewed the threshold for disclosure of interest by executives holding of Company's shares which includes Chief Executive Officer, Chief Financial Officer, General Manager (Finance), Sr. Manager (Finance), Head of Internal Audit and Company Secretary. None of the Directors, CEO, CFO, GM (Finance), Sr. Manager (Finance), Head of Internal Audit and Company Secretary (including their spouses and minor children) traded in the shares of the Company.

STAKEHOLDERS' RELATIONSHIP AND ENGAGEMENT

POLICY FOR STAKEHOLDERS' ENGAGEMENT

Kohinoor Textile Mills Limited maintains sound collaborative relationships with its stakeholders. The Company understands the importance of continuous collaboration with shareholders of the Company regarding all significant decisions to be made, the performance of the Company in varying circumstances, challenges it faced and the necessary steps taken to mitigate those challenges.

BOARD'S INTERACTION WITH MAJOR SHAREHOLDERS

The Board has devised a mechanism to arrange interactive sessions between management of the Company and its shareholders to solicit and understand views of shareholders. It includes management briefings to its shareholders about the performance of the Company, macro and micro economic factors affecting the Company, prospects of the Company and the steps taken by the Company to improve its performance in challenging circumstances. These communications help the Board to understand and resolve the concerns of the shareholders and to add synergy factor to achieve better results in the Company's prospects.

PROCEDURES FOR STAKEHOLDERS' ENGAGEMENT:

Procedures for stake-holders engagement includes effective communication, good harmony, compliance with laws & regulations and customer focused approach which are the key success for establishment of collaborative relationship with stakeholder.

ENGAGEMENT FREQUENCY

The Company maintains its good relationships with all stakeholders based on mutual interest, integrity and confidence. We maintain collaborative relations with our stakeholders through harmonious and effective communication and through our customer focused approach. Moreover, the Company maintains good relationship with its Bankers and arranges Investors' conferences periodically to discuss business prospects and financial management plans with the Lenders which also enhances their confidence in the Company.

STAKEHOLDERS	NATURE OF ENGAGEMENT	FREQUENCY
SHAREHOLDERS	Annual general meeting Annual report/Quarterly reports Investor Conference Analyst briefing	Annually Annually/Quarterly Annually Continuous
EMPLOYEES	Kohinoor magazine Annual get together Team cultural activities	Quarterly Annually Continuous
CUSTOMERS	Customer events	Continuous
SUPPLIERS	Regular meeting with major suppliers Supplier forums Newspapers advertisement	Continuous Occasionally As required
INSTITUTIONAL INVESTOR	Business briefings Periodic meetings Financial reporting Head office/site visits	Occasionally As required Continuous As required
COMMUNITY ORGANIZATIONS	Environmental campaign Safety management system	Continuous As required
MEDIA	Media announcements and briefings Media interviews	As required As required
REGULATORS	Submission of periodic reports Responding/enquiring various queries/ information	Periodic basis As required
ANALYST	Corporate briefing and analysis Forecasting and financial modelling	As required As required
LOCAL BODIES	Sponsorship of local events Corporate social projects	As required As required
BANK AND OTHER LENDERS	Treasury operational transactions Financing and borrowing Investments	Continuous As required As required

STEP TO ENGAGE MINORITY SHAREHOLDERS TO ATTEND GENERAL MEETINGS

Notice of Annual General Meeting is sent to all shareholders of the Company at least twenty-one days before the date fixed for meeting. Such notice is published in Urdu and English languages in at least in one issue each of daily newspaper of respective language having nationwide circulation. Further, notice of AGM is also placed on Company's website. To capture the interest of minority shareholders the Company has been conducting corporate briefings, conference calls and road shows on regular basis including regularly updating our website about Company's general conditions.

ISSUES RAISED IN THE LAST AGM, DECISIONS TAKEN AND THEIR IMPLEMENTATION STATUS

On query of a shareholder, the Chairman apprized about future prospects pertaining to exports and local sales. Results of operating divisions should remain profitable as a result of constant upgradation of production facilities and measures taken for improving the margins through rationalization and process improvement.

SIGNIFICANT CORPORATE BRIEFING SESSIONS

The interactive sessions include the annual general meeting, extra ordinary general meetings, corporate briefings/road shows, responding to investor queries either raised on email, website or on telephone. During the year, following major international and local road shows/corporate briefings sessions were held with investors:

- MENA & Frontier Conference at Dubai
- EFG Hermes London Conference
- South Asia Conference, Dubai
- 14th Annual One on One Conference EFG Hermes, Dubai
- Karachi PSX Brokers Meeting Organized by AKD

INVESTORS' RELATIONS SECTION ON CORPORATE WEBSITE

The Company disseminates information to its investors and shareholders through a mix of information exchange platforms, including its corporate website. The website is updated regularly to provide detailed and latest company information including financial highlights, investor information and other requisite information besides the link to SECP's investor education portal; the 'Jamapunji'.

SUSTAINABILITY

CORPORATE SUSTAINABILITY

INDUSTRIAL RELATIONS

The company has established an Industrial Relations (IR) department for determination of adequate terms and conditions of employment. Further, the IR department is responsible for avoidance and settlement of disputes and differences between the Company, it's employees, and their representatives through negotiation. The company has operates a Provident fund and a Worker's Profit Participation Fund for its employees, as well as paying bonuses to employees on the basis of the company's profitability and individual performance. The company is committed to providing equal opportunities to all existing and prospective employees without discrimination on the basis of race, religion, gender, or age.

ENERGY SAVING MEASURES

Given the current energy crisis in Pakistan, Kohinoor's management recognises the importance of the efficient usage of energy in the corporate sector, and has therefore has formed an energy committee with the aim of finding more efficient and sustainable methods for generating and managing energy. The Company's processing department has already reaped large benefits through its collaboration with several major multinational chemical suppliers; together they have substantially reduced the usage of water, chemicals, and energy while maintaining or improving quality and environmental standards. The Company hopes that future progress in these projects will yield further reductions in the costs of energy and usage of other resources such as water, etc. Further, in anticipation of increased scarcity and load shedding of natural gas and electricity, the Company is taking steps to further diversify its energy production capabilities, expanding into steam generation via wood, coal and waste heat recovery, and initiating a pilot project in solar heating of water.

SOLAR POWER GENERATION

In order to become a truly "green" manufacturer, Company has successfully completed its second project of 2MW Solar Power Plant. This project, in combination with already installed 1MW solar power plant, will help reduce average power generation cost. Management is committed to increase capacity of power generation through solar based projects across other divisions of Kohinoor Textile Mills Limited in years to come.

CONSUMER PROTECTION MEASURES

We are committed to ensuring that our products are shipped in a manner complying with the highest safety standards and meeting or exceeding all legal requirements. The Company takes care and applies appropriate procedures to manufacture its products so as to ensure that no harmful substances are present in any of its products.

QUALITY MANAGEMENT SYSTEMS

The Company maintains its reputation as a high quality supplier and owes its current business, in large part, to this reputation. Quality control checks occur at all points in the production chain, starting at the delivery of raw material to the factories, through to the Quality Assurance team acting as the customer's representative when conducting audits of finished goods before handing them over to the customer's audit teams for the final inspection. It is worth noting that the Company's Quality Management Systems are so highly regarded that several customers no longer require the presence of external auditors before shipping of finished goods.The Company is ISO-9001:2008 certified and firmly believes in the necessity of Quality Management Systems.

INFORMATION TECHNOLOGY

Management has a strong commitment to strengthen the platform for information technology and information systems in order to remain competitive and cater the requirements of coming era. The company continues to upgrade and improve our information systems and processes, an effort led by a team of IT professionals with wide ranged experience in latest information technologies.

OCCUPATIONAL HEALTH, SAFETY AND ENVIRONMENTAL (HSE) PROTECTION MEASURES

The Company continues to meet and exceed the health and safety standards required for SA 8000 certification. Frequent audits are conducted by customers, regulatory agencies, and the Company's own audit teams in order to ensure compliance with these standards and those set by the Company's customers. The Company strives to provide a safe and healthy workplace for its employees and to act responsibly towards the communities and environment, in which it operates. It realizes this through the commitment of its leadership, the dedication of its staff, and application of the highest professional standards of work. Recently we have done a complete re-examination and improvement of our fire safety protocols to further ensure the safety of our employees. Management takes all possible measures to prevent unsafe activities by its hiring practices and through the implementation of effective management, human resources and operational policies.

BUSINESS ETHICS & ANTI-CORRUPTION MEASURES

The Company, through its training, management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Employees are encouraged to report any deals that may be supported by kickbacks, and no employees are allowed to run parallel businesses. The Company maintains a system by which any employee can report the non-conformance (NC) to the top management. All NCs reported are addressed by the top management on timely basis and a regular follow up activity is being carried out in order to ensure that all issues highlighted are permanently resolved. Further, the Company's Internal Audit department is empowered to perform regular and ad-hoc checks and audits of any and all functions and operations of the company and reports directly to the Audit Committee. Moreover, the Company has also formulated whistle blowing policy.

WASTE WATER TREATMENT PLANT

Management understands the harmful effects of contaminated water on the surrounding areas after emission from the mills premises. In order to prevent the potentially harmful effects of any chemicals used in processing on the surrounding water table, a waste water treatment plant has been constructed minimizing or negating any contamination in water discharged from the factory. Further, the company continues to investigate and implement pilot projects into alternative, sustainable energy sources.

MINIMAL LIQUID DISCHARGE

ADOPTING A 'LESS IS MORE' MINDSET. Experimentation has successfully concluded to reuse treated effluent in order to reduce freshwater requirement. Management is working on more fantastic ideas to wisely use this scarce resource, i.e., water, considering dropping reservoirs across the country.

NATIONAL CAUSE DONATIONS

During the year, Company has contributed Rs. 33.868 Million to Gulab Devi Educational Complex, Lahore towards construction of Al-Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. The Company has also contributed in

the past for medical social service projects and in this regard had donated a state of the art Cardiac facility to the Gulab Devi Chest Hospital (GDCH) in Lahore by building Sayeed Saigol Cardiac Complex at GDCH.

SECURITY

The Company maintains its dedication to security, and is fully compliant with the Customs Trade Pact against Terrorism (CTPAT), performing frequent and regular audits to ensure it remains so. All areas of the Company premises are monitored using video surveillance, as per CTPAT requirements. We are also compliant with the standards set by our international customers, many of which exceed those of CTPAT.

CONTRIBUTION TO NATIONAL EXCHEQUER

During the year the Company has contributed amounted to Rs. 423.422 million (2018: 588.72 Million) in respect of taxes, levies and duties. Moreover, we have also contributed (USD) 51.468 million (2018: 57.901 Million) to the national treasury by way of export sales.

EMPLOYMENT OF SPECIAL PERSONS

The Company has employed disabled persons in compliance with the rules set out by the Government of Pakistan which is 3% quota of the total workforce necessitated to be allocated to disabled persons.

COMMUNITY INVESTMENT AND WELFARE SCHEMES

The Company has a long tradition of maintaining good community relations, and many of its employees are actively involved in welfare schemes. We believe that investing in our communities is an integral part of our social responsibility, and is vital to ensure the sustained success of the Company. We aim to ensure that our businesses and factories have the resources and support to identify those projects, initiatives, and partnerships that can make a real difference in their communities, and those that will mean something to our employees and their families.

RURAL DEVELOPMENT PROGRAM

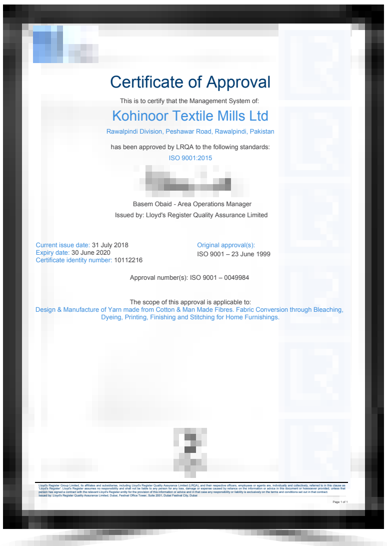
The Company's Mills are located in rural area therefore various corporate social responsibility activities are effectively implemented in those areas.The Company has been working hard to initiate and sustain rural development programs for the enhancement of health of the rural population. Therefore a "Dengue Fever Awareness Program" was carried out to demonstrate the prevention techniques and share knowledge with community members to ensure maximum awareness at plant site and the local community.

MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, dying factories have been considered environmentally hazardous but Kohinoor has installed the most modern and state-of-the-art equipment to control effluent discharge negating the effects industrial effluents on the surrounding environment; the Company makes every effort to ensure a healthy environment to employees and locals. To enhance environmental standards and continuously promoting a better and Green Environment within the factory as well in the nearby areas the Company is arranging regular Tree Plantation activities to provide healthy environment to employees and other community living in surroundings.

BEST CORPORATE REPORT AWARD

Company has maintained its history of delivering best user friendly financial reports and again bagged award for "Best Corporate Report 2018" in the ceremony jointly hosted by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in Textile Sector by securing 1st position. This achievement secured by the Company reflects best ethical values and management practices in corporate reporting. The Company has promoted accountability and transparency through provision of accurate, informative, factual and reader-friendly Annual Reports on timely basis for the valuable stake holders.


Certificate of Approval

This is to certify that the Management System of:

Kohinoor Textile Mills Ltd

Rawalpindi Division, Peshawar Road, Rawalpindi, Pakistan

has been approved by LRQA to the following standards:

ISO 9001:2015

Basem Obaid - Area Operations Manager

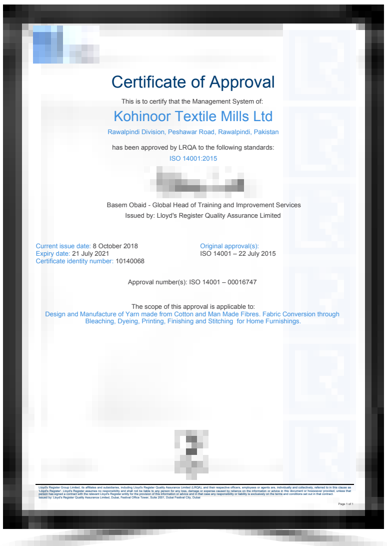
Issued by: Lloyd's Register Quality Assurance Limited

Current issue date: 31 July 2018
Expiry date: 30 June 2020
Certificate identity number: 10112216

Original approval(s):
ISO 9001 – 23 June 1999

Approval number(s): ISO 9001 – 0049984

The scope of this approval is applicable to:
Design & Manufacture of Yarn made from Cotton & Man Made Fibres, Fabric Conversion through Bleaching, Dyeing, Printing, Finishing and Stitching for Home Furnishings.


Certificate of Approval

This is to certify that the Management System of:

Kohinoor Textile Mills Ltd

Rawalpindi Division, Peshawar Road, Rawalpindi, Pakistan

has been approved by LRQA to the following standards:

ISO 14001:2015

Basem Obaid - Global Head of Training and Improvement Services

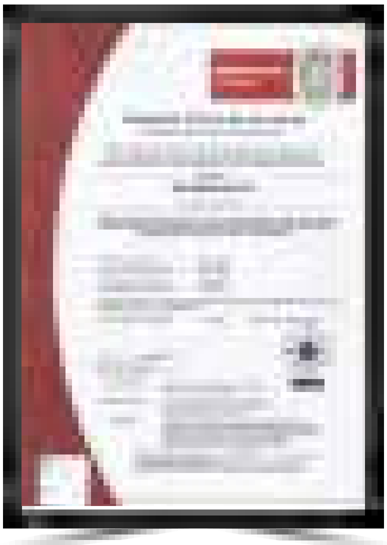
Issued by: Lloyd's Register Quality Assurance Limited

Current issue date: 8 October 2018
Expiry date: 21 July 2021
Certificate identity number: 10140068

Original approval(s):
ISO 14001 – 22 July 2015

Approval number(s): ISO 14001 – 00016747

The scope of this approval is applicable to:
Design and Manufacture of Yarn made from Cotton and Man Made Fibres, Fabric Conversion through Bleaching, Dyeing, Printing, Finishing and Stitching for Home Furnishings.




EU Ecolabel Certificate

Ecolabelling Norway
has awarded the EU Ecolabel licence number

NO/016/002

to:

Kohinoor Textile Mills Limited

for

Textile products

See product specification enclosed.

This certificate is valid, together with the contract concluded between Ecolabelling Norway and Kohinoor Textile Mills Limited, until 05-12-2020.

Norway, 23-11-2017,
Ecolabelling Norway

Anita Winsnes
Managing Director


Certificate of Approval

This is to certify that the Management System of:

Kohinoor Textile Mills Limited

8 Km, Manga - Raiwind Road, District Kasur, Lahore, 12345, Pakistan

has been approved by LRQA to the following standards:

ISO 14001:2015 | ISO 9001:2015

Basem Obaid - Global Head of Training and Improvement Services

Issued by: Lloyd's Register Quality Assurance Limited

Current issue date: 13 May 2019
Expiry date: 30 April 2022
Certificate identity number: 10190838

Original approval(s):
ISO 14001 – 22 July 2010
ISO 9001 – 17 May 2010

Approval number(s): ISO 14001 – 0050178 / ISO 9001 – 0050179

The scope of this approval is applicable to:
Design & Manufacture of Greige Fabric in Cotton & Manmade Fibres for Home Furnishing & Apparel.

CALENDAR OF CORPORATE EVENTS

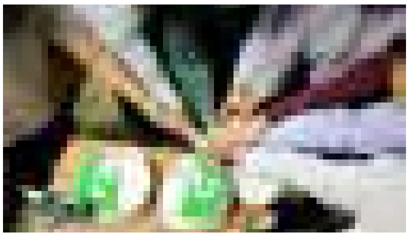
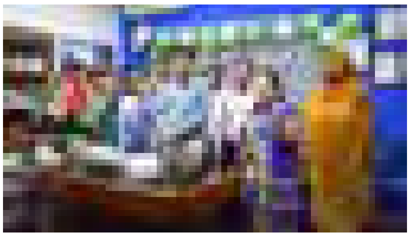
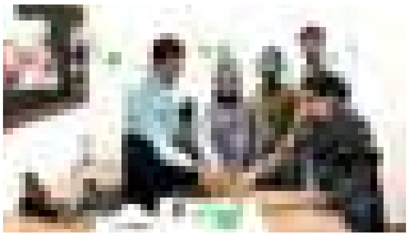
JULY 2018- JUNE 2019

CORPORATE CALENDAR	BOARD MEETING YEAR ENDED 2018 18-SEP-18	ANNOUNCEMENT OF ANNUAL RESULTS FOR YEAR 2018 18-SEP-18
FINAL DIVIDEND 2018 DECLARED @ RS. 1.00/ SHARE 18-SEP-18	DECLARATION OF 1ST QTR ACCOUNTS -2019 24-OCT-18	ANNUAL GENERAL MEETING 2018 27-OCT-18
DECLARATION OF HALF YEARLY ACCOUNTS-2019 20-FEB-19	INTERIM DIVIDEND 2018-19 DECLARED @ RS. 1.00 / SHARE 20-FEB-19	DECLARATION OF 3RD QTR ACCOUNTS-2019 25-APR-19

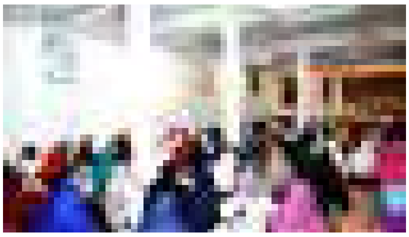
CALENDAR OF OTHER NOTABLE EVENTS

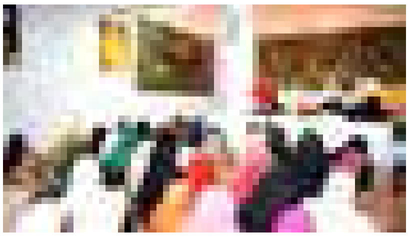
JULY 2018- JUNE 2019


Solar Park Inauguration Ceremony July-2018

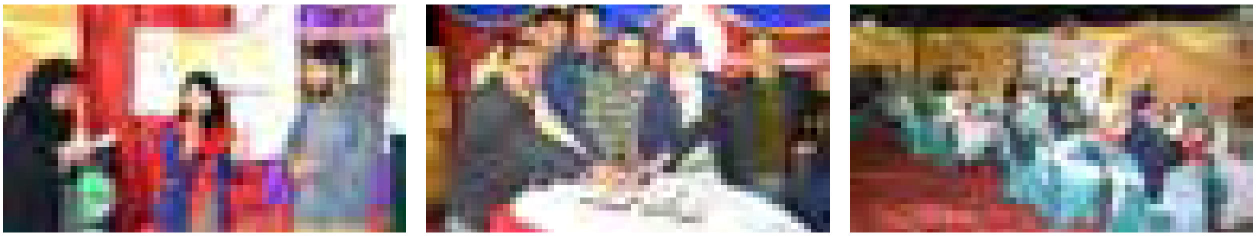




Independence Day Celebrations Aug 2018

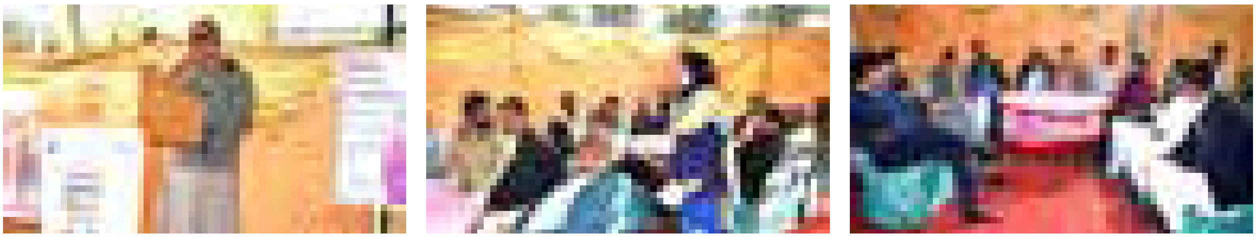




Mehfil E Milad November 2018



Christmas Day December 2018

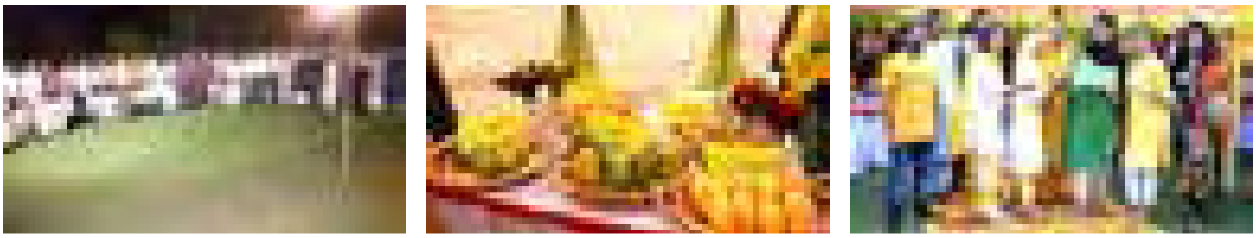


Special Employees Event December 2018

KTML Wellness Club Opening Ceremony Jan 2019

Women's day Celebrations March 2019

Kohinoor Premier League April 2019



Executive Iftar Dinner and Mango Party, May and June 2019

OUTLOOK

FORWARD LOOKING STATEMENT

During the year, Federal Board of Revenue has introduced a system of refund of pending sales tax claims by issuance of 3 years Bonds. Currently Financial institutions are totally unaware regarding modes operandi of these bonds. Being, export-oriented textile manufacturer, we expect that Government will make necessary amendments in relevant laws & regulations and make a smooth system through which textile sector may timely obtain its long hold sales tax refunds. Moreover, finance ministry will release funds to settle the pending DLTL approved cases. This will result in reduction of financial cost of the company and will improve profit margins.

Some further minor hindrances need to be removed in zero rated sales tax regime, which should lead to arrest the decline in exports from Pakistan. The Company is actively taking advantage of the State Bank's Long-Term Financing Facility, resulting in large-scale investment in modernization and expansion of our sites. It is hoped that this excellent facility will continue.

Dividend income from the Company's subsidiaries is expected to be substantial and should further bolster the Company's balance sheet. We envisage improved turnover in spinning division due to improved performance and better marketing position in the Spinning division due to cost reduction measures taken and favorable exchange rates, going forward. Trading conditions in the US are stable, although Europe continues to face difficulties.

We are confident that the Company will be able to meet the challenges presented by local as well as international conditions. Future financial forecasts based on management's best estimates are as follows:

FINANCIAL FORECAST

The projections are very encouraging with continued growth expected locally and internationally as new potential businesses are being explored and various measures adopted by the Company to reduce the cost.

Financial Forecast	FY 2019-20 Rs. in Million
Revenue	25,219
Gross Profit	3,552
Profit from Operations	2,120

Financial & Non-financial considerations

Financial considerations are used to make the projections of the Company which are as follows:

- Increase in sales volume for all types of products.
- Reduced cost of production through:
    - optimizing power generation mix
    - lower weighted average cost of capital

Non-financial measures are the many intangible variables that impact performance of the Company. These are difficult to quantify compared to financial measures but equally important. These indicators are more likely to be closer to the long-term organizational strategies. Following are the non-financial measures in place by the Company:

- Stakeholders' engagement – different committees and forums are in place and meetings are held periodically to keep the stakeholders involved in every aspect of the business.

- Customer satisfaction – Company places strong emphasizes on customers' satisfaction and ensure to produce & deliver the goods as per specific demands of customers.

- Employees' development - the Company has conducted various training courses for the development of existing human capital.

- Innovation in manufacturing methods – ongoing R & D is in place to improve the production process and efficiencies

SWOT ANALYSIS

SWOT analysis is being used at Kohinoor Textile Mills Limited (KTML) as a strategy formulation tool, to match our strengths with perceived opportunities and minimize our weaknesses to avoid market and other threats.

Management at KTML, considers the following factors of SWOT analysis relevant to us:

STRENGTHS	WEAKNESSES
• Latest and state of the art equipment for meeting quality management standards • Experienced Management & qualified team • Dedicated customer services • Strong local and International branding • Vertically integrated composite units • Well diversified fuel mix and efficient operation • Captive power producer • Solar power generation • Efficient information systems	• High operating leverage (being capital intensive industry) • Delayed refund processing from regulatory departments • Labor Productivity • Infrastructure issues
OPPORTUNITIES	**THREATS**
• Unprecedented Rupee devaluation will help to increase export revenue • Potential to expand product lines in new markets locally & internationally • Rising population works as a catalyst for fabric needs • Commitment by Government to provide utilities on controlled rates • Export re-finance scheme and provision of long term finances at reduced mark-up rates • Reuse treated effluent	• Price hike for imported raw materials • Unavailability of high-end raw cotton locally • Stiff competition from textile-based countries • High incidence of taxes • Hype to increase fuel prices due to recent terrorist attacks in Saudia • Economic un-stability • Slow-down in business activity due to active measures taken by federal board of revenue to enhance tax net.

SOURCES OF INFORMATION AND ASSUMPTIONS

The preparation of financial statements requires management and the Board of Directors to make estimates and judgments that affect reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingencies. These estimates are based on historical experience and various other assumptions that management and the Board believe are reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Estimating useful life of assets

The useful lives are estimated having regard to the factors as asset usage, maintenance, rate of technical and commercial obsolescence. The useful lives of assets are reviewed annually.

Investment properties

Investment properties are valued at fair value determined by an independent valuer having relevant professional qualifications. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

Taxation

Determining income tax provisions involves judgment on the tax treatment of certain transactions. Deferred tax is recognized on tax losses not yet used and on temporary differences where it is probable that there will be taxable revenue against which these can be offset. Management has made judgments as to the probability of future taxable revenues being generated against which tax losses will be available for offset.

Employee benefit scheme

The defined benefit obligations are based on actuarial assumptions such as discount rate, expected rate of return on plan assets, expected rate of growth in salaries and expected average remaining working life of employees which are extensively detailed in relevant notes to the financial statements.

STATUS OF CURRENT AND PREVIOUS PROJECTS

The Company has successfully completed 3-MW Solar power projects which are fully operational. These projects will help reduce average power generation cost. Now the management is considering to replicate these projects in other divisions of Company.

ANALYSIS OF PRIOR YEAR FORWARD LOOKING DISCLOSURE

The Company's actual performance in terms of the bottom line of financial results in the year 2018-19 exceeded the forward-looking disclosures made in the last year annual report.

Net profits improved significantly due to improved selling margins. Sales increased as compared with the projections. Gross profits increased mainly due better selling margins and increased quantities. Finance cost increased significantly during the year due to borrowing availed to meet the increased working capital requirements that varies with the level of business activates. Another reason for such an increase in finance cost is unprecedented hike in interest rates as compared with previous year.

PERFORMANCE AND POSITION

COMPLIANCE WITH INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

The management of the Company strongly believes in adherence to unreserved compliance with all the applicable International Accounting Standards (IAS)/IFRS vital to true and fair preparation and presentation of financial information. Compliance to IFRS encourages sufficient disclosures of the financial statements that are beneficial for informed decisions of stakeholders.

Financial statements for the year 2018-19 have been prepared in accordance with the accounting and reporting standards issued by International Accounting Standards Board as are applicable in Pakistan. IFRS adoption status is in detail is explained in note 2.1 (a) of annexed standalone financial statements.

INTEGRATED REPORTING FRAMEWORK (IR)

Kohinoor Textile Mills Limited is engaged in the production and sale of yarn, cloth and textile products. Management of the Company following the spirit of adhering to the best corporate governance practices and its reporting thereof is committed to generate greater value for the organization and its stakeholders. Keeping in view the globalized business scenario and the ever-increasing expectations of all the stakeholders being users of published annual report, integration of corporate governance briefings, social and environmental information with financial information is vital to organizational position and performance reporting.

The Company has adopted the International Integrated Reporting (IR) Framework to give an overview of the Company's business affairs by presenting all the financial and non-financial information considering the variable interests of a wide range of stakeholders. The management is committed to achieve excellence in transparent reporting in all aspects. The Company is in the process of adoption of IR Framework to continuously improve the quality of information produced, and communicate its operations, brand, financial structure to the stakeholders and be prepared to manage any risk that may affect the long-term sustainability of the business. The Company has incorporated in this report the following Content Elements of IR Framework: -

- Organizational overview and external environment
- Strategy and resource allocation
- Risks and opportunities
- Governance
- Outlook
- Position and Performance

IR framework is in its initial stages of adoption in the Company. Moving ahead with the tradition of providing information to its stakeholders that goes beyond the traditional requirements of financial reporting framework and other legal requirements, by doing so we believe the stakeholders gain a better understanding of the Company, its business, strategies, opportunities and risks, business model, governance and performance which itself is a form of value creation for its stakeholders.

FINANCIAL REVIEW

FINANCIALRESULTS: CURRENT VS PREVIOUS YEAR

Financial highlights of key operating results for the year 2018-19 are as follows:

Particulars	2019	2018
	(Rs. In Million)	
Equity	16,967	15,821
Capital Employed	19,096	17,671
Revenue	21,220	17,834
Gross Profit	3,561	2,478
Profit from operations	2,692	2,516
Net Profit before Tax	2,281	2,154
Operating Cash Flows	2,494	395
Investing Cash Flows	(573)	(2,203)
Financing Cash Flows	(1,866)	1,815

Comments of favorable/(unfavorable) variances in financial results:

- Equity increased by 7% from Rs. 15,281 millon (2018) to Rs. 16,967 (2019) due to increased profits during the year.
- Sales increased as compared with previous year both Locally & Export due to rigorous efforts made by marketing teams by soliciting new customers and unlocking new avenues to grab extra revenue.
- Gross profits increased due to attractive profit margins and efficient controls critical contemporary areas of performance.
- Finance cost also increased due to increased borrowings and hike in interest rates to meet the growing working capital requirements.
- Operating Cash flows are showing tremendous increase of 532% as compared to previous year which is evidencing excellent driving of operations of the Company to add extra value for the stakeholders.

FINANCIAL RESULTS: ACTUAL VS BUDGET

Sales and profitability of the company for the year ended 30 June 2019 compared with the projections / budget is as under.

Particulars	Actual	Budget
	2019	2019
	(Rs. In Million)	
Revenue	21,220	25,218
Gross Profit	3,561	3,552
Profit from Operations	2,281	1,778

Sales dropped mainly due to exports whereas local sales made significantly high contribution as compared with the projections.

Gross profit and Profit before tax improved due to better margins despite unprecedented hike in prices of raw materials.

SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

Segment wise profits before taxation and unallocated income and expenses for the year ended 30 June 2019 are as under:

Particulars	Actual	
	2019	2018
	(Rs. In Million)	
Spinning	1,765	1,142
Weaving	207	64
Processing and Home Textile	476	282

Operating profits of all the divisions i.e., Spinning, Weaving and Processing & Home Textile Divisions improved during the year due to increased sales volume on better selling margins as compared with preceding year.

COMPOSITION OF LOCAL VERSUS IMPORTED MATERIAL AND SENSITIVITY ANALYSIS

	2019		2018	
	Rs. '000	%	Rs. '000	%
Local Materials:				
Raw materials	11,806,017	62%	7,332,491	56%
Stores and spares	1,716,613	9%	1,048,346	8%
Fuel and power	2,383,419	13%	2,003,884	15%
	15,906,049	84%	10,384,721	79%
Imported materials				
Raw materials	2,763,722	15%	2,618,032	20%
Stores and spares	355,272	2%	92,592	1%
	3,118,994	16%	2,710,624	21%
	19,025,043	100%	13,095,345	100%

Sensitivity Analysis

For each percent change in value of foreign currency, cost of imported materials will change by Rs 31.190 million (2018: 27,106 million).

	2019 Rs. '000	2018 Rs. '000
Appreciation of PKR	(31,190)	(27,106)
Depreciation of PKR	31,190	27,106
Percentage of COS	0.18%	0.18%

The management of the Company constantly monitors the international prices of imported materials and exchange rates fluctuations. Management takes necessary measures to mitigate such impacts as per Company's risk management policies.

Free Cash Flows		
Net cash generated from operating activities	2,975,165	891,663
Capital expenditures	(880,261)	(851,614)
Free Cash Flows	2,094,904	40,049

Free Cash Flow (FCF) is the Cash a Company produces through its operations, less the cost of expenditures on assets & net borrowings. Ample availability of Cash depicts financial health of a Company to discharge its financial and operational commitments hence having lesser dependency on external sources of finance providers.

Economic Value Added		
Net Profit after Tax	2,082,561	1,958,362
Less: Cost of capital	(642,262)	(830,990)
Economic Value Added	1,440,299	1,127,372

Economic value added (EVA) is a measure of a Company's operating profit after tax generated in excess of cost of funds depolyed. Ample EVA exhibits that operations of the Company are driven with level of accuracy to full fill the requirements of finance providers.

RECONCILIATION OF WEIGHTED AVERAGE NUMBER OF SHARES FOR EPS

Description	2019	2018
	Number of shares	
Weighted average number of shares outstanding at beginning of the year	299,296,456	285,178,699
Bonus element in right issue - weighted average number of ordinary share	-	-
Weighted average number of shares outstanding at beginning of the year - restated	299,296,456	285,178,699
Right issue - weighted average number of ordinary share	-	9,901,770
Weighted average number of shares outstanding at end of the year	299,296,456	295,080,469

FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

Market value of the Company's property, plant and equipment is around Rs. 14.65 billion. The Company's property, plant and equipment except freehold land and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment loss in its financial statements. Freehold land is stated at revalued amount at the date of revaluation less any identified impairment loss and capital work-in-progress is stated at cost.

SIGNIFICANT / MATERIAL ASSETS OR IMMOVABLE PROPERTY

The Company's material assets comprise of land, building, ring spinning machinery, open-end spinning machinery, wider width weaving looms, high definition digital printing machine, printing rotaries, dyeing and finishing machines, Jenbacher, Wartsila and Nigatta engines, and solar power plant installation.

SHARE PRICE SENSITIVITY ANALYSIS

Company's share price is directly linked with the operational and financial performance of Company. In the current situation, Management considers the following factors to which the performance and share price of the Company may be sensitive.

a. Agriculture

Performance in textile sector is mainly dependent on better results of agriculture sector for supply of quality cotton on cheaper rates. Good environmental conditions for cotton crop, having required rain falls, results in optimal quality of cotton with reasonable prices. Availability of quality cotton on cheaper rates supports to generate higher profit margins for producing various types of yarn which in turns affect positively the share price of Company.

b. Demand Factor

Increase in demand of yarn / fabric & Home Textile products may result in increase in market price which will contribute towards better profitability and Earnings per share (EPS) which will ultimately increase the share price.

c. Increase in Cost of Production

Any increase in variable cost (Raw materials, power & utilities cost) may badly affect the gross margins and will resultantly fall in the profitability and fall in EPS. This may badly affect the market price of the share downward.

d. Political Unrest (Strikes, protests)

Volatile political situation often creates disruption in the business processes. Strikes, protests creates hindrance in production operations which may adversely affect the Company to meet deadlines of National / International customers. This factor although not very much material at the moment, but may affect share price of the Company adversely.

e. Change in Government Policies

Any change in Government policies related to textile sector may affect the share price of the Company. If policy change is positive than share price will increase, otherwise vice versa.

STATEMENT OF CASH FLOWS (DIRECT METHOD)

FOR THE YEAR ENDED 30 JUNE 2019

	2019	2018
	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash receipts from customers	21,434,385	17,432,561
Cash paid to suppliers and employees	18,459,220	16,540,898
Cash generated from operations	2,975,165	891,663
Finance cost paid	(400,647)	(343,077)
Income tax paid	(77,854)	(160,757)
Net decrease in long term deposits	(2,965)	7,055
Net cash generated from operating activities	2,493,699	394,884
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment	(880,261)	(851,614)
Proceeds from sale of property, plant and equipment	41,752	19,529
Long term investments made	(24,819)	(2,367,710)
Short term investments made	(1,103,118)	(2,663,941)
Proceeds from sale of short term investments	1,051,322	2,646,341
Interest received	14,355	12,037
Dividends received	327,839	1,002,415
Net cash used in investing activities	(572,930)	(2,202,943)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	596,883	441,988
Repayment of long term financing	(373,565)	(272,328)
Repayment of liabilities against assets subject to finance lease	-	(20,717)
Proceeds from issue of right shares	-	1,010,571
Short term borrowings - net	(1,493,861)	1,447,518
Dividend paid	(595,765)	(792,003)
Net cash (used in) / from financing activities	(1,866,308)	1,815,029
Net increase in cash and cash equivalents	54,461	6,970
Cash and cash equivalents at the beginning of the year	161,905	154,935
Cash and cash equivalents at the end of the year	216,366	161,905

RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

Particulars	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2018		6 Months Period Ended 31-12-2018		9 Months Period Ended 31-03-2019		Full Year Ended 30-06-2019	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	4,909,925		10,380,045		15,535,787		21,220,135	
Gross Profit	801,497	16.32%	1,772,054	17.07%	2,618,529	16.85%	3,561,072	16.78%
Operating Profit	547,277	11.15%	1,578,132	15.20%	2,158,427	13.89%	2,692,046	12.69%
Profit before tax	459,412	9.36%	1,375,680	13.25%	1,848,428	11.90%	2,280,935	10.75%
Profit after tax	345,732	7.04%	1,095,288	10.55%	1,420,928	9.15%	1,750,644	8.25%
Equity	16,166,358		16,616,618		16,642,962		16,966,815	
Current ratio (in time)	0.98		1.03		0.92		1.09	

ANALYSIS OF VARIATION IN RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS WITH THE FINAL ACCOUNTS

3 Months Ended 30 September 2018

Gross Profit was 16.32% as compared with annual GP of 16.78% due to slightly squeezed profit margins in 1st quarter.

Operating profit was 11.15% as compared with annual operating profit of 12.69%.

Net profit before tax was 9.36% as compared with annual net profit before tax of 10.75% squeezed profit margins.

Net Profit after tax was 7.04% as compared with annual net profit after tax of 8.25% due to reasons aforementioned.

Shareholders' equity was Rupees. 9,588 million as compared with annual equity of Rupees. 10,100 million mainly due to dividend income and gain on sale of short term investments in last quarters.

Current ratio was 0.98 times as compared with annual current ratio of 1.09 times due to bulk buying of Raw Materials to meet annual production requirements.

6 Months Ended 31 December 2018

Gross Profit was 17.07% as compared with annual GP of 16.78% due to better profit margins in 2nd quarter of the year.

Operating profit for the first half year was 15.20% as compared with annual operating profit of 12.69% mainly due to dividend income from subsidiary Company in 2nd quarter.

Net profit before tax was 13.25% as compared with annual net profit before tax of 10.75% due to aforementioned reasons.

Shareholders' equity was Rupees. 16,616 million as compared with annual equity of Rupees. 16,966 million due to dividend from subsidiary Company and better margins.

Current ratio was 1.03 times as compared with annual ratio of 1.09 times due to reason afore mentioned.

9 Months Ended 31 March 2019

Gross profit was 16.85% as compared with annual GP of 16.78% due to better utilizations, selling margins in first 9 months.

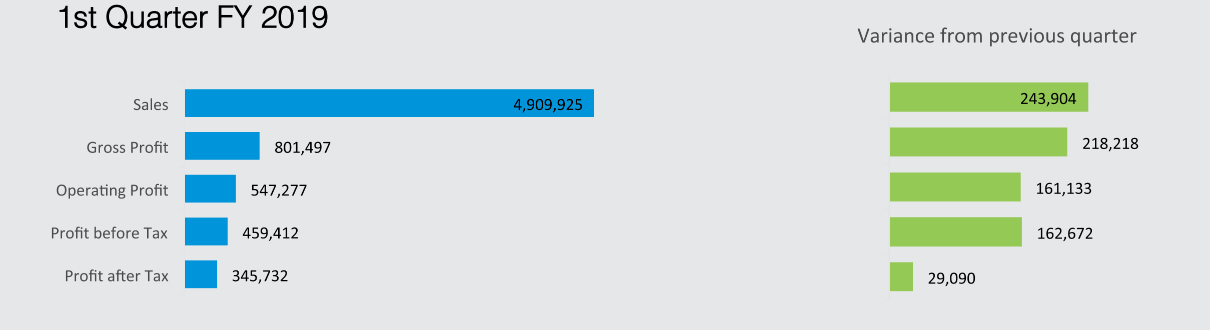
Operating profit for the first 9 months was 13.89% as compared with annual operating profit of 12.69% due to better selling margins.

Shareholders' equity was Rupees. 16,642 million as compared with annual equity of Rupees. 16,966 million.

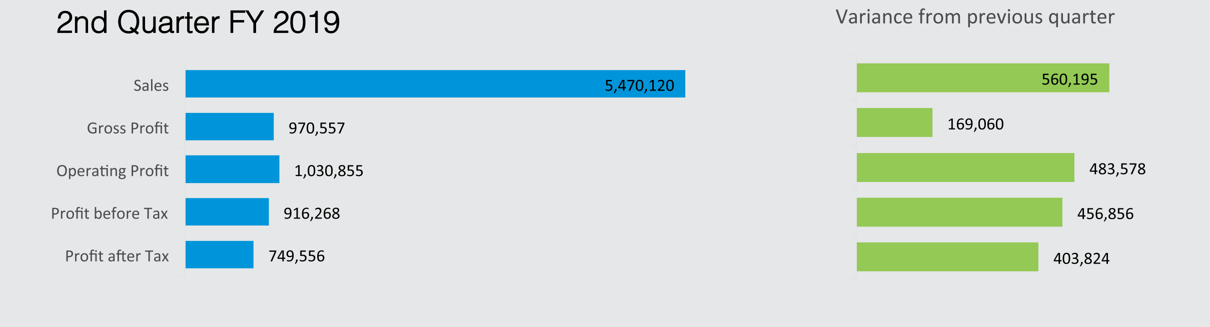
Current ratio was 0.92 times as compared with annual current ratio of 1.09 times due to higher working finances which paid subsequently in 4th quarter, leading to improved ratio in last quarter of the financial year.

GRAPHICAL PRESENTATION

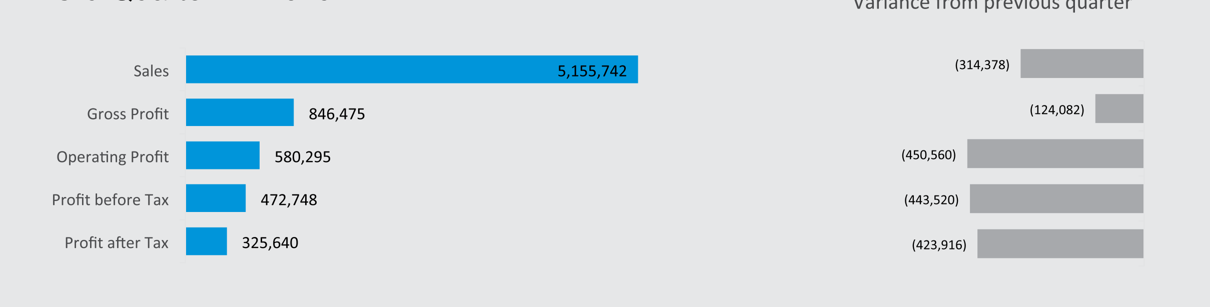
1st Quarter FY 2019



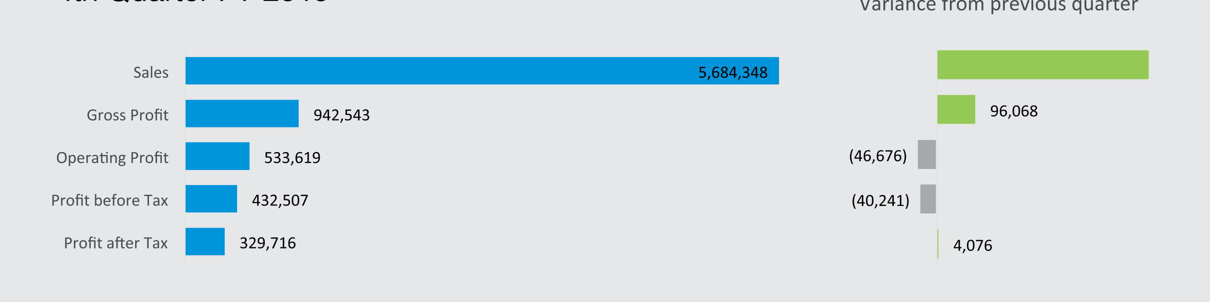
2nd Quarter FY 2019



3rd Quarter FY 2019



4th Quarter FY 2019

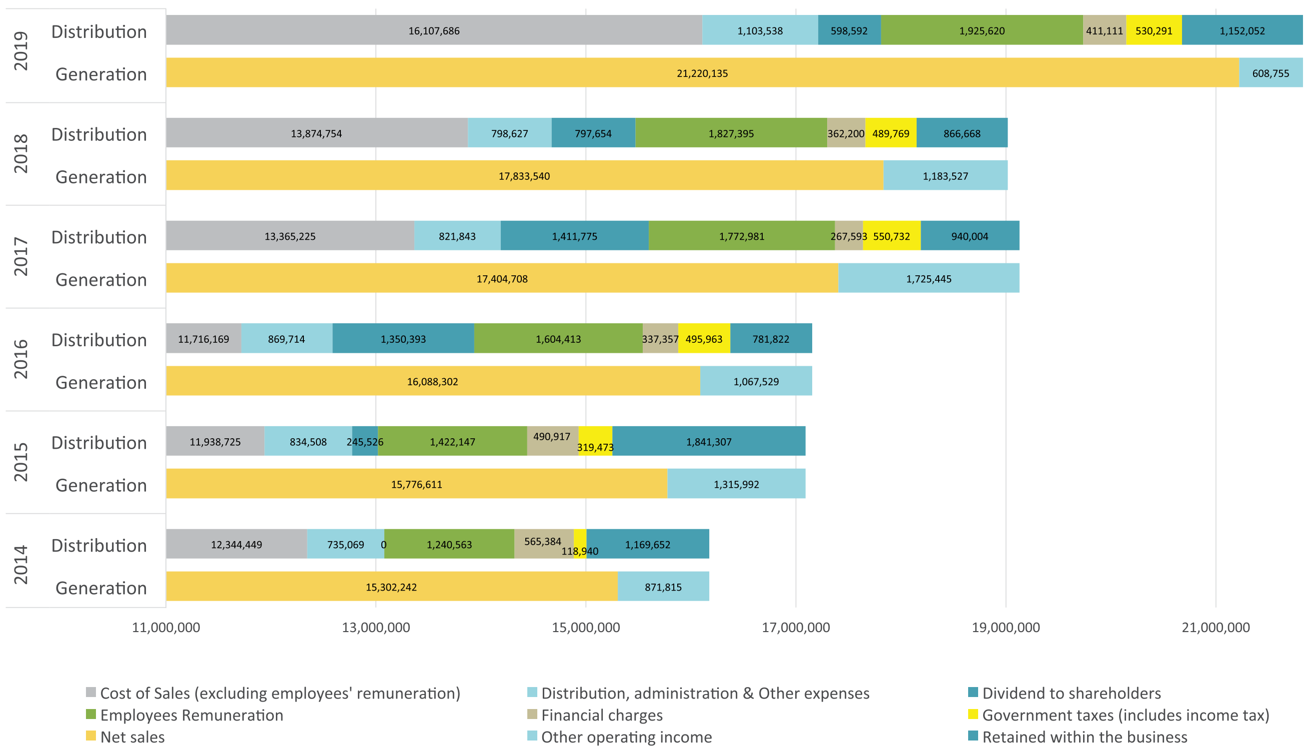


KTM
Kohinoor Textile Mills Limited

VALUE ADDITION AND DISTRIBUTION

	2019		2018		2017		2016		2015		2014	
	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age
Wealth Generated												
Net sales	21,220,135	97.21%	17,833,540	93.78%	17,404,708	90.98%	16,088,302	93.78%	15,776,611	92.30%	15,302,242	94.61%
Other operating income	608,755	2.79%	1,183,527	6.22%	1,725,445	9.02%	1,067,529	6.22%	1,315,992	7.70%	871,815	5.39%
	21,828,890	100.00%	19,017,067	100.00%	19,130,153	100.00%	17,155,831	100.00%	17,092,603	100.00%	16,174,057	100.00%
Distribution of wealth												
Cost of Sales (excluding employees' remuneration)	16,107,686	73.79%	13,874,754	72.96%	13,365,225	69.86%	11,716,169	68.29%	11,938,725	69.85%	12,344,449	76.32%
Distribution, administration & Other expenses	1,103,538	5.06%	798,627	4.20%	821,843	4.30%	869,714	5.07%	834,508	4.88%	735,069	4.54%
Employees Remuneration	1,925,620	8.82%	1,827,395	9.61%	1,772,981	9.27%	1,604,413	9.35%	1,422,147	8.32%	1,240,563	7.67%
Financial charges	411,111	1.88%	362,200	1.90%	267,593	1.40%	337,357	1.97%	490,917	2.87%	565,384	3.50%
Government taxes (includes income tax)	530,291	2.43%	489,769	2.58%	550,732	2.88%	495,963	2.89%	319,473	1.87%	118,940	0.74%
Dividend to shareholders	598,592	2.74%	797,654	4.19%	1,411,775	7.38%	1,350,393	7.87%	245,526	1.44%	-	0.00%
Retained within the business	1,152,052	5.28%	866,668	4.56%	940,004	4.91%	781,822	4.56%	1,841,307	10.77%	1,169,652	7.23%
	21,828,890	100.00%	19,017,067	100.00%	19,130,153	100.00%	17,155,831	100.00%	17,092,603	100.00%	16,174,057	100.00%

GRAPHICAL PRESENTATION



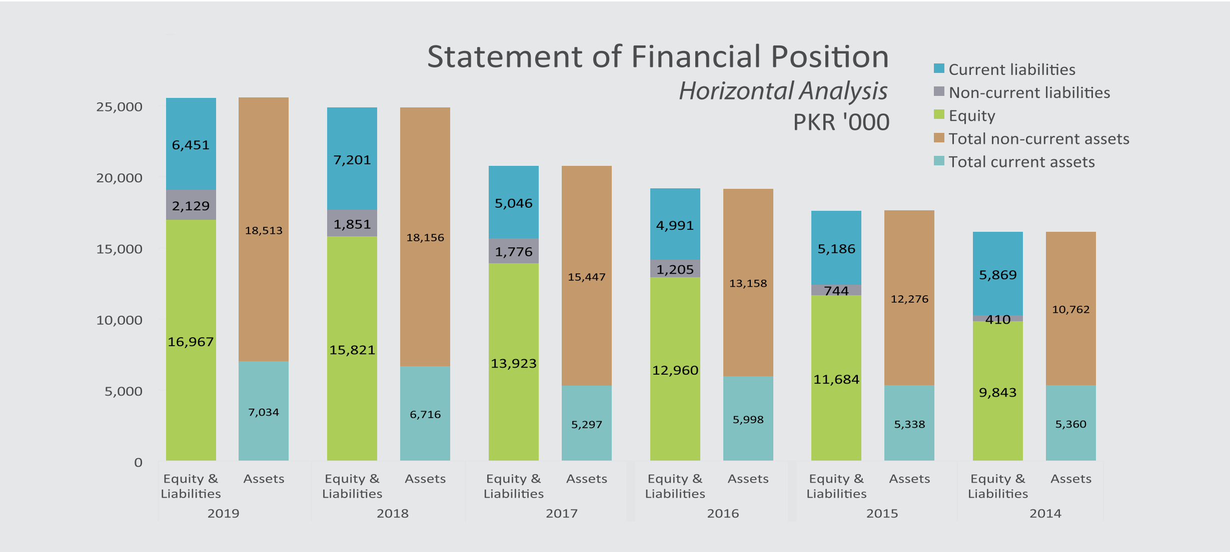
HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

	2019	Change w.r.t 2018	2018	Change w.r.t 2017	2017	Change w.r.t 2016	2016	Change w.r.t 2015	2015	Change w.r.t 2014	2014
	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"
FINANCIAL POSITION											
Total Equity	16,966,815	7.24	15,820,626	13.63	13,922,796	7.43	12,959,673	10.92	11,684,053	18.71	9,842,746
Total non-current liabilities	2,129,031	15.04	1,850,676	4.20	1,776,007	47.37	1,205,135	62.03	743,794	81.24	410,396
Total current liabilities	6,450,732	(10.41)	7,200,654	42.70	5,046,039	1.10	4,990,909	(3.76)	5,185,753	(11.64)	5,868,566
Total equity and liabilities	25,546,578	2.71	24,871,956	19.89	20,744,842	8.30	19,155,717	8.76	17,613,600	9.25	16,121,708
Total non-current assets	18,512,532	1.96	18,155,891	17.53	15,447,434	17.40	13,158,134	7.19	12,275,578	14.06	10,762,190
Total current assets	7,034,046	4.73	6,716,065	26.78	5,297,408	(11.67)	5,997,583	12.36	5,338,022	(0.40)	5,359,518
Total assets	25,546,578	2.71	24,871,956	19.89	20,744,842	8.30	19,155,717	8.76	17,613,600	9.25	16,121,708
PROFIT AND LOSS ACCOUNT											
Net sales	21,220,135	18.99	17,833,540	2.46	17,404,708	8.18	16,088,302	1.98	15,776,611	3.10	15,302,242
Cost of sales	17,659,063	15.00	15,355,788	3.59	14,823,393	13.60	13,048,866	(0.64)	13,132,754	(1.96)	13,395,079
Gross profit	3,561,072	43.72	2,477,752	(4.01)	2,581,315	(15.07)	3,039,436	14.96	2,643,857	38.63	1,907,163
Selling and distribution expenses	561,181	13.19	495,766	(7.90)	538,294	(6.26)	574,226	(7.42)	620,281	8.14	573,592
Administrative expenses	552,220	11.67	494,532	7.35	460,681	14.85	401,099	9.36	366,754	16.01	316,152
Other operating expenses	364,380	135.55	154,690	12.35	137,681	(17.11)	166,105	119.74	75,591	114.39	35,258
Other operating income	608,755	(48.56)	1,183,527	(31.41)	1,725,445	61.63	1,067,529	(18.88)	1,315,992	50.95	871,815
Profit from operations	2,692,046	6.98	2,516,291	(20.62)	3,170,104	6.90	2,965,535	2.36	2,897,223	56.27	1,853,976
Finance cost	411,111	13.50	362,200	35.35	267,593	(20.68)	337,357	(31.28)	490,917	(13.17)	565,384
Profit before taxation	2,280,935	5.89	2,154,091	(25.79)	2,902,511	10.44	2,628,178	9.22	2,406,306	86.74	1,288,592
Provision for taxation	530,291	8.27	489,769	(11.07)	550,732	11.04	495,963	55.24	319,473	168.60	118,940
Profit after taxation	1,750,644	5.19	1,664,322	(29.23)	2,351,779	10.30	2,132,215	2.17	2,086,833	78.41	1,169,652

GRAPHICAL PRESENTATION AND COMMENTS ON HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

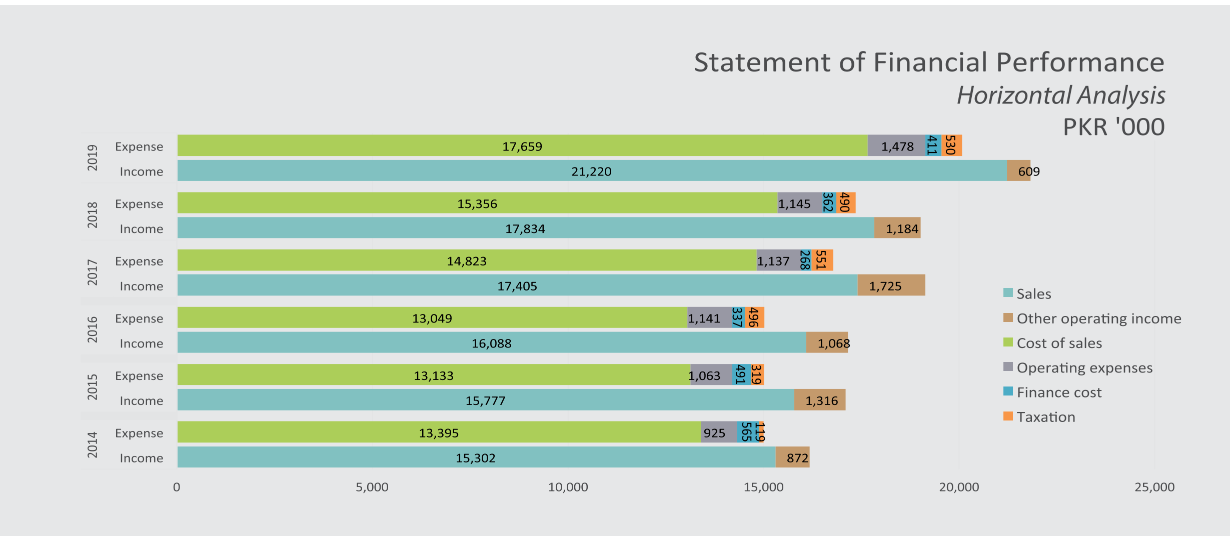
Financial Position

Continuous increase in shareholder's equity is primarily because of profitable operations of the Company. Non-current liabilities have been increased by Rupees. 278 Million Due to increase in long term financing obtained for the expansion and modernization of production facilities and Solar based power generation. Non-current assets of the Company have been increased by Rupees. 356 Million Due to modernization / expansion of production facilities. Current assets of the Company have been increased mainly because of Raw materials which have been bulk purchased due to rising trend in purchase prices.



Profit and Loss Account

Company's sales are being increased by 19% due to excellent performance in local as well as export market. Gross profit has been increased by 44% due to selection of high yield orders and stringent controls over critical contemporary areas of performance. Finance cost increased by 13.5% due to constant hike in interest rates.



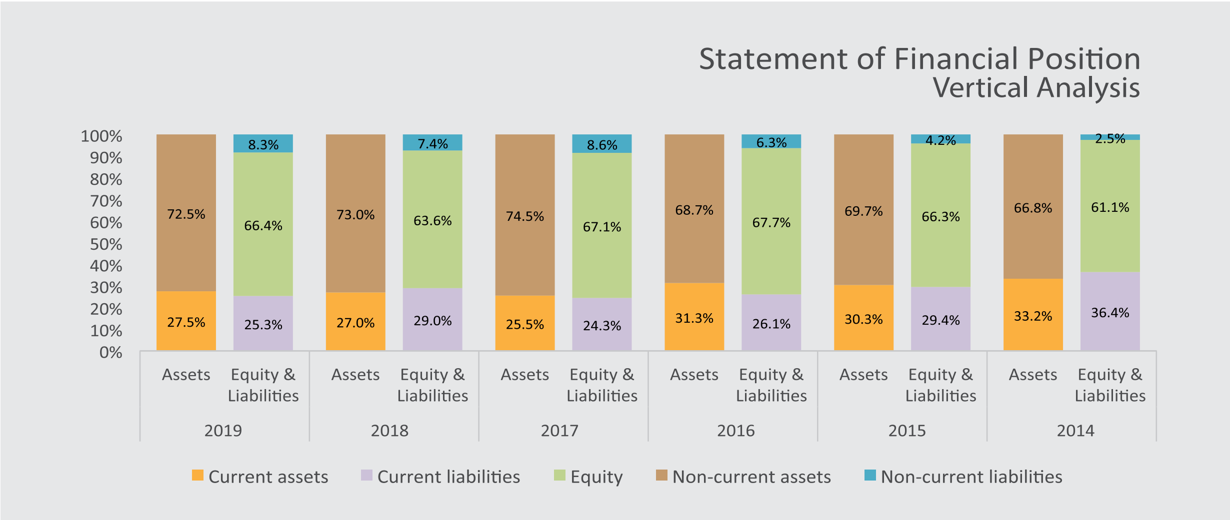
VERTICAL ANALYSIS OF FINANCIAL STATEMENT

	2019	%	2018	%	2017	%	2016	%	2015	%	2014	%
	...Rupees in thousand...											
FINANCIAL POSITION												
Total Equity	16,966,815	66.42	15,820,626	63.61	13,922,796	67.11	12,959,673	67.65	11,684,053	66.34	9,842,746	61.05
Total non-current liabilities	2,129,031	8.33	1,850,676	7.44	1,776,007	8.56	1,205,135	6.29	743,794	4.22	410,396	2.55
Total current liabilities	6,450,732	25.25	7,200,654	28.95	5,046,039	24.32	4,990,909	26.05	5,185,753	29.44	5,868,566	36.40
Total equity and liabilities	25,546,578	100.00	24,871,956	100.00	20,744,842	100.00	19,155,717	100.00	17,613,600	100.00	16,121,708	100.00
Total non-current assets	18,512,532	72.47	18,155,891	73.00	15,447,434	74.46	13,158,134	68.69	12,275,578	69.69	10,762,190	66.76
Total current assets	7,034,046	27.53	6,716,065	27.00	5,297,408	25.54	5,997,583	31.31	5,338,022	30.31	5,359,518	33.24
Total assets	25,546,578	100.00	24,871,956	100.00	20,744,842	100.00	19,155,717	100.00	17,613,600	100.00	16,121,708	100.00
PROFIT AND LOSS ACCOUNT												
Net sales	21,220,135	100.00	17,833,540	100.00	17,404,708	100.00	16,088,302	100.00	15,776,611	100.00	15,302,242	100.00
Cost of sales	17,659,063	83.22	15,355,788	86.11	14,823,393	85.17	13,048,866	81.11	13,132,754	83.24	13,395,079	87.54
Gross profit	3,561,072	16.78	2,477,752	13.89	2,581,315	14.83	3,039,436	18.89	2,643,857	16.76	1,907,163	12.46
Selling and distribution expenses	561,181	2.64	495,766	2.78	538,294	3.09	574,226	3.57	620,281	3.93	573,592	3.75
Administrative expenses	552,220	2.60	494,532	2.77	460,681	2.65	401,099	2.49	366,754	2.32	316,152	2.07
Other operating expenses	364,380	1.72	154,690	0.87	137,681	0.79	166,105	1.03	75,591	0.48	35,258	0.23
Other operating income	608,755	2.87	1,183,527	6.64	1,725,445	9.91	1,067,529	6.64	1,315,992	8.34	871,815	5.70
Profit from operations	2,692,046	12.69	2,516,291	14.11	3,170,104	18.21	2,965,535	18.43	2,897,223	18.36	1,853,976	12.12
Finance cost	411,111	1.94	362,200	2.03	267,593	1.54	337,357	2.10	490,917	3.11	565,384	3.69
Profit before taxation	2,280,935	10.75	2,154,091	12.08	2,902,511	16.68	2,628,178	16.34	2,406,306	15.25	1,288,592	8.42
Provision for taxation	530,291	2.50	489,769	2.75	550,732	3.16	495,963	3.08	319,473	2.02	118,940	0.78
Profit after taxation	1,750,644	8.25	1,664,322	9.33	2,351,779	13.51	2,132,215	13.25	2,086,833	13.23	1,169,652	7.64

GRAPHICAL PRESENTATION AND COMMENTS ON VERTICAL ANALYSIS OF FINANCIAL STATEMENT

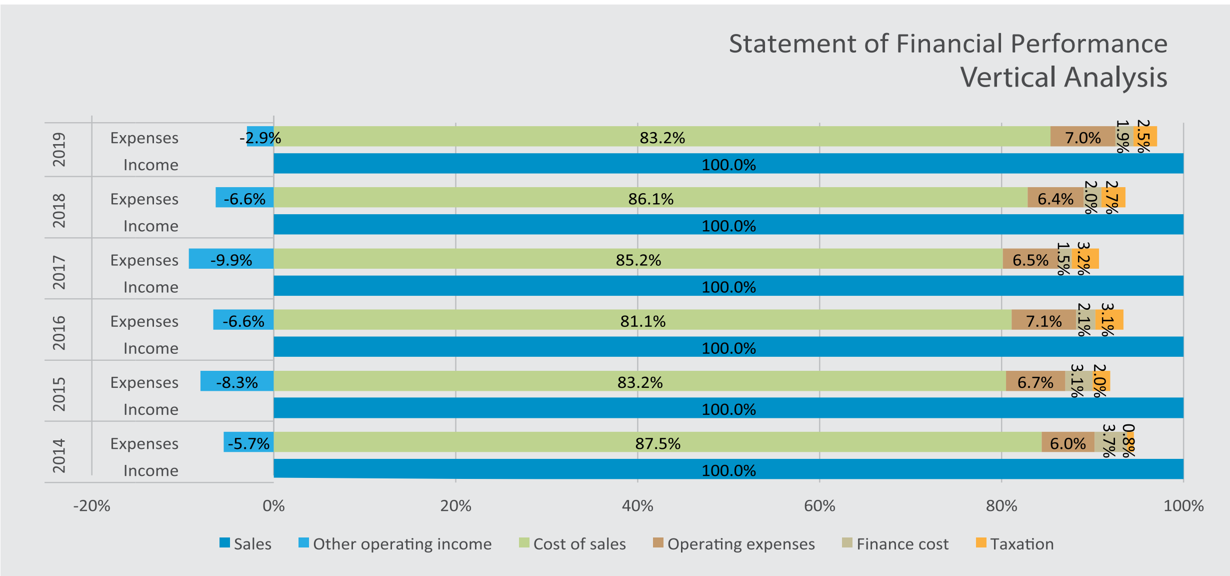
Financial Position

Equity component is 66.42% of the balance sheet footing. A major factor for such tremendous increase is profitable operations of the Company and steering the financial resources of the Company with acute responsibility to enhance debt servicing to external sources of finance providers. During current year, non-current liabilities are 8% of the balance sheet footing as compared to 7% for the preceding year, this increase is primarily because of expansion and modernization of production facilities. Non-current assets has been increased from Rs. 18,155 Million in 2018 to Rs. 18,512 Million in 2019. Such increase is due to capital expenditure for production facilities and solar based power project.



Profit & Loss Account

Cost of sales is 83.22% in (2019) as compared to 86.11% in (2018), despite increase in sales. Such decrease is mainly due to efficient buying of Raw Materials & having excellent controls to minimize in-efficiencies throughout the production process. Increase in Finance cost by Rs. 49 Million in 2019 is due to increase in interest rates and new finances obtained for modernization of plant & machinery. Other operating income decreased mainly due to decrease in dividend from subsidiary company.



KEY OPERATING AND FINANCIAL DATA

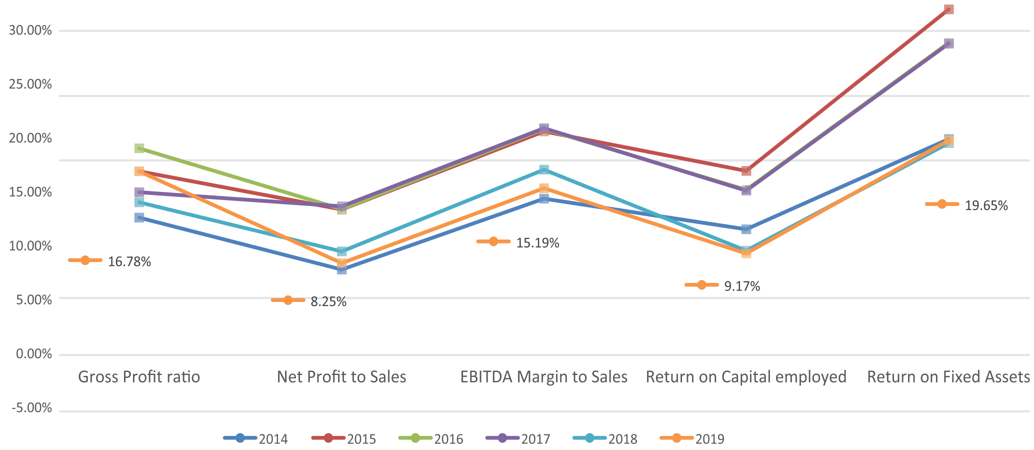
Six Years Summary

Financial Highlights	2019	2018	2017	2016	2015	2014
						PKR '000'
FINANCIAL POSITION						
Tangible fixed assets-net	8,907,570	8,578,713	8,222,022	7,437,640	6,565,198	5,919,751
Intangible assets	-	-	11,974	9,305	-	-
Investment & Other assets	9,604,962	9,577,178	7,213,438	5,711,189	5,710,380	4,842,439
	18,512,532	18,155,891	15,447,434	13,158,134	12,275,578	10,762,190
Current assets	7,034,046	6,716,065	5,297,408	5,997,583	5,338,022	5,359,518
Current liabilities	6,450,732	7,200,654	5,046,039	4,990,909	5,185,753	5,868,566
Net working capital	583,314	(484,589)	251,369	1,006,674	152,269	(509,048)
Capital employed	19,095,846	17,671,302	15,698,803	14,164,808	12,427,847	10,253,142
Less: Long term loan & other liabilities	2,129,031	1,850,676	1,776,007	1,205,135	743,794	410,396
Less: Surplus on revaluation of property	3,843,044	3,843,044	3,822,453	3,799,334	3,673,825	3,673,825
Share holders Equity	16,966,815	15,820,626	13,922,796	12,959,673	11,684,053	9,842,746
Represented By:						
Share capital	2,992,964	2,992,964	2,823,551	2,823,551	2,455,262	2,455,262
Reserves & unappropriated profit	13,973,851	12,827,662	11,099,245	10,136,122	9,228,791	7,387,484
	16,966,815	15,820,626	13,922,796	12,959,673	11,684,053	9,842,746
PROFIT AND LOSS ACCOUNT						
Net sale	21,220,135	17,833,540	17,404,708	16,088,302	15,776,611	15,302,242
Profitability						
Gross Profit	3,561,072	2,477,752	2,581,315	3,039,436	2,643,857	1,907,163
Operating profit	2,692,046	2,516,291	3,170,104	2,965,535	2,897,223	1,853,976
Profit before tax	2,280,935	2,154,091	2,902,511	2,628,178	2,406,306	1,288,592
Provision for income tax	530,291	489,769	550,732	495,963	319,473	118,940
Profit after tax	1,750,644	1,664,322	2,351,779	2,132,215	2,086,833	1,169,652
KEY FINANCIAL RATIOS						
Profitability Ratios:						
Gross Profit to sales (%age)	16.78	13.89	14.83	18.89	16.76	12.46
Net Profit to sales (%age)	8.25	9.33	13.51	13.25	13.23	7.64
EBITDA (%age)	15.19	16.92	20.76	20.70	20.45	14.22
Return on equity (%age)	10.32	10.52	16.89	16.45	17.86	11.88
Return on capital employed (%age)	9.17	9.42	14.98	15.05	16.79	11.41
Operating leverage ratio	0.37	(10.50)	0.88	1.00	18.67	4.14
Profit before tax ratio (%age)	10.75	12.08	16.68	16.34	15.25	8.42
Effective tax rate (%age)	23.25	22.74	18.97	18.87	13.28	9.23
Cost / Revenue ratio (%age)	83.22	86.11	85.17	81.11	83.24	87.54
Return on Fixed Assets	19.76%	31.79%	28.67%	28.60%	19.40%	19.65%
Return on Total Assets	7.26%	11.85%	11.13%	11.34%	6.69%	6.85%
Liquidity Ratios:						
Current ratio	1.09	0.93	1.05	1.20	1.03	0.91
Acid test ratio	0.50	0.50	0.54	0.66	0.56	0.52
Cash to current liabilities	0.03	0.02	0.03	0.05	0.02	0.02
Cash flow from operations to sales %	11.75	2.21	6.73	6.23	8.31	1.49
Activity / Turnover Ratios:						
No. of days in Inventory	66	54	52	59	54	50
No. of days in receivables	27	31	25	25	24	23
No. of days in creditors	41	39	35	39	36	32
Operating cycle	52	46	41	45	42	41
Inventory turn over	6	7	7	6	7	7
Debtors turn over ratio	13	12	15	15	16	16
Creditors turnover ratio	9	9	10	9	10	11
Total assets turn over / return on investment ratio	0.84	0.78	0.87	0.88	0.94	0.97
Fixed assets turn over ratio	2.01	1.75	1.81	1.83	1.97	1.99

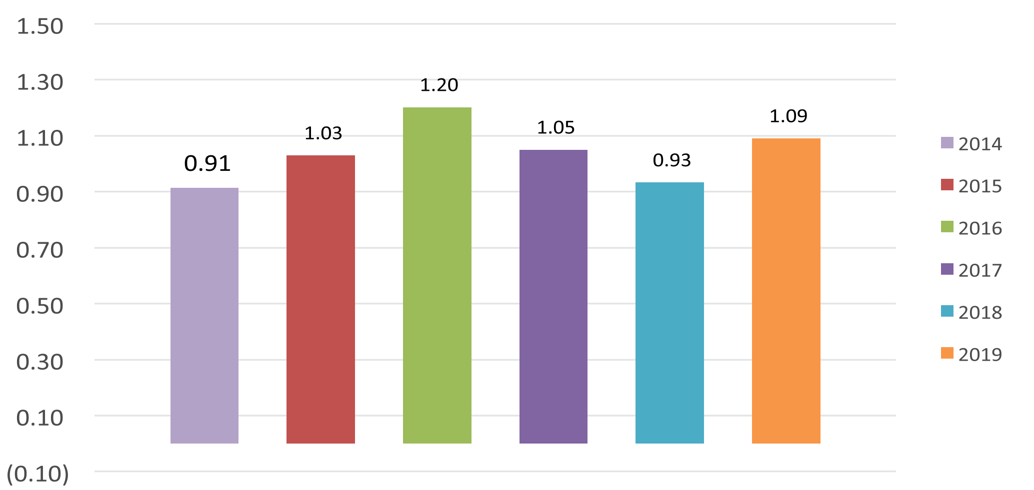
Financial Highlights	2019	2018	2017	2016	2015	2014
Investment / Market Ratios:						
Earning per share - Basic - (Rupees)	5.85	5.64	8.25	7.48	7.32	4.10
Earning per share - Diluted - (Rupees)	5.85	5.64	8.25	7.48	7.32	4.10
Price earning ratio	4.28	9.75	12.75	10.70	8.88	5.79
Price to book ratio	25.05 : 56.69	54.99 : 52.86	105.13 : 49.31	80.03 : 45.90	64.96 : 47.59	23.74 : 40.09
Dividend yield ratio	20%	28%	50%	40%	10%	-
Dividend payout ratio (%age)	34.19	48.76	60.63	53.50	13.67	-
Dividend cover ratio - (Times)	2.92	2.05	1.65	1.87	7.32	
Cash dividend per share - (Rupees)	2	2.75	5	4	1	-
Stock dividend per share	-	-	-	15%	-	-
Breakup value per share - (Rupees):						
- without revaluation surplus	43.85	40.02	35.77	32.44	32.62	25.13
- with revaluation surplus	56.69	52.86	49.31	45.90	47.59	40.09
- with revaluation surplus and investments at fair value	72.26	95.83	158.50	145.35	129.61	65.31
Market value per share at the end of the year - (Rupees)	25.05	54.99	105.13	80.03	64.96	23.74
Share Price - High during the year - (Rupees)	57.25	106.00	128.50	82.34	68.28	30.70
Share Price - Low during the year - (Rupees)	25.05	54.99	78.95	60.94	21.68	16.80
Earning assets to total assets ratio (%age)	72.26	72.8	74.19	68.38	69.35	66.47
Capital Structure Ratios:						
Financial leverage ratio	0.30	0.40	0.49	0.48	0.51	0.64
Weighted average cost of debt (%age)	5.40	4.94	4.16	5.35	9.87	11.11
Debt to equity ratio (as per book)	10 : 90	10 : 90	10 : 90	7 : 93	4 : 96	7 : 93
Debt to equity ratio (as per market value)	21 : 79	9 : 91	5 : 95	4 : 96	3 : 97	3 : 97
Interest cover ratio	6.55	6.95	11.85	8.79	5.90	3.28
Average operating working capital to sales ratio	0.19	0.22	0.20	0.20	0.19	0.19
Net borrowing to EBITDA ratio	1.51	2.05	1.28	1.25	1.23	2.13
Summary of Cash flows	2019	2018	2017	2016	2015	2014
Net cash flow from operating activities	2,493,699	394,884	1,171,639	1,002,347	1,310,771	228,105
Net cash used in investing activities	(572,930)	(2,202,943)	(196,570)	(247,653)	(314,592)	(228,826)
Net cash (used in) / from financing activities	(1,866,308)	1,815,029	(1,049,146)	(640,497)	(982,301)	(219,194)
Net change in cash and cash equivalents	54,461	6,970	(74,077)	114,197	13,878	(219,915)
Quantitative Data						
Yarn (Kgs "000") :						
Production (cont. into 20s)						
KTM Division	41,751	41,331	39,574	38,473	38,270	32,415
KGM Division	36,994	36,603	34,816	33,299	30,524	25,726
	78,745	77,934	74,390	71,772	68,794	58,141
Sales / Tran.for wvg.(actual count)						
KTM Division	16,699	16,483	12,356	11,017	9,597	10,267
KGM Division	5,858	5,724	5,284	5,106	4,533	5,367
	22,557	22,207	17,640	16,123	14,130	15,634
Cloth (Linear meters "000") :						
Processing (Rawalpindi Division)						
Production	14,757	14,613	17,986	19,168	19,747	19,235
Sales	12,967	13,809	17,641	18,355	18,890	17,994
Weaving (Raiwind Division)						
Production	32,447	29,857	27,533	26,204	21,280	18,883
Sales	32,299	29,817	27,021	26,614	20,501	18,968

KEY FINANCIAL RATIOS GRAPHICAL PRESENTATION

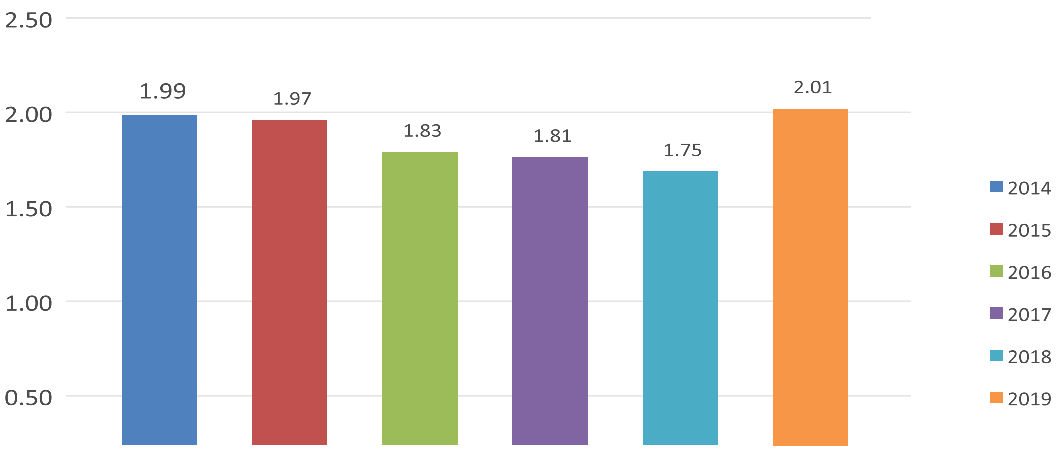
Profitability Ratios



Current Ratio

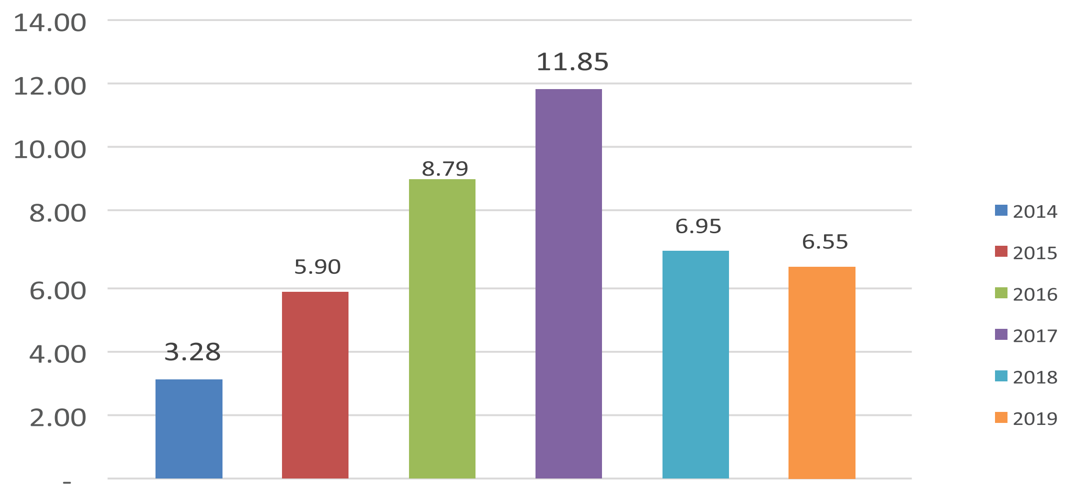


Fixed Asset Turnover

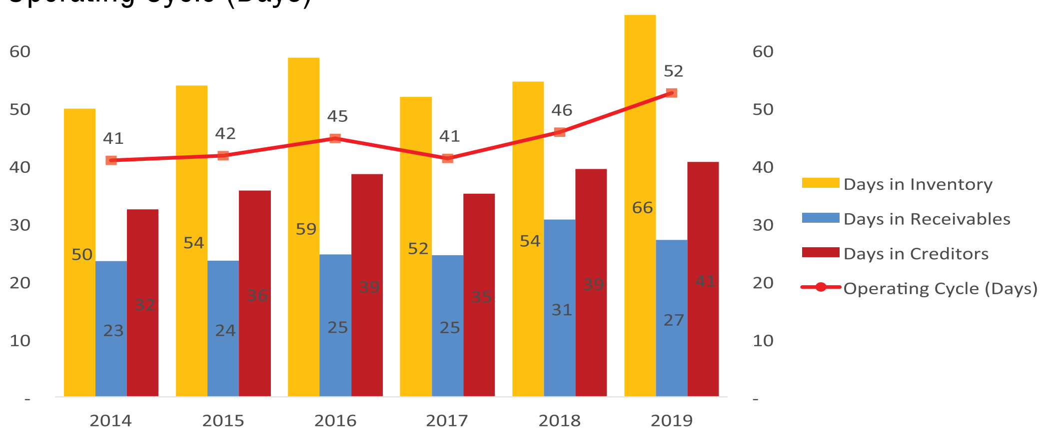


KEY FINANCIAL RATIOS GRAPHICAL PRESENTATION

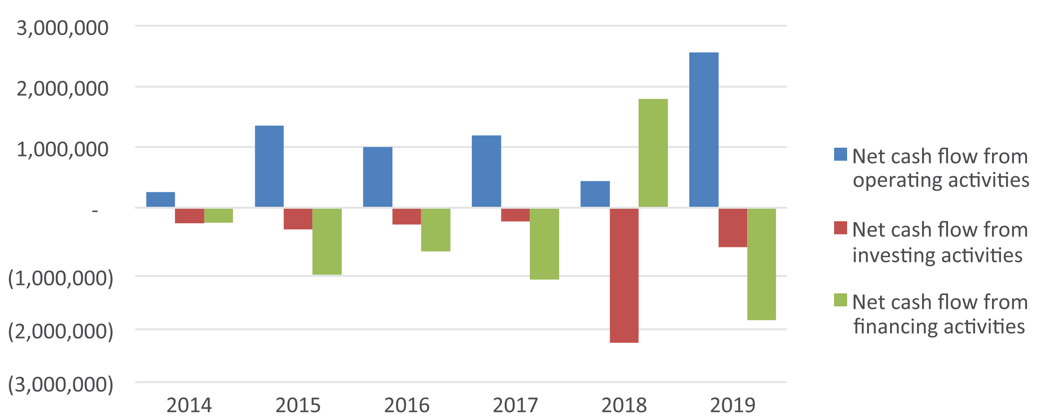
Interest Cover



Operating Cycle (Days)



Cashflows



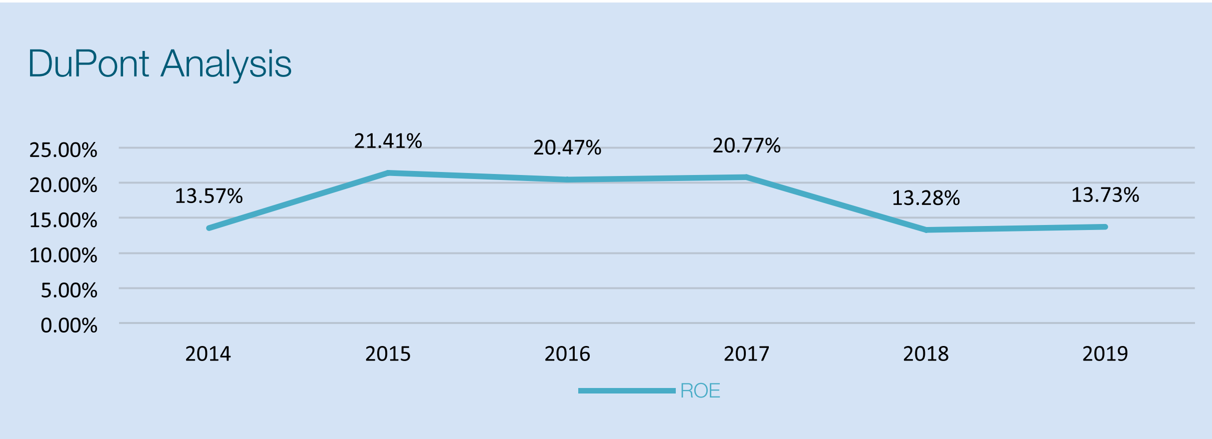
RETURN ON EQUITY (ROE)

DuPont Analysis

Year	Return on Equity (ROE) D=A*B*C	Profit Margin = Pre tax profit / Net Sales A	Total Assets Turnover = Net Sales / Assets B	Equity Multiplier = Avg. Assets / Avg. Equity C
2014	13.57%	0.08	0.95	1.70
2015	21.41%	0.15	0.90	1.57
2016	20.47%	0.16	0.84	1.49
2017	20.77%	0.17	0.84	1.48
2018	13.28%	0.12	0.72	1.53
2019	13.73%	0.11	0.83	1.54

Comments:

DuPont equation indicates increase in ROE over the period. Key driving factors in increased ROE are total asset turnover and equity multiplier. Profit margin decreased because of decrease in other income. It includes mainly dividend from subsidiary company which decreased by 33% (Rs. 674 million) from previous year. Assets turnover increased as compared with previous year. Investment made by the Company for modernization of production facilities witnessed increased sales volume during the year under review.



HOW THE INDICATORS AND PERFORMANCE MEASURES HAVE CHANGED OVER THE PERIOD

Kohinoor Textile Mills Limited has an established mechanism of performance appraisal. Key Performance Indictors (KPIs), for both financial and non-financial economic activities, are set for each objective or project and then its progress is monitored and evaluated by the management against those KPIs.

Financial Review section of this report enlists and elaborates major KPIs that management of the Company prefers to review on regular basis to access the 'Operational' and 'Financial' performance of the Company's economic affairs. Key variances indicated by the KPIs are also explained briefly to help understand the performance of business activities.

Since, there isn't any change in the Company's principal business activities and related industry from previous year, except some expansion in fabric digital print and solar power installation, the management believes the set KPIs sufficiently indicates the project performance and didn't required any change.

METHODS AND ASSUMPTIONS USED IN COMPILING INDICATORS

A performance indicator represents parameters and factors that may caste an impact of decisive nature on a company's financial position, financial performance or liquidity position. Following are the key assumptions in compiling these indicators:

Financial Position

- Appropriateness of capital mix in the company
- Proportion of financial leverage in debt equity mix
- Change in current ratio

Financial performance

- Maintaining high local sales retention
- Monitoring key components of variable cost to be amongst top cost effective players
- Initiating and maintaining techniques for optimal fixed cost absorption and appropriate mix of operational leverage

Liquidity Position

- Keeping an eye on funds used in / generated from operating, investing and financial cash flow activities
- Reviewing funds used in working capital management
- Effectively segregating cash and noncash items

All the indicators are devised in the light of these basic assumptions and are periodically reviewed and monitored. Furthermore, Company performance variance analysis from corresponding figures of comparative periods and from budgeted figures as comparability over time provides good basis of Corporate Reporting. These indicators are finally used to report financial information to all users of the financial statements in the form of annual financial statements.

DEFINITIONS AND GLOSSARY OF TERMS

Gross Profit ratio

The relationship of the gross profit made for a specified period and the sales or turnover achieved during that period.

Net Profit Ratio:

Net profit ratio is the ratio of net profit (after taxes) to net sales.

Operating Profit Ratio:

The Operating profit ratio indicates the ratio of company's profit before interest and taxes to net sales.

Current Ratio:

A company's current assets divided by its current liabilities. This ratio gives you a sense of a company's ability to meet short-term liabilities, and is a measure of financial strength in the short term. A ratio of 1 implies adequate current assets to cover current liabilities: the higher above 1, the better.

Debt-Equity Ratio:

The ratio of a company's liabilities to its equity. The higher the level of debt, the more important it is for a company to have positive earnings and steady cash flow. For Comparative purposes, debt-equity is most useful for companies within the same industry.

Earnings Per Share (EPS):

The portion of a company's profit allocated to each outstanding share of common stock. Earnings per share serve as an indicator of a company's profitability.

Profit Margin:

Determined by dividing net income by net sales during a time period and is expressed as a percentage. Net profit margin is a measure of efficiency and the higher the margin, the better. Trends in margin can be attributed to rising/falling production costs or rising / falling price of the goods sold.

Return on Equity (ROE):

A percentage that indicates how efficiently common stockholders' invested money is being used. The percentage is the result of dividing net earnings by common stockholders' equity. The ROE is used for measuring growth and profitability. You can compare a company's ROE to the ROE of its industry to determine how a company is doing compared to its competition.

Return on Investment (ROI):

Also Known as return on invested capital (ROIC). ROI is a measure of how well management has used the company's resources. ROI is calculated by dividing earnings by total assets. It is a broader measure than return on equity (ROE) because assets include debt as well as equity. It is a useful to compare a company's ROI with others in the same industry.

Du Pont Analysis:

A type of analysis that examines a company's Return on Equity (ROE) by splitting it into three main components; profit margin, total asset turnover and equity multiplier. This analysis highlight the main driving factor of ROE and the factor which needs to be addressed to improve the ROE.

This disclosure is being added as per requirements of Securities and Exchange Commission of Pakistan vide SRO 924(1) / 2015, dated 09 September 2015.

Financial Statements

for the Year Ended June 30, 2019

INDEPENDENT AUDITORS' REPORT

To the members of KOHINOOR TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Kohinoor Textile Mills Limited ('the Company'), which comprise the statement of financial position as at 30 June 2019, and the statement of profit or loss, the statement of 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 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 30 June 2019 and of the profit, 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 ('the Code') 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.

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.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	Inventory existence and valuation: Inventory as at 30 June 2019 amounted to Rupees 4,379 million and represented a material position in the statement of financial position, break up of which is as follows: • Stores, spare parts and loose tools Rupees 565 million • Stock-in-trade Rupees 3,814 million The business is characterized by high volume serial production and the valuation and existence of inventories are significant to the business. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in Note 2.11 to the financial statements. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Useable stores, spare parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgment and apply assumptions. Management undertakes the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized, if required.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

	For further information on inventory, refer to the following: • Summary of significant accounting policies, Inventories note 2.11 to the financial statements. • Stores, spare parts and loose tools note 15 and Stock-in-trade note 16 to the financial statements.	
2	Capital expenditures The Company is investing significant amounts in its operations and there are a number of areas where management judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful lives of the assets including the impact of changes in the Company's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters. For further information, refer to the following: • Summary of significant accounting policies, Property, plant, equipment and depreciation note 2.7 to the financial statements. • Property, plant and equipment note 11 to the financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.
3	Revenue recognition The Company recognized net revenue of Rupees 21,220 million for the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: • Summary of significant accounting policies, Revenue from contracts with customers note 2.18 to the financial statements. • Revenue note 23 to the financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and

		• We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. We also considered the appropriateness of disclosures in the financial statements.

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.

- 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 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) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.

RIAZ AHMAD & COMPANY
Chartered Accountants

Islamabad

DATE: 20 September 2019

STATEMENT OF FINANCIAL POSITION
As at June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2018: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2018: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	2,992,964	2,992,964
Reserves	4		
Capital reserves			
Share premium		986,077	986,077
Surplus on revaluation of freehold land and investment properties		3,843,044	3,843,044
		4,829,121	4,829,121
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		7,694,239	6,548,050
		9,144,730	7,998,541
Total equity		16,966,815	15,820,626
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	5	1,535,299	1,335,099
Deferred income tax liability	6	593,732	515,577
		2,129,031	1,850,676
CURRENT LIABILITIES			
Trade and other payables	7	2,133,377	1,797,734
Accrued mark-up	8	73,815	63,351
Short term borrowings	9	3,141,523	4,635,384
Current portion of non-current liabilities	5	411,419	388,301
Unclaimed dividend		23,584	20,757
Taxation - net		667,014	295,127
		6,450,732	7,200,654
TOTAL LIABILITIES		8,579,763	9,051,330
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		25,546,578	24,871,956

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	11	8,907,570	8,578,713
Investment properties	12	1,792,755	1,792,755
Long term investments	13	7,759,618	7,734,799
Long term deposits	14	52,589	49,624
		18,512,532	18,155,891
CURRENT ASSETS			
Stores, spare parts and loose tools	15	565,437	530,567
Stock-in-trade	16	3,814,347	2,574,838
Trade debts	17	1,455,119	1,699,015
Advances	18	370,271	718,354
Security deposits and short term prepayments	19	24,078	9,564
Other receivables	20	536,987	1,013,780
Short term investments	21	51,441	8,042
Cash and bank balances	22	216,366	161,905
		7,034,046	6,716,065
TOTAL ASSETS		25,546,578	24,871,956

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT OR LOSS
For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
REVENUE	23	21,220,135	17,833,540
COST OF SALES	24	(17,659,063)	(15,355,788)
GROSS PROFIT		3,561,072	2,477,752
DISTRIBUTION COST	25	(561,181)	(495,766)
ADMINISTRATIVE EXPENSES	26	(552,220)	(494,532)
OTHER EXPENSES	27	(364,380)	(154,690)
		(1,477,781)	(1,144,988)
		2,083,291	1,332,764
OTHER INCOME	28	608,755	1,183,527
PROFIT FROM OPERATIONS		2,692,046	2,516,291
FINANCE COST	29	(411,111)	(362,200)
PROFIT BEFORE TAXATION		2,280,935	2,154,091
TAXATION	30	(530,291)	(489,769)
PROFIT AFTER TAXATION		1,750,644	1,664,322

		2019	2018
		--------------Rupees--------------	
EARNINGS PER SHARE - BASIC AND DILUTED	31	5.85	5.64

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	2019	2018
	(Rupees in thousand)	
PROFIT AFTER TAXATION	1,750,644	1,664,322
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss		
Gain on revaluation of freehold land	-	20,591
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	-	20,591
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,750,644	1,684,913

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

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2019

	Share capital	Reserves							Total equity
		Capital reserves			Revenue reserves			Total reserves	
		Share premium	Surplus on revaluation of freehold land and investment properties	Sub - Total	General reserve	Unappropriated profit	Sub - Total		
	(Rupees in thousand)								
Balance as at 30 June 2017	2,823,551	144,919	3,822,453	3,967,372	1,450,491	5,681,382	7,131,873	11,099,245	13,922,796
Transactions with owners:									
- final dividend for the year ended 30 June 2017 @ Rupees 1.50 per share	-	-	-	-	-	(423,533)	(423,533)	(423,533)	(423,533)
- interim dividend for the year ended 30 June 2018 @ Rupees 1.25 per share	-	-	-	-	-	(374,121)	(374,121)	(374,121)	(374,121)
- issuance of right shares	169,413	841,158	-	841,158	-	-	-	841,158	1,010,571
	169,413	841,158	-	841,158	-	(797,654)	(797,654)	43,504	212,917
Profit for the year	-	-	-	-	-	1,664,322	1,664,322	1,664,322	1,664,322
Other comprehensive income for the year	-	-	20,591	20,591	-	-	-	20,591	20,591
Total comprehensive income for the year	-	-	20,591	20,591	-	1,664,322	1,664,322	1,684,913	1,684,913
Balance as at 30 June 2018	2,992,964	986,077	3,843,044	4,829,121	1,450,491	6,548,050	7,998,541	12,827,662	15,820,626
Adjustment on adoption of IFRS 9 (Note 2.9)	-	-	-	-	-	(5,863)	(5,863)	(5,863)	(5,863)
Adjusted total equity as at 01 July 2018	2,992,964	986,077	3,843,044	4,829,121	1,450,491	6,542,187	7,992,678	12,821,799	15,814,763
Transactions with owners:									
- final dividend for the year ended 30 June 2018 @ Rupee 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
- interim dividend for the year ended 30 June 2019 @ Rupee 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
	-	-	-	-	-	(598,592)	(598,592)	(598,592)	(598,592)
Profit for the year	-	-	-	-	-	1,750,644	1,750,644	1,750,644	1,750,644
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	1,750,644	1,750,644	1,750,644	1,750,644
Balance as at 30 June 2019	2,992,964	986,077	3,843,044	4,829,121	1,450,491	7,694,239	9,144,730	13,973,851	16,966,815

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	32	2,975,165	891,663
Finance cost paid		(400,647)	(343,077)
Income tax paid		(77,854)	(160,757)
Net (increase) / decrease in long term deposits		(2,965)	7,055
Net cash generated from operating activities		2,493,699	394,884
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(880,261)	(851,614)
Proceeds from sale of property, plant and equipment		41,752	19,529
Long term investments made		(24,819)	(2,367,710)
Short term investments made		(1,103,118)	(2,663,941)
Proceeds from sale of short term investments		1,051,322	2,646,341
Interest received		14,355	12,037
Dividend received		327,839	1,002,415
Net cash used in investing activities		(572,930)	(2,202,943)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		596,883	441,988
Repayment of long term financing		(373,565)	(272,328)
Proceeds from issue of right shares		-	1,010,571
Repayment of liabilities against assets subject to finance lease		-	(20,717)
Short term borrowings - net		(1,493,861)	1,447,518
Dividend paid		(595,765)	(792,003)
Net cash (used in) / from financing activities		(1,866,308)	1,815,029
Net increase in cash and cash equivalents		54,461	6,970
Cash and cash equivalents at the beginning of the year		161,905	154,935
Cash and cash equivalents at the end of the year		216,366	161,905

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2019

1. THE COMPANY AND ITS OPERATIONS

1.1 Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

1.2 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and office	Address
	Manufacturing units:	
1	Spinning and Home textile units	Peshawar Road, Rawalpindi.
2	Spinning unit	Gulyana Road, Gujar Khan, District Rawalpindi.
3	Weaving unit	8 K.M. Manga Raiwind Road, District Kasur.
	Head office	42-Lawrence Road, Lahore.

1.3 These financial statements are the separate financial statements of the Company. Consolidated financial statements of the Company are prepared separately. Details of the Company's investment in subsidiaries are stated in note 13.1 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These financial statements have been prepared under the historical cost convention, except for certain financial instruments, investment properties and freehold land which are carried at their fair values.

c) Critical accounting estimates and judgments

The preparation of 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. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

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

Impairment of investment in subsidiary companies

In making an estimate of recoverable amount of the Company's investment in subsidiary companies, the management considers future cash flows.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore, the benefits of unimpeded access.

d) Standards, interpretations 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'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- 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 and IFRS 15. These are disclosed in note 2.9 and note 2.18. Most of the 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.

e) 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:

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Company is in the process of evaluating the impacts of the aforesaid standard on the Company's financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Company's financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Company's financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Company is in the process of evaluating the impacts of the aforesaid amendments on the Company's financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore, would not have an impact on past financial statements.

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). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 ‘Business Combinations’, IFRS 11 ‘Joint Arrangements’, IAS 12 ‘Income Taxes’ and IAS 23 ‘Borrowing Costs’. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Company’s financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: re-introduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standardsetting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

f) Standards 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.

2.2 Employee benefit

The Company operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 8.33 percent of basic salary and cost of living allowance to the fund. The Company’s contributions to the fund are charged to statement of profit or loss.

2.3 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.4 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.5 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.6 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and 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.

2.7 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of freehold land are recognized, in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Leased

Leases where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to statement of profit or loss.

Depreciation

Depreciation on property, plant and equipment is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 11.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the statement of profit or loss in the year the asset is derecognized.

2.8 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of profit or loss for the year in which it arises.

2.9 IFRS 9 "Financial instruments"

The Company has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Company makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Company's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Company. New impairment requirements use an 'expected credit loss' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Company has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i. Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii. Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Company's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii. Impairment of financial assets

From 01 July 2018, 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.

iv. De-recognition

a) Financial assets

The Company derecognizes 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 de-recognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes 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.

v. Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

vi. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these financial statements as there is no hedge activity carried on by the Company during the year ended 30 June 2019.

vii. Impacts of adoption of IFRS 9 on these financial statements as on 01 July 2018

On 01 July 2018, the Company's management has assessed which business models apply to the financial assets held by the Company at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Trade debts categorized as		Deferred tax
	Loans and receivables	Amortized cost	
	RUPEES IN THOUSAND		
Opening balance (before reclassification)	1,699,015	-	515,577
Reclassification of trade debts	(1,699,015)	1,699,015	-
Recognition of expected credit losses on trade debts	-	(8,258)	(2,395)
Opening balance (after reclassification)	-	1,690,757	513,182

The impact of these changes on the Company's reserves and equity is as follows:

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 5.863 million net of deferred income tax.

Reclassifications of financial instruments on adoption of IFRS 9

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

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	RUPEES IN THOUSAND		
Non-current financial assets					
Long term deposits	Loans and receivables	Amortized cost	49,624	49,624	-
Current financial assets					
Trade debts	Loans and receivables	Amortized cost	1,699,015	1,690,757	8,258
Advances	Loans and receivables	Amortized cost	1,883	1,883	-
Security deposits	Loans and receivables	Amortized cost	71	71	-
Other receivables	Loans and receivables	Amortized cost	267,380	267,380	-
Short term investments	FVTPL	FVTPL	8,042	8,042	-
Cash and bank balances	Loans and receivables	Amortized cost	161,905	161,905	-
Non-current financial liabilities					
Long term financing	Amortized cost	Amortized cost	1,335,099	1,335,099	-
Current financial liabilities					
Trade and other payables	Amortized cost	Amortized cost	1,433,253	1,433,253	-
Accrued mark-up	Amortized cost	Amortized cost	63,351	63,351	-
Short term borrowings	Amortized cost	Amortized cost	4,635,384	4,635,384	-
Current portion of long term financing	Amortized cost	Amortized cost	388,301	388,301	-
Unclaimed dividend	Amortized cost	Amortized cost	20,757	20,757	-

2.10 Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment loss, if any, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.11 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

(i)	For raw materials:	Annual average basis.
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.12 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.13 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.14 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

2.15 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.16 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.17 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.18 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Company's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Company's performance and the customer's payment. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative standalone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

ii) Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfillment costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognized where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

viii) Impacts of adoption of IFRS 15 on these financial statements as on 01 July 2018

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is Rupees Nil.

2.19 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

2.20 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has three reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn) and Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles).

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.21 Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.22 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.24 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.25 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

2.26 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018		2019	2018
(Number of Shares)			(Rupees in thousand)	
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganization of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
75,502,560	75,502,560	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	755,025
169,182,327	169,182,327	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,691,823	1,691,823
299,296,456	299,296,456		2,992,964	2,992,964

	Note	2019	2018
		(Rupees in thousand)	
4. RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Share premium	4.1	986,077	986,077
Surplus on revaluation of freehold land and investment properties:			
Freehold land			
As at 01 July		2,579,452	2,558,861
Increase due to revaluation to fair value	11.1	-	20,591
As at 30 June		2,579,452	2,579,452
Investment properties		1,263,592	1,263,592
		3,843,044	3,843,044
		4,829,121	4,829,121
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		7,694,239	6,548,050
		9,144,730	7,998,541
		13,973,851	12,827,662

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

	Note	2019	2018
		(Rupees in thousand)	
5. LONG TERM FINANCING			
From banking companies and other financial institutions - secured			
Long term loans	5.1	1,946,718	1,723,400
Less: Current portion shown under current liabilities		411,419	388,301
		1,535,299	1,335,099

LENDER	2019	2018	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
5.1 Long term loans								
Askari Bank Limited	25,000	75,000	150,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments commenced from 28 February 2017 and ending on 30 November 2019.	Quarterly	Quarterly	First joint pari passu hypothecation charge of Rupees 200 million on all present and future fixed assets (excluding land and building) of the Company and personal guarantees of the sponsor directors.
The Bank of Punjab	277,310	426,380	600,000	SBP LTFF rate + 2.50%	Sixteen equal quarterly installments commenced from 09 September 2016 and ending on 07 November 2021.	-	Quarterly	Joint pari passu charge amounting to Rupees 1,333 million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company.
The Bank of Punjab	391,915	142,605	400,000	SBP LTFF rate + 1%	Thirty six equal quarterly installments after expiry of grace period of one year for every tranche from its date of disbursement.	-	Quarterly	Joint pari passu charge amounting to Rupees 1,333 million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company.
The Bank of Punjab	54,006	-	500,000	SBP LTFF rate + 1%	Twenty four equal quarterly installments after expiry of grace period of one year for every tranche from its date of disbursement.	-	Quarterly	Ranking charge amounting to Rupees 667 million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company.
MCB Bank Limited	131,928	184,875	350,000	SBP LTFF rate + 2.5%	Twenty four equal quarterly installments after expiry of grace period of one year commenced from 25 November 2015 and ending on 10 December 2021.	-	Quarterly	First pari passu charge over land and building of Raiwind Division amounting to Rupees 467 million, and plant and machinery of the Company and personal guarantees of the sponsor directors.
National Bank of Pakistan	452,772	417,989	500,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments after expiry of grace period of one and a half year commenced from 30 June 2018 and ending on 10 February 2025.	-	Half yearly	Joint pari passu charge amounting to Rupees 667 million (inclusive of 25% margin) over plant and machinery of the Company.
National Bank of Pakistan	163,500	-	218,000	SBP SOLAR LTFF rate + 1.25%	Twelve equal half yearly installments after expiry of grace period of one and a half year commencing from 27 June 2020 and ending on 24 June 2026.	-	Half yearly	Ranking charge amounting to Rupees 291 million (inclusive of 25% margin) over plant and machinery of the Company.
PAIR Investment Company Limited	214,973	209,859	300,000	SBP LTFF rate + 1.5%	Twenty four equal quarterly installments after expiry of grace period of sixteen months commenced from 17 July 2018 and ending on 23 August 2025.	-	Quarterly	Joint pari passu charge over fixed assets (excluding land and building) amounting to Rupees 400 million of Rawalpindi and Gujar Khan Divisions and personal guarantees of the sponsor directors.
Askari Bank Limited	235,314	266,692	350,000	SBP LTFF rate + 1.25%	Thirty six equal quarterly installments commenced from 28 January 2018 and ending on 31 October 2026.	-	Quarterly	First pari passu charge over land and building of Raiwind Division amounting to Rupees 467 million, and plant and machinery of the Company and personal guarantees of the sponsor directors.
	1,946,718	1,723,400	3,368,000					

	Note	2019	2018
		(Rupees in thousand)	

6. DEFERRED INCOME TAX LIABILITY

This comprises of following:

	Note	2019	2018
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		603,816	517,229
Surplus on revaluation of investments		-	203
		603,816	517,432
Deferred tax asset on deductible temporary differences in respect of:			
Allowance for expected credit losses		(8,598)	(271)
Provision against doubtful advances		-	(1,230)
Provision against obsolete stock in trade		(1,132)	-
Provision against slow moving stores and spares		(354)	(354)
		(10,084)	(1,855)
	6.1	593,732	515,577

6.1 Movement in deferred tax balances is as follows:

	Note	2019	2018
At beginning of the year		515,577	480,123
Adjustment on adoption of IFRS 9		(2,395)	-
		513,182	480,123
Recognized in statement of profit or loss:			
- accelerated tax depreciation on operating fixed assets		86,587	37,363
- surplus on revaluation of investments		(203)	(54)
- allowance for expected credit losses		(5,932)	(271)
- provision against doubtful advances		1,230	(1,230)
- provision against obsolete stock in trade		(1,132)	-
- provision against slow moving stores and spares		-	(354)
	30	80,550	35,454
		593,732	515,577

7. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors		914,956	859,849
Accrued liabilities		875,727	542,260
Advances from customers		88,617	125,443
Workers' profits participation fund	7.1	197,365	183,593
Workers' welfare fund		20,489	41,479
Payable to subsidiary company - Maple Leaf Cement Factory Limited		2,761	-
Withholding income tax payable		6,614	6,063
Payable to employees' provident fund trust		8,718	7,903
Others		18,130	31,144
		2,133,377	1,797,734

	Note	2019	2018
		(Rupees in thousand)	
7.1 Workers' profits participation fund			
Balance as on 01 July		183,593	192,514
Interest for the period	29	9,896	27,132
Provision for the year	27	114,371	104,202
		307,860	323,848
Less: Payments during the year		(110,495)	(140,255)
		197,365	183,593

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

	Note	2019	2018
		(Rupees in thousand)	
8. ACCRUED MARK-UP			
Long term loans		20,120	18,853
Short term borrowings:			
From banking companies		51,079	34,793
From Maple Leaf Capital Limited - subsidiary company		2,616	9,705
		53,695	44,498
		73,815	63,351
9. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	9.1 & 9.2	640,023	803,676
Other short term finances	9.1 & 9.3	-	825,178
State Bank of Pakistan (SBP) refinances	9.1 & 9.4	2,501,500	2,575,000
		3,141,523	4,203,854
From subsidiary company - unsecured			
Maple Leaf Capital Limited	9.5	-	431,530
		3,141,523	4,635,384

9.1 These finances are obtained from banking companies under mark up arrangements and are secured by pledge of raw materials, charge on current assets of the Company including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts, book debts and personal guarantees of the sponsor directors. These form part of total credit facilities of Rupees13,630 million (2018: Rupees 8,065 million).

9.2 The rates of mark-up range from 7.16% to 21.90% (2018: 7.09% to 8.92%) per annum on balance outstanding.

9.3 The rates of mark-up range from 7.92 % to 13.99% (2018: 2.50 % to 8.26%) per annum on balance outstanding.

9.4 The rate of mark-up is 3.0% (2018: 3.0%) per annum on balance outstanding.

9.5 During the year ended 30 June 2018, the Company obtained unsecured loan from Maple Leaf Capital Limited carrying mark-up @ 1% above 3 month KIBOR and was repayable within one year from the date of disbursement. On 30 July 2018 the Company entered into a loan / advance agreement with Maple Leaf Capital Limited to meet working capital requirements of the Company upto the extent of Rupees 1,000 million carrying mark up at the rate of 2% above 3 month KIBOR. Tenure of this facility is one year from 16 August 2018 to 15 August 2019. The maximum aggregate amount outstanding at the end of any month during the year was Rupees 434 million (2018: Rupees 1,250 million).

10. CONTINGENCIES AND COMMITMENTS

10.1 Contingencies

a) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for the tax year 2003 against order of Commissioner Inland Revenue (Appeals) (CIR(A)) dated 18 September 2008 passed under section 122 (5A) of the Income Tax Ordinance, 2001 wherein the order of the Assessing Officer creating demand of Rupees 20.780 million was upheld. In addition to above, another appeal for the tax year 2003 was filed by the tax department before Appellate Tribunal Inland Revenue against the order of CIR (A) passed under section 221, through which order of the assessing officer regarding disallowance of depreciation expense amounting to Rupees 62.666 million and penalty levied amounting to Rupees 17.484 million had been annulled. No provision has been made in these financial statements as the Company is hopeful of favorable outcome of these cases.

b) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for the tax year 2004. The loss for the tax year 2004 was assessed at Rupees 255.684 million reducing refund to Rupees 7.499 million vide order dated 22 May 2009. The matter was decided in favor of the Company. However, department filed an appeal in the Honorable Lahore High Court, Lahore against the decision. No provision has been made in these financial statements since the Company is confident about favorable outcome of the case.

c) Tax department filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) dated 13 May 2015, by which the demand amounting to Rupees 54.010 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2009 was annulled. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

d) Tax department filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) dated 06 September 2014, by which the demand amounting to Rupees 22.110 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010 was annulled. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

e) The Company filed income tax return for the tax year 2011 having tax loss amounting to Rupees 957.623 million and creating a refund of Rupees 107.808 million. An assessment dated 12 May 2017 under section 122(5A) of the Income Tax Ordinance, 2001 has been finalized by restricting loss to Rupees 435.435 million and reducing refund to Rupees Nil. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending for hearing. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

f) The Company filed income tax return for Tax Year 2016 having taxable income amounting to Rupees 762.669 million and creating a refund of Rupees 30.721 million. An assessment under section 122(5A) of the Income Tax Ordinance, 2001 dated 31 May 2018 has been finalized and taxable income has been assessed at Rupees 1,167.832 million by creating demand of Rupees 231.109 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who, vide its order dated 14 November 2018, granted relief on major issues, while upheld the order on various other issues. The Company filed appeal before the Honorable Appellate Tribunal Inland Revenue where the case is still pending. No provision has been made in these financial statements as the Company is hopeful of a favorable outcome.

g) The Company and tax authorities filed appeals before different appellate authorities regarding sales tax and custom duty matters. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these financial statements which on the basis adopted by the authorities would amount to Rupees 184.700 million (2018: Rupees 87.996 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

h) The Company filed recovery suits in Civil Courts amounting to Rupees 14.683 million (2018: Rupees 15.164 million) against various suppliers and customers for goods supplied by / to them. Pending the outcome of the cases, no provision has been made in these financial statements since the Company is confident about favorable outcome of the cases.

i) The Company filed suits before Civil Court, Rawalpindi and Lahore High Court, against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 84.057 million (2018: Rupees 72.811 million). No provision has been made in these financial statements, since the Company is confident about favorable outcome.

j) The Company filed an appeal before Supreme Court of Pakistan against an order of Lahore High Court, Rawalpindi Bench on an appeal filed by supplier for non-payment by the Company. The Company has provided a guarantee of Rupees 4.254 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Company expects a favorable outcome.

k) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 299.257 million (2018: Rupees 279.257 million).

10.2 Commitments in respect of:

a) Letters of credit for capital expenditure amounting to Rupees 91.627 million (2018: Rupees 111.231 million).

b) Letters of credit other than for capital expenditure amounting to Rupees 707.031 million (2018: Rupees 156.753 million).

c) Contracts for capital expenditure amounting to Rupees 54.550 million (2018: Rupees 6.661 million).

d) Future contracts - shares in respect of which the settlement is outstanding amounting to Rupees Nil (2018: Rupees 181.745 million).

	2019	2018
	(Rupees in thousand)	
11. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - owned assets (Note 11.1)	8,831,769	8,367,262
Capital work-in-progress (Note 11.2)	75,801	211,451
	8,907,570	8,578,713

11.1 Operating fixed assets

	Owned Assets											Leased Assets
	Freehold land	Office buildings	Factory and other buildings	Residential and other buildings	Plant and machinery	Services and other equipment	Computer and IT installations	Furniture and fixtures	Office equipment	Vehicles	Total	Plant and machinery
	(Rupees in thousand)											
At 30 June 2017												
Cost / revalued amount	2,718,966	15,023	1,400,383	116,170	8,447,054	48,000	108,520	77,487	46,298	214,692	13,192,593	74,441
Accumulated depreciation	-	(8,291)	(682,474)	(63,898)	(4,096,144)	(33,342)	(76,665)	(53,514)	(27,811)	(100,001)	(5,142,140)	(15,760)
Net book value	2,718,966	6,732	717,909	52,272	4,350,910	14,658	31,855	23,973	18,487	114,691	8,050,453	58,681
Year ended 30 June 2018												
Opening net book value	2,718,966	6,732	717,909	52,272	4,350,910	14,658	31,855	23,973	18,487	114,691	8,050,453	58,681
Additions	-	-	40,532	3,400	683,778	509	3,849	1,409	2,867	16,707	753,051	-
Revaluation surplus (Note 4)	20,591	-	-	-	-	-	-	-	-	-	20,591	-
Assets transferred from leased assets to owned assets:												
Cost	-	-	-	-	74,441	-	-	-	-	-	74,441	(74,441)
Accumulated depreciation	-	-	-	-	(17,711)	-	-	-	-	-	(17,711)	17,711
	-	-	-	-	56,730	-	-	-	-	-	56,730	(56,730)
Disposals:												
Cost	-	-	-	-	(36,095)	-	(1,005)	-	(188)	(12,449)	(49,737)	-
Accumulated depreciation	-	-	-	-	27,667	-	688	-	107	6,362	34,824	-
	-	-	-	-	(8,428)	-	(317)	-	(81)	(6,087)	(14,913)	-
Depreciation charge	-	(358)	(54,987)	(2,955)	(406,200)	(1,521)	(9,603)	(2,427)	(1,975)	(18,624)	(498,650)	(1,951)
Closing net book value	2,739,557	6,374	703,454	52,717	4,676,790	13,646	25,784	22,955	19,298	106,687	8,367,262	-
At 30 June 2018												
Cost / revalued amount	2,739,557	15,023	1,440,915	119,570	9,169,178	48,509	111,364	78,896	48,977	218,950	13,990,939	-
Accumulated depreciation	-	(8,649)	(737,461)	(66,853)	(4,492,388)	(34,863)	(85,580)	(55,941)	(29,679)	(112,263)	(5,623,677)	-
Net book value	2,739,557	6,374	703,454	52,717	4,676,790	13,646	25,784	22,955	19,298	106,687	8,367,262	-
Year ended 30 June 2019												
Opening net book value	2,739,557	6,374	703,454	52,717	4,676,790	13,646	25,784	22,955	19,298	106,687	8,367,262	-
Additions	-	22,777	84,375	6,782	845,727	849	4,771	1,855	4,670	44,105	1,015,911	-
Disposals:												
Cost	-	-	-	-	(64,942)	-	(505)	-	-	(17,228)	(82,675)	-
Accumulated depreciation	-	-	-	-	48,298	-	358	-	-	13,161	61,817	-
	-	-	-	-	(16,644)	-	(147)	-	-	(4,067)	(20,858)	-
Depreciation charge	-	(340)	(59,062)	(3,100)	(433,203)	(1,608)	(8,413)	(2,310)	(2,074)	(20,436)	(530,546)	-
Closing net book value	2,739,557	28,811	728,767	56,399	5,072,670	12,887	21,995	22,500	21,894	126,289	8,831,769	-
At 30 June 2019												
Cost / revalued amount	2,739,557	37,800	1,525,290	126,352	9,949,963	49,358	115,630	80,751	53,647	245,827	14,924,175	-
Accumulated depreciation	-	(8,989)	(796,523)	(69,953)	(4,877,293)	(36,471)	(93,635)	(58,251)	(31,753)	(119,538)	(6,092,406)	-
Net book value	2,739,557	28,811	728,767	56,399	5,072,670	12,887	21,995	22,500	21,894	126,289	8,831,769	-
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20		10

11.1.1 Freehold land was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2019. Book value of freehold land on cost basis is Rupees 160.105 million (2018: Rupees 160.105 million) as at 30 June 2019. Had there been no revaluation, the value of freehold land would have been lower by Rupees 2,579.452 million (2018: Rupees 2,579.452 million). Forced sale value of freehold land is Rupees 2,328.623 million (2018: Rupees 2,328.623 million).

11.1.2 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain/ (Loss)	Mode of disposal	Particulars of purchasers
	---------------	(Rupees in thousand)			---------------		
Plant and Machinery							
Singeing machine Poong	6,424	5,494	930	693	(237)	Negotiation	Metallic Engineering and Services, Thatha Khudayar
Machine carding crosrol	4,148	3,639	509	2,840	2,331	Negotiation	Lyallpur Textiles, Faisalabad
Autocone winder	10,789	8,274	2,515	3,360	845	Negotiation	HAR Textile Mills, Faisalabad
Machine autocone muratec	34,856	24,201	10,655	18,000	7,345	Negotiation	Colony Textile Mills Limited, Multan
Cooper compressor	2,500	1,227	1,273	1,288	15	Insurance claim	EFU General Insurance Limited, Lahore
	58,717	42,835	15,882	26,181	10,299		
Vehicles							
Honda Civic (RIA-1319)	1,950	1,439	511	1,115	604	Negotiation	Mr. Zahid Idrees, Rawalpindi
Honda City (LEE-12-8136)	1,675	1,158	517	909	392	Negotiation	Mr. Shahid Farooq (employee), Lahore
	3,625	2,597	1,028	2,024	996		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	20,333	16,385	3,948	13,547	9,599	Negotiation	
	82,675	61,817	20,858	41,752	20,894		

	Note	2019 (Rupees in thousand)	2018
11.1.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	24	492,390	463,099
Administrative expenses	26	38,156	37,502
		530,546	500,601

11.1.4 Particulars of immovable property (i.e land & buildings) are as follows:

Location	Usage of Immovable Property	Total Area (Acres)	Covered Area ("000"Sqr meters)
Peshawar Road, Rawalpindi	Manufacturing facilities	64.68	1,142.35
	Residential and offices	56.58	832.57
8 KM, Manga Raiwind Road, District Kasur	Manufacturing facilities	13.22	280.26
	Residential and offices	8.11	122.58
	Land	11.24	-
Gulyana Road, Gujar Khan, District Rawalpindi	Manufacturing facilities	13.18	279.62
	Residential and offices	23.96	177.69
	Land	13.54	-
		204.51	2,835.07

	Note	2019 (Rupees in thousand)	2018
11.2 Capital work in progress			
Civil works and buildings		75,150	14,309
Plant and machinery		651	98,519
Advances for capital expenditure		-	29,067
Letters of credit		-	69,556
		75,801	211,451

12. INVESTMENT PROPERTIES

	Note	2019	2018
Year ended 30 June			
Opening net book value		1,792,755	1,789,670
Fair value gain	28	-	3,085
Closing net book value		1,792,755	1,792,755

12.1 The fair value of investment properties comprising land situated at Lahore and Rawalpindi have been determined by an independent valuer, Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2019.

12.2 Forced sale value of these properties as at 30 June 2019 was Rupees 1,523.843 million (2018: Rupees 1,523.843 million).

12.3 Particulars of investment properties are as follows:

Description	Address	Total Area (Acres)
Land	Peshawar Road, Rawalpindi	43.95
Land	42-Lawrence Road, Lahore	4.95
		48.90

	Note	2019	2018
		(Rupees in thousand)	
13. LONG TERM INVESTMENTS			
Equity instruments	13.1	7,734,799	7,734,799
Debt instrument	13.2	24,819	-
		7,759,618	7,734,799
13.1 Equity instruments			
Subsidiary companies			
Maple Leaf Cement Factory Limited - Quoted	13.1.1	5,234,799	5,234,799
Maple Leaf Capital Limited - Un-quoted	13.1.2	2,500,000	2,500,000
		7,734,799	7,734,799

13.1.1 The Company holds 327,836,727 (2018: 327,836,727) ordinary shares of Rupees 10 each of Maple Leaf Cement Factory Limited. Equity held 55.22% (2018: 55.22%).

13.1.2 The Company holds 250,000,000 (2018: 250,000,000) ordinary shares of Rupees 10 each of Maple Leaf Capital Limited. Equity held 82.92% (2018: 82.92%).

	2019	2018
	(Rupees in thousand)	
13.2 Debt instrument		
At amortized cost		
Sales tax refund bonds (Note 13.2.1)		
248 (2018: Nil) bonds of Rupees 100,000 each	24,800	-
Add: Accrued interest	19	-
	24,819	-

13.2.1 This represents investment in sales tax refund bonds having maturity period of three years issued by FBR Refund Settlement Company Limited under section 67A of the Sales Tax Act, 1990 against sales tax refund payment orders issued in favour of the Company. These bonds are carried at amortized cost using effective interest rate of 9.14% per annum.

	Note	2019	2018
		(Rupees in thousand)	
14. LONG TERM DEPOSITS			
Security deposits		52,589	49,695
Less: Current portion shown under current assets	19	-	(71)
		52,589	49,624
15. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		526,077	353,323
Spare parts and loose tools		43,132	181,016
		569,209	534,339
Less: Provision against slow moving stores and spares	15.1	(3,772)	(3,772)
		565,437	530,567

	Note	2019	2018
		(Rupees in thousand)	
15.1 Provision against slow moving stores and spares			
As at 01 July		3,772	2,552
Add: Provision for the year	27	-	1,220
As at 30 June		3,772	3,772

16. STOCK-IN-TRADE

	Note	2019	2018
Raw materials	16.1	2,277,487	1,430,755
Work-in-process		800,016	597,872
Finished goods	16.4	740,748	546,211
		3,818,251	2,574,838
Less: Provision against obsolete stock in trade	16.5	3,904	-
		3,814,347	2,574,838

16.1 Raw materials include stock in transit of Rupees 22.631 million (2018: Rupees 270.613 million).

16.2 Stock in trade of Rupees 89.737 million (2018: Rupees 45.678 million) is being carried at net realizable value.

16.3 Stock in trade includes stock of Rupees 75.628 million (2018: Rupees 41.245 million) with external parties for processing.

16.4 Finished goods include stock in transit of Rupees 36.272 million (2018: Rupees Nil).

	Note	2019	2018
		(Rupees in thousand)	
16.5 Provision against obsolete stock in trade			
As at 01 July		-	-
Add: Provision for the year	27	3,904	-
As at 30 June		3,904	-

17. TRADE DEBTS

	Note	2019	2018
Considered good:			
Secured (against letters of credit)		478,253	513,156
Unsecured		1,006,512	1,186,791
		1,484,765	1,699,947
Less: Allowance for expected credit losses	17.1	(29,646)	(932)
		1,455,119	1,699,015

	Note	2019	2018
		(Rupees in thousand)	
17.1 Allowance for expected credit losses			
Opening balance under IAS 39		932	-
Effect of change in accounting policy due to adoption of IFRS 9		8,258	-
Opening balance under IFRS 9		9,190	-
Recognized during the year	27	21,388	932
Bad debts written off during the year		(932)	-
Balance at end of year		29,646	932

17.2 As at 30 June 2019, trade debts of Rupees 626.130 million (2018: Rupees 1,226.847 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	Note	2019	2018
		(Rupees in thousand)	
Upto 1 month		284,857	815,924
1 to 6 months		337,964	364,682
More than 6 months		3,309	46,241
		626,130	1,226,847

18. ADVANCES

	Note	2019	2018
Considered good:			
Employees - interest free			
- Executives		3,244	74
- Other employees		2,836	1,809
		6,080	1,883
Advances to suppliers		345,265	180,706
Letters of credit		18,926	540,008
		370,271	722,597
Less: Provision against doubtful advances	18.1	-	4,243
		370,271	718,354

	Note	2019	2018
18.1 Movement in provision against doubtful advances			
As at 01 July		4,243	-
Add: Provision for the year	27	-	4,243
Less: Written off during the year		(4,243)	-
As at 30 June		-	4,243

	Note	2019	2018
		(Rupees in thousand)	

19. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2019	2018
Current portion of long term deposits	14	-	71
Short term prepayments		24,078	9,493
		24,078	9,564

20. OTHER RECEIVABLES

Considered good:

	Note	2019	2018
Sales tax refundable		260,931	453,877
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		68,850	74,863
Insurance claims		-	941
Accrued interest		1,915	725
Duty draw back receivable		180,520	198,034
Due from subsidiary company - Maple Leaf Cement Factory Limited	20.1	-	259,192
Due from subsidiary company - Maple Leaf Capital Limited	20.2	-	694
Others		5,145	5,828
		536,987	1,013,780

20.1 This represents advance to Maple Leaf Cement Factory Limited carrying interest @ 1% above the average borrowing cost of the Company or 3 month KIBOR whichever is higher and is repayable / adjustable within one year from the date of disbursement. The maximum aggregate amount outstanding at the end of any month during the year was Rupees 259.192 million (2018: Rupees 290 million).

20.2 This represents receivable against sale of property, plant and equipment. The maximum aggregate amount outstanding at the end of any month during the year was Rupees 0.694 million (2018: Rupees 0.694 million).

21. SHORT TERM INVESTMENTS

	Note	2019	2018
		(Rupees in thousand)	
Investment - Amortized cost	21.1	51,441	-
Investments - Fair value through profit or loss	21.2	-	8,042
		51,441	8,042

21.1 This represents term deposit receipt of United Bank Limited having maturity period of one year and carrying profit at effective rate of 10.40% (2018: Nil). It is under lien with the bank against guarantees given on behalf of the Company.

21.2 Investments at fair value through profit or loss

	2019			2018		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	----------- (Rupees in thousand) -----------					
Shares in listed companies						
Pakistan Reinsurance Company Limited Nil (2018: 25,000) fully paid ordinary shares of Rupees 10 each	-	-	-	1,220	(398)	822
Samin Textiles Limited Nil (2018: 30,000) fully paid ordinary shares of Rupees 10 each	-	-	-	206	(80)	126
D. S. Industries Limited Nil (2018: 20,000) fully paid ordinary shares of Rupees 10 each	-	-	-	77	15	92
Pervez Ahmed Securities Limited Nil (2018: 25,000) fully paid ordinary shares of Rupees 10 each	-	-	-	49	(25)	24
Bank AL Habib Limited Nil (2018: 400) fully paid ordinary shares of Rupees 10 each	-	-	-	23	9	32
Kohinoor Energy Limited Nil (2018: 200) fully paid ordinary shares of Rupees 10 each	-	-	-	9	(1)	8
Shifa International Hospitals Limited Nil (2018: 700l) fully paid ordinary shares of Rupees 10 each	-	-	-	231	(42)	189
The Hub Power Company Limited Nil (2018: 5) fully paid ordinary shares of Rupees 10 each	-	-	-	1	-	1
Honda Atlas Cars (Pakistan) Limited Nil (2018: 55) fully paid ordinary shares of Rupees 10 each	-	-	-	48	(30)	18
Pak Suzuki Motor Company Limited Nil (2018: 13) fully paid ordinary shares of Rupees 10 each	-	-	-	10	(5)	5
Shell Pakistan Limited Nil (2018: 55) fully paid ordinary shares of Rupees 10 each	-	-	-	32	(14)	18
Biafo Industries Limited Nil (2018: 304) fully paid ordinary shares of Rupees 10 each	-	-	-	76	21	97
Thal Limited Nil (2018: 450) fully paid ordinary shares of Rupees 10 each	-	-	-	273	(58)	215
Abbot Laboratories (Pakistan) Limited Nil (2018: 92) fully paid ordinary shares of Rupees 10 each	-	-	-	86	(23)	63
Blessed Textile Limited Nil (2018: 17,300) fully paid ordinary shares of Rupees 10 each	-	-	-	4,158	1,988	6,146
The Bank of Punjab Nil (2018: 4500) fully paid ordinary shares of Rupees 10 each	-	-	-	56	(2)	54
Engro Foods Limited Nil (2018: 1500) fully paid ordinary shares of Rupees 10 each	-	-	-	134	(2)	132
	-	-	-	6,689	1,353	8,042

	Note	2019	2018
		(Rupees in thousand)	

22. CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		15,237	1,898
Cash at bank:			
- On current accounts		67,932	85,145
- On saving accounts	22.1	133,197	74,862
		201,129	160,007
		216,366	161,905

22.1 The balances in saving accounts carry rate of profit ranging from 0.16% to 5.85% (2018: 0.16% to 5.75 %) per annum.

22.2 The balances in current and saving accounts include USD 58,222 (2018: USD 57,087).

	Note	2019	2018
		(Rupees in thousand)	

23. REVENUE

	Note	2019	2018
Export sales		6,954,870	6,334,385
Local sales	23.1	14,127,004	11,285,473
Export rebate		46,550	40,074
Duty draw back		91,711	173,608
		21,220,135	17,833,540

	Note	2019	2018
23.1 Local sales		14,176,460	11,332,294
Less: Sales tax		49,456	46,821
		14,127,004	11,285,473

24. COST OF SALES

	Note	2019	2018
Raw materials consumed	24.1	11,592,064	9,452,232
Salaries, wages and other benefits	24.2	1,551,377	1,481,034
Processing charges		37,113	26,232
Stores, spare parts and loose tools consumed		1,241,406	1,140,938
Packing materials consumed		503,698	498,291
Fuel and power		2,383,419	2,003,884
Repair and maintenance		160,200	175,235
Insurance		32,102	31,756
Other factory overheads		61,975	58,709
Depreciation	11.1.3	492,390	463,099
		18,055,744	15,331,410
Work-in-process			
Opening stock		597,872	575,961
Closing stock		(800,016)	(597,872)
		(202,144)	(21,911)
Cost of goods manufactured		17,853,600	15,309,499
Finished goods			
Opening stock		546,211	592,500
Closing stock		(740,748)	(546,211)
		(194,537)	46,289
Cost of sales		17,659,063	15,355,788

	2019	2018
	(Rupees in thousand)	
24.1 Raw materials consumed		
Opening stock	1,430,755	841,118
Add: Purchased during the year	12,438,796	10,041,869
	13,869,551	10,882,987
Less: Closing stock	(2,277,487)	(1,430,755)
	11,592,064	9,452,232

24.2 Salaries, wages and other benefits include provident fund contribution of Rupees 40.170 million (2018: Rupees 38.455 million) by the Company.

25. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in thousand)	
Salaries and other benefits	25.1	71,998	65,813
Outward freight and handling		27,207	25,959
Clearing and forwarding		292,723	255,806
Commission to selling agents		111,114	101,888
Travelling and conveyance		13,767	12,144
Insurance		530	191
Vehicles' running		2,836	2,518
Electricity, gas and water		2,132	2,639
Postage, telephone and fax		2,895	2,297
Sales promotion and advertisement		28,442	22,093
Miscellaneous		7,537	4,418
		561,181	495,766

25.1 Salaries and other benefits include provident fund contribution of Rupees 2.952 million (2018: Rupees 2.683 million) by the Company.

26. ADMINISTRATIVE EXPENSES

	Note	2019	2018
		(Rupees in thousand)	
Salaries and other benefits	26.1	302,245	280,548
Travelling and conveyance		25,276	22,935
Repair and maintenance		23,943	14,396
Rent, rates and taxes		5,844	5,563
Insurance		6,631	13,680
Vehicles' running		17,774	15,998
Printing, stationery and periodicals		7,733	4,265
Electricity, gas and water		6,797	5,227
Postage, telephone and fax		8,579	7,853
Legal and professional		38,984	29,036
Security, gardening and sanitation		38,396	35,216
Depreciation	11.1.3	38,156	37,502
Miscellaneous		31,862	22,313
		552,220	494,532

26.1 Salaries and other benefits include provident fund contribution of Rupees 9.909 million (2018: Rupees 9.356 million) by the Company.

26.2 The Company has shared expenses aggregating to Rupees 30.064 million (2018: Rupees 15.179 million) on account of combined offices with the subsidiary company. These expenses have been recorded in respective accounts.

	Note	2019	2018
		(Rupees in thousand)	
27. OTHER EXPENSES			
Auditor's remuneration	27.1	2,200	2,157
Donations	27.2 & 27.3	33,868	246
Loss on disposal of short term investments - net		8,397	10,413
Unrealized loss on remeasurement of future contracts - shares		-	6,996
Intangible asset under development written off		-	11,974
Allowance for expected credit losses	17.1	21,388	932
Provision against doubtful advances	18.1	-	4,243
Provision against slow moving stores and spares	15.1	-	1,220
Provision against obsolete stock in trade	16.5	3,904	-
Sales tax on packing material written off		154,311	-
Workers' profits participation fund	7.1	114,371	104,202
Workers' welfare fund		20,489	12,307
Loss on sale of stores and spares		5,452	-
		364,380	154,690

27.1 Auditors' remuneration

	2019	2018
Audit fee	1,900	1,750
Reimbursable expenses	300	300
Certifications	-	107
	2,200	2,157

27.2 It represents donation to Gulab Devi Chest Hospital, Lahore.

27.3 None of the directors and their spouses have any interest in the donee's fund.

	Note	2019	2018
		(Rupees in thousand)	
28. OTHER INCOME			
Income from financial assets:			
Exchange gain - net		194,788	112,755
Gain on remeasurement of short term investments - net	21.2	-	1,353
Interest income on sales tax refund bonds		19	-
Return on bank deposits		12,196	12,762
Return on term deposit receipts		3,349	-
Interest income on loans and advances to Maple Leaf Cement Factory Limited		2,116	4,592
Dividend income from Maple Leaf Cement Factory Limited		327,836	1,001,724
Dividend income from others		3	691
		540,307	1,133,877
Income from non-financial assets:			
Scrap sales		47,061	41,949
Gain on disposal of operating fixed assets	11.1.2	20,894	4,616
Gain on remeasurement of fair value of investment properties	12	-	3,085
Long outstanding liabilities written back		493	-
		68,448	49,650
		608,755	1,183,527
29. FINANCE COST			
Mark-up / finance charges / interest on:			
Long term financing		80,884	80,800
Short term borrowings		265,557	191,981
Liabilities against assets subject to finance lease		-	230
Workers' profits participation fund	7.1	9,896	27,132
Short term borrowings from Maple Leaf Capital Limited		14,495	37,604
		370,832	337,747
Bank charges and commission		40,279	24,453
		411,111	362,200
30. TAXATION			
For the year			
Current tax		449,741	454,315
Deferred tax	6.1	80,550	35,454
	30.1	530,291	489,769
30.1 Reconciliation of tax charge for the year			
Profit before tax		2,280,935	2,154,091
Tax on profit @ 29% (2018: 30%)		661,471	646,227
Tax effect of lower rate on certain income / expenses		(149,718)	(205,881)
Tax effect of super tax		34,076	54,869
Others		(15,538)	(5,446)
		530,291	489,769

31. EARNINGS PER SHARE - BASIC AND DILUTED

31.1 There is no dilutive effect on the basic earnings per share which is based on:

		2019	2018
Profit attributable to ordinary shares	Rupees in thousand	1,750,644	1,664,322
Weighted average number of ordinary shares	Numbers	299,296,456	295,080,469
Earnings per share	Rupees	5.85	5.64

	Note	2019	2018
		(Rupees in thousand)	
32. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,280,935	2,154,091
Adjustment for non-cash charges and other items:			
Depreciation		530,546	500,601
Intangible asset under development written off		-	11,974
Finance cost		411,111	362,200
Gain on disposal of operating fixed assets		(20,894)	(4,616)
Return on term deposit receipts		(3,349)	-
Loss on disposal of short term investments		8,397	10,413
Unrealized loss on remeasurement of future contracts - shares		-	6,996
Gain on remeasurement of short term investments		-	(1,353)
Gain on remeasurement of fair value of investment properties		-	(3,085)
Dividend income from Maple Leaf Cement Factory Limited		(327,836)	(1,001,724)
Dividend income from others		(3)	(691)
Return on bank deposits		(12,196)	(12,762)
Allowance for expected credit losses		21,388	932
Provision against doubtful advances		-	4,243
Provision against slow moving stores and spares		-	1,220
Provision against obsolete stock in trade		(3,904)	-
Sales tax on packing material written off		154,311	-
Working capital changes	32.1	(63,341)	(1,136,776)
		2,975,165	891,663

32.1 Working capital changes

	2019	2018
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(34,870)	20,777
Stock-in-trade	(1,235,605)	(565,259)
Trade debts	214,250	(400,979)
Advances	348,083	(577,117)
Security deposits and short term prepayments	(14,514)	25,382
Other receivables	323,672	81,383
	(398,984)	(1,415,813)
Increase in trade and other payables	335,643	279,037
	(63,341)	(1,136,776)

32.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	Total
	------------ (Rupees in thousand) ------------			
Balance as at 01 July 2018	1,723,400	4,635,384	20,757	6,379,541
Proceeds from long term financing	596,883	-	-	596,883
Repayment of long term financing	(373,565)	-	-	(373,565)
Short term borrowings - net	-	(1,493,861)	-	(1,493,861)
Dividend declared	-	-	598,592	598,592
Dividend paid	-	-	(595,765)	(595,765)
Balance as at 30 June 2019	1,946,718	3,141,523	23,584	5,111,825

33. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements in respect of remuneration including certain benefits to the Chief Executive Officer, Directors and Executives of the Company are given below:

	Chief Executive Officer		Directors		Executives	
	2019	2018	2019	2018	2019	2018
	-----------------(Rupees in Thousand)----------------					
Managerial remuneration	19,800	18,920	9,900	9,460	77,483	69,161
Allowances						
House rent	3,960	1,320	1,980	660	14,330	12,598
Medical	-	-	-	-	7,637	6,774
Utilities	6,430	2,960	3,070	1,415	20,107	17,489
Special allowance	5,940	5,660	3,150	2,890	21,658	19,385
Contribution to provident fund	1,649	1,576	825	788	6,447	5,765
	37,779	30,436	18,925	15,213	147,662	131,172
Number of persons	1	1	2	2	32	32

Chief Executive Officer and Directors are provided with the Company's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use. Chief Executive Officer is also provided with free furnished accommodation along with utilities.

Executives are provided with the Company's maintained vehicles in accordance with the Company's policy.

The aggregate amount charged in these financial statements in respect of directors' meeting fee paid to 1 (2018: 1) non-executive director was Rupees 76,666 (2018: Rupees 116,666).

No remuneration was paid to non-executive directors of the Company.

34. TRANSACTIONS WITH RELATED PARTIES

34.1 The related parties comprise of subsidiary companies, associated undertakings, directors of the Company and their close relatives, key management personnel and staff retirement fund. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2019	2018
	(Rupees in thousand)	
Subsidiary companies		
Maple Leaf Cement Factory Limited		
Purchase of goods and services	107,894	50,361
Purchase of property, plant and equipment	-	1,785
Dividend income	327,836	1,001,724
Investment made	-	2,367,710
Loans and advances paid	-	290,000
Mark up on loans	2,116	4,592
Maple Leaf Capital Limited		
Purchase of property, plant and equipment	-	665
Sale of property, plant and equipment	-	1,359
Loan obtained	100,000	1,250,000
Loan repaid	531,530	818,470
Mark-up on loans	14,495	37,604
Post employment benefit plan		
Contribution to provident fund	53,031	50,494

34.2 The related party status of outstanding balances as at 30 June 2019 are included in short term borrowings (note 9), Long term investments (note 13) and other receivables (note 20). The receivables and payables are primarily unsecured in nature.

34.3 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place.

Company name	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Aggregate % of shareholding
		2019	2018	
Maple Leaf Capital Limited	Subsidiary	Yes	Yes	82.92%
Kohinoor Capital Limited	Sub - subsidiary	No	No	82.92%
Maple Leaf Cement Factory Limited	Subsidiary	Yes	Yes	55.22%
Maple Leaf Power Limited	Sub - subsidiary	No	No	55.22%

35. PLANT CAPACITY AND ACTUAL PRODUCTION

	2019	2018
SPINNING:		
	(Numbers)	
- Rawalpindi Division		
Spindles (average) installed / worked	85,680	85,680
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,094 shifts (2018: 1,094 shifts)	46,185	45,811
Actual production converted into 20s count based on 3 shifts per day for 1,094 shifts (2018: 1,094 shifts)	41,751	41,331
	(Numbers)	
Rotors (average) installed / worked	1,848	1,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	3,702	3,548
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	3,192	3,075
	(Numbers)	
- Gujar Khan Division		
Spindles (average) installed / worked	71,808	71,808
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	41,221	40,821
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	36,994	36,603
WEAVING:		
	(Numbers)	
- Raiwind Division		
Looms installed / worked	288	288
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	104,909	104,909
Actual production converted to 60 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	96,355	95,710

	2019	2018
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	42,090	42,090
Actual production at 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	14,757	14,613
POWER PLANT:		
- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 365 days (2018: 365 days)	224,186	163,987
Actual generation		
Main engines	29,556	30,595
Gas engines	18,190	27,763
Solar	1,937	-
- Raiwind Division		
Annual rated capacity based on 365 days (2018: 365 days)	96,360	96,360
Actual generation	42,122	38,098

Stitching

The plant capacity of this division is indeterminable due to multi-product plant involving varying processes of manufacturing and run length of order lots.

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.

36. SEGMENT INFORMATION

	Spinning		Weaving		Processing and home textile		Elimination of inter-segment transactions		Company	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(R u p e e s in t h o u s a n d)									
REVENUE:										
EXTERNAL	10,936,431	9,018,757	4,153,705	3,461,876	6,129,999	5,352,907	-	-	21,220,135	17,833,540
INTER-SEGMENT	587,069	500,504	1,395,099	1,242,489	-	-	(1,982,168)	(1,742,993)	-	-
	11,523,500	9,519,261	5,548,804	4,704,365	6,129,999	5,352,907	(1,982,168)	(1,742,993)	21,220,135	17,833,540
COST OF SALES	(9,488,846)	(8,153,853)	(5,124,550)	(4,415,830)	(5,027,835)	(4,529,098)	1,982,168	1,742,993	(17,659,063)	(15,355,788)
GROSS PROFIT	2,034,654	1,365,408	424,254	288,535	1,102,164	823,809	-	-	3,561,072	2,477,752
DISTRIBUTION COST	(45,308)	(39,553)	(79,645)	(74,152)	(436,228)	(382,061)	-	-	(561,181)	(495,766)
ADMINISTRATIVE EXPENSES	(224,124)	(184,137)	(137,917)	(150,741)	(190,179)	(159,654)	-	-	(552,220)	(494,532)
	(269,432)	(223,690)	(217,562)	(224,893)	(626,407)	(541,715)	-	-	(1,113,401)	(990,298)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	1,765,222	1,141,718	206,692	63,642	475,757	282,094	-	-	2,447,671	1,487,454
UNALLOCATED INCOME AND EXPENSES										
OTHER EXPENSES									(364,380)	(154,690)
OTHER INCOME									608,755	1,183,527
FINANCE COST									(411,111)	(362,200)
TAXATION									(530,291)	(489,769)
									(697,027)	176,868
PROFIT AFTER TAXATION									1,750,644	1,664,322

36.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
	(R u p e e s in t h o u s a n d)							
TOTAL ASSETS FOR REPORTABLE SEGMENT	6,012,772	5,910,038	3,006,523	3,404,394	2,794,290	3,112,506	11,813,585	12,426,938
UNALLOCATED ASSETS							13,732,993	12,445,018
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION							25,546,578	24,871,956

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and home textile		Company	
	2019	2018	2019	2018	2019	2018	2019	2018
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	1,343,255	1,194,478	1,068,196	1,387,908	3,495,460	4,177,132	5,906,911	6,759,518
UNALLOCATED LIABILITIES							2,672,852	2,291,812
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION							8,579,763	9,051,330

All segment liabilities are allocated to reportable segments other than trade and other payables and deferred tax liabilities.

36.2 Geographical Information

36.2.1 The Company's revenue from external customers by geographical location is detailed below:

	2019	2018
	(Rupees in thousand)	
Europe	1,762,049	2,664,714
United States of America and Canada	4,714,368	3,423,634
Asia, Africa, Australia	616,714	459,719
Pakistan	14,127,004	11,285,473
	21,220,135	17,833,540

36.2.2 All non-current assets as at reporting date are located and operated in Pakistan.

36.3 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the segment's revenue in Weaving segment was Rupees Nil (2018: Rupees 361 million) whereas in the Processing and home textile segment was Rupees 3,091 million (2018: Rupees 2,190 million).

36.4 Based on the judgment made by the management printing, dyeing and home textile operating segments of the Company have been aggregated into a single operating segment namely 'Processing and home textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

37. PROVIDENT FUND

As at the reporting date, the provident fund trusts are in the process of regularizing investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by the Securities and Exchange Commission of Pakistan, which allows transition period of three years for bringing the trusts in conformity with the requirements of regulations

38. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as on 30 June	4,725	4,824
Average number of employees during the year	4,740	4,781

39. FINANCIAL RISK MANAGEMENT

39.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or 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 the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2019	2018
Cash at banks - USD	58,222	57,087
Trade debts - USD	4,120,525	4,525,798
Trade and other payables - USD	29,000	12,000
Net exposure - USD	4,149,747	4,570,885
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	135.96	109.40
Reporting date rate	164.00	121.40

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 31.989 million (2018: Rupees 26.083 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 instruments traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's profit after taxation for the year. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Index	Impact on profit after taxation	
	2019	2018
	(Rupees in thousand)	
PSX 100 (5% increase)	-	402
PSX 100 (5% decrease)	-	(402)

(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's interest rate risk arises from long term financing, short term borrowings and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	24,819	-
Financial liabilities		
Long term financing	1,921,718	1,648,400
Short term borrowings	2,501,500	2,575,000
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	133,197	74,862
Term deposit receipts	51,441	-
Financial liabilities		
Long term financing	25,000	75,000
Short term borrowings	640,023	2,060,384

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 3.234 million (2018: Rupees 15.304 million) lower / higher, mainly as a result of higher / lower interest on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting date 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019	2018
	(Rupees in thousand)	
Investments	76,260	8,042
Deposits	52,589	49,695
Trade debts	1,455,119	1,699,015
Advances	6,080	1,883
Other receivables	7,060	267,380
Bank balances	201,129	160,007
	1,798,237	2,186,022

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	19,230	13,547
Allied Bank Limited	A1+	AAA	PACRA	1,628	370
Askari Bank Limited	A1+	AA+	PACRA	5,821	6,711
Bank Alfalah Limited	A1+	AA+	PACRA	4,998	3,228
Bank Al-Habib Limited	A1+	AA+	PACRA	49,545	11,990
Bank Islami Pakistan Limited	A1	A+	PACRA	29	29
Faysal Bank Limited	A1+	AA	PACRA	13,626	888
Habib Bank Limited	A-1+	AAA	JCR-VIS	9,221	5,066
MCB Bank Limited	A1+	AAA	PACRA	47,708	40,590
Meezan Bank Limited	A-1+	AA+	JCR-VIS	30,801	9,789
National Bank of Pakistan	A1+	AAA	PACRA	2,283	10,255
MCB Islamic Bank Limited	A1	A	PACRA	2,739	8,263
Silkbank Limited	A-2	A-	JCR-VIS	48	51
Standard Chartered Bank (Pakistan) Limited	A+	AAA	PACRA	-	10
The Bank of Punjab	A1+	AA	PACRA	6,517	8,747
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	3,114	-
United Bank Limited	A-1+	AAA	JCR-VIS	3,821	40,473
				201,129	160,007
Investments					
Sales tax refund bonds		Unknown		24,819	-
United Bank Limited - term deposit receipt	A-1+	AAA	JCR-VIS	51,441	-
				76,260	-

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 17.2.

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

(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 an adequate amount of committed credit facilities. At 30 June 2019, the Company had Rupees 10,489 million (2018: Rupees 3,861 million) available borrowing limits from financial institutions and Rupees 216.366 million (2018: Rupees 161.905 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019.

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------- (Rupees in thousand) -------------------					
Non-derivative financial liabilities:						
Long term financing	1,946,718	2,164,509	242,554	225,610	454,437	1,241,908
Trade and other payables	1,811,574	1,811,574	1,811,574	-	-	-
Accrued mark-up	73,815	73,815	73,815	-	-	-
Short term borrowings	3,141,523	3,194,886	3,194,886	-	-	-
Unclaimed dividend	23,584	23,584	23,584	-	-	-
	6,997,214	7,268,368	5,346,413	225,610	454,437	1,241,908

Contractual maturities of financial liabilities as at 30 June 2018

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	------------------- (Rupees in thousand) -------------------					
Non-derivative financial liabilities:						
Long term financing	1,723,400	1,850,043	216,172	214,318	412,230	1,007,323
Trade and other payables	1,433,253	1,433,253	1,433,253	-	-	-
Accrued mark-up	63,351	63,351	63,351	-	-	-
Short term borrowings	4,635,384	4,282,507	4,282,507	-	-	-
Unclaimed dividend	20,757	20,757	20,757	-	-	-
	7,876,145	7,649,911	6,016,040	214,318	412,230	1,007,323

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 note 5 and note 9 to these financial statements.

39.2 Financial instruments by categories

	Amortized cost	FVTPL	Total
	-------------(Rupees in thousand)-------------		
As at 30 June 2019			
Assets as per statement of financial position			
Investments	76,260	-	76,260
Deposits	52,589	-	52,589
Trade debts	1,455,119	-	1,455,119
Advances	6,080	-	6,080
Other receivables	7,060	-	7,060
Cash and bank balances	216,366	-	216,366
	1,813,474	-	1,813,474

	Financial liabilities at amortized cost
	(Rupees in thousand)
Liabilities as per statement of financial position	
Long term financing	1,946,718
Trade and other payables	1,811,574
Accrued mark-up	73,815
Short term borrowings	3,141,523
Unclaimed dividend	23,584
	6,997,214

	Loans and receivables	FVTPL	Total
	-------------(Rupees in thousand)-------------		
As at 30 June 2018			
Assets as per statement of financial position			
Investments	-	8,042	8,042
Deposits	49,695	-	49,695
Trade debts	1,699,015	-	1,699,015
Advances	1,883	-	1,883
Other receivables	267,380	-	267,380
Cash and bank balances	161,905	-	161,905
	2,179,878	8,042	2,187,920

Liabilities as per statement of financial position	Financial liabilities at amortized cost (Rupees in thousand)
Long term financing	1,723,400
Trade and other payables	1,433,253
Accrued mark-up	63,351
Short term borrowings	4,635,384
Unclaimed dividend	20,757
	7,876,145

39.3 Offsetting financial assets and liabilities

As on reporting date, recognized financial instruments are not subject to offsetting as there are no enforceable master netting arrangements and similar agreements.

39.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide 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 dividend paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in note 5 and note 9 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The gearing ratio as at 30 June 2019 and 30 June 2018 is as follows:

	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Borrowings	5,088,241	6,358,784
Total equity	16,966,815	15,820,626
Total capital employed	22,055,056	22,179,410
Gearing ratio	23%	29%

40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments 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 instruments into the following three levels. An explanation of each level follows underneath the table.

	30 June 2019			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Financial assets				
Financial assets at fair value through profit or loss	-	-	-	-
Total financial assets	-	-	-	-

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Financial assets				
Financial assets at fair value through profit or loss	8,042	-	-	8,042
Total financial assets	8,042	-	-	8,042

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.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Company has no investments which are classified under level 3 of fair value hierarchy table.

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 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 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.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the 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 30 June 2019	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,739,557	-	2,739,557
Total non-financial assets	-	4,532,312	-	4,532,312

At 30 June 2018	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,739,557	-	2,739,557
Total non-financial assets	-	4,532,312	-	4,532,312

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.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. 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 its investment properties and freehold land (classified as property, plant and equipment) at least annually. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determine a property's value within a range of reasonable fair value estimates. The best evidence of fair value of 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 valuers to determine the fair value of the Company's investment properties and freehold land at the end of every financial year. As at 30 June 2019, the fair values of the investment properties and freehold land have been determined by Anderson Consulting (Private) Limited.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

42. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2019	2018
		(Rupees in thousand)	
Loans / advances obtained as per Islamic mode:			
Loans		-	-
Advances	7	88,617	125,443
Shariah compliant bank deposits / bank balances:			
Bank balances	22	52,799	21,839
Profit earned from shariah compliant bank deposits / bank balances		3,906	-
Revenue earned from shariah compliant business	23	21,220,135	17,833,540
Gain / (loss) or dividend earned from shariah compliant investments:			
Dividend income	28	327,839	1,002,415
Realized loss on disposal of short term investments	27	(3,117)	(10,413)
Unrealized gain on investments at fair value	28	-	1,353
Exchange gain earned	28	194,788	112,755
Mark-up paid on islamic mode of financing		-	-
Profits earned or interest paid on any conventional loan / advance:			
Interest income on sales tax refund bonds		19	-
Profit earned on deposits with banks		8,290	12,762
Interest paid on loans		346,441	272,781
Short term borrowings from Maple Leaf Capital Limited		14,495	37,604

Relationship with shariah compliant banks

Name	Relationship at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Bank Islami Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance
Meezan Bank Limited	Bank balance

43. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 20 September 2019 by the Board of Directors of the Company.

44. NON-ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

44.1 The Board of Directors of the Company in their meeting held on 20 September 2019 has proposed a final cash dividend of Rupees 0.75 per share (7.5%) amounting to Rupees 224.472 million (2018: Rupees 299.296 million) for the year ended 30 June 2019 for approval of the members at the Annual General Meeting to be held on 26 October 2019. The financial statements for the year ended 30 June 2019 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2020.

44.2 Under section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Company if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2019 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Company in their meeting held on 20 September 2019 and will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

45. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant rearrangements have been made.

46. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

PATTERN OF SHAREHOLDING

CUIN (Incorporation Number)	0002805
1.1 Name of the Company	KOHINOOR TEXTILE 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 From		Shareholdings To	Total Shares Held
2,584	1	-	100	68,753
965	101	-	500	275,624
395	501	-	1,000	287,773
560	1,001	-	5,000	1,418,853
125	5,001	-	10,000	921,789
58	10,001	-	15,000	729,890
26	15,001	-	20,000	468,106
19	20,001	-	25,000	450,436
13	25,001	-	30,000	362,117
7	30,001	-	35,000	228,062
8	35,001	-	40,000	308,988
6	40,001	-	45,000	255,292
13	45,001	-	50,000	637,709
3	50,001	-	55,000	155,488
3	55,001	-	60,000	172,171
3	60,001	-	65,000	188,205
4	65,001	-	70,000	270,167
5	70,001	-	75,000	361,223
1	75,001	-	80,000	76,000
2	80,001	-	85,000	165,465
4	85,001	-	90,000	347,400
1	90,001	-	95,000	91,400
3	95,001	-	100,000	300,000
1	100,001	-	105,000	101,760
1	105,001	-	110,000	105,470
1	130,001	-	135,000	133,073
1	135,001	-	140,000	140,000
1	140,001	-	145,000	142,500
4	145,001	-	150,000	591,670
2	150,001	-	155,000	307,500
1	155,001	-	160,000	156,851
2	160,001	-	165,000	323,744
1	165,001	-	170,000	169,850
1	170,001	-	175,000	174,474
1	180,001	-	185,000	184,500
1	185,001	-	190,000	189,231
1	190,001	-	195,000	190,800
4	195,001	-	200,000	797,000
1	210,001	-	215,000	214,650
1	220,001	-	225,000	223,000
1	240,001	-	245,000	240,846
3	245,001	-	250,000	746,065
2	270,001	-	275,000	550,000

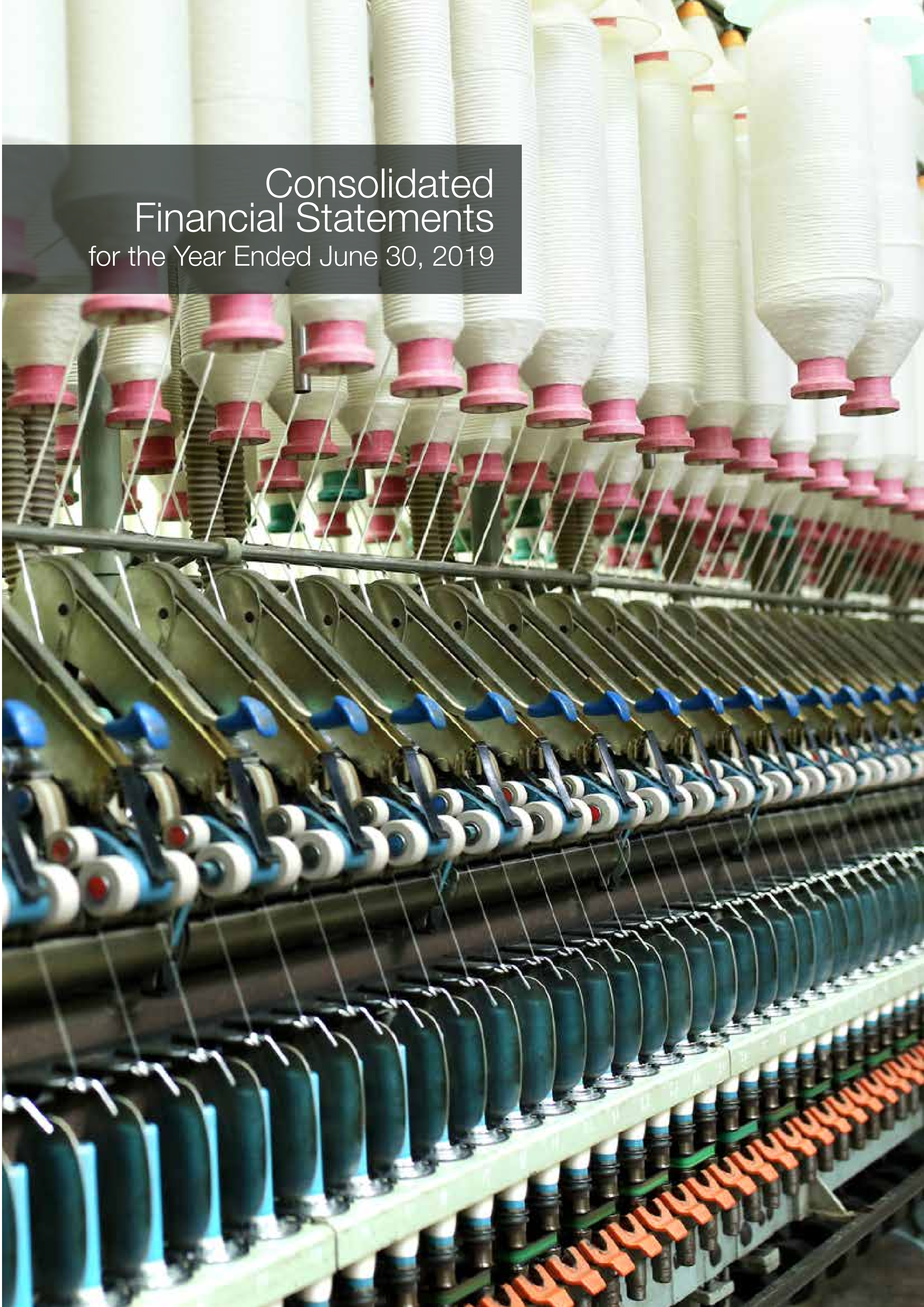
2.2 No. of Shareholders	Shareholdings From		To	Total Shares Held
1	285,001	-	290,000	285,135
2	295,001	-	300,000	600,000
1	315,001	-	320,000	316,743
1	335,001	-	340,000	337,673
2	385,001	-	390,000	773,016
1	405,001	-	410,000	406,985
1	430,001	-	435,000	434,364
1	440,001	-	445,000	442,000
1	520,001	-	525,000	525,000
1	595,001	-	600,000	599,163
1	605,001	-	610,000	606,500
1	650,001	-	655,000	652,280
2	670,001	-	675,000	1,342,759
1	680,001	-	685,000	680,500
1	745,001	-	750,000	747,300
1	765,001	-	770,000	766,749
2	795,001	-	800,000	1,599,900
2	850,001	-	855,000	1,705,481
2	880,001	-	885,000	1,764,397
1	935,001	-	940,000	939,238
1	995,001	-	1,000,000	1,000,000
1	1,030,001	-	1,035,000	1,034,525
1	1,035,001	-	1,040,000	1,038,978
1	1,360,001	-	1,365,000	1,361,665
1	1,370,001	-	1,375,000	1,373,100
2	1,440,001	-	1,445,000	2,843,534
1	1,465,001	-	1,470,000	1,470,000
1	1,530,001	-	1,535,000	1,533,500
1	1,615,001	-	1,620,000	1,617,223
1	1,705,001	-	1,710,000	1,708,900
1	1,740,001	-	1,745,000	1,742,500
1	2,065,001	-	2,070,000	2,066,470
1	2,155,001	-	2,160,000	2,157,500
1	2,280,001	-	2,285,000	2,282,000
1	2,295,001	-	2,300,000	2,295,989
1	2,585,001	-	2,590,000	2,586,718
1	2,930,001	-	2,935,000	2,931,342
1	4,770,001	-	4,775,000	4,773,374
1	10,955,001	-	10,960,000	10,955,990
1	12,645,001	-	12,650,000	12,648,322
1	13,290,001	-	13,295,000	13,292,658
1	30,375,001	-	30,380,000	30,377,143
1	43,425,001	-	43,430,000	43,425,059
1	49,635,001	-	49,640,000	49,639,992
1	73,390,001	-	73,395,000	73,390,896
4,891				299,296,456

Note : The Slabs not applicable above have not been shown.

2.3	Categories of Shareholders	Shares Held	Percentage of Capital
2.3.1	Directors, Chief Executive Officer and their spouses & minor children		
	Mr. Tariq Sayeed Saigol, Chairman	12,648,322	4.226
	Mr. Taufique Sayeed Saigol, Chief Executive Officer	43,425,059	14.509
	Mr. Sayeed Tariq Saigol	385,016	0.129
	Mr. Waleed Tariq Saigol	33,471	0.011
	Mr. Danial Taufique Saigol	3,046	0.001
	Mr. Shafiq Ahmed Khan	3,046	0.001
	Mr. Arif Ijaz	3,027	0.001
	Mrs. Shehla Tariq Saigol, Spouse of Mr. Tariq Sayeed Saigol	30,377,143	10.150
		86,878,130	29.028
2.3.2	Associated Companies, undertakings and related parties	-	-
2.3.3	NIT and ICP		
	National Bank of Pakistan, Trustee Deptt.	10,583	0.004
	Industrial Development Bank of Pakistan (IDBP)	13,914	0.005
		24,497	0.009
2.3.4	Banks, Development Financial Institutions, Non-Banking Financial Institutions	13,295,139	4.442
2.3.5	Insurance Companies	3,684,899	1.231
2.3.6	Modarabas, Leasing and Mutual Funds	21,272,835	7.107
2.3.7	Share holders holding 10% or more		
	refer 2.3.8 b		
2.3.8	General Public		
	a) Local	38,586,223	12.892
	b) Foreign	133,539,447	44.618
2.3.9	Others		
	Artal Restaurant Int Ltd Employees Provident Fund	2,073	
	Bps Group Companies Employees Provident Fund	25,000	
	Bristol-Myers Squibb Pak (Pvt) Ltd Employees Provident Fund	2,500	
	CDC - Trustee NAFA Islamic Pension Fund Equity Account	133,073	
	CDC - Trustee NAFA Pension Fund Equity Sub-Fund Account	38,279	
	CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	190,800	
	CDC-Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	105,470	
	Descon Oxychem Ltd. Employees Provident Fund	60	
	Descon Power Solutions Pvt Ltd Staff Provident Fund Trust	1,500	
	Federal Board of Revenue	161,269	
	Feroze1888 Mills Limited Employees Provident Fund Trust	25,000	
	Fikree Development Corp. (Pvt.) Limited	50	
	Hajiani Hanifa Bai Memorial Society	766,749	
	Hussain Trustees Limited.	297	
	Official Assignee of Karachi	14,535	

2.3	Categories of Shareholders	Shares Held	Percentage of Capital
	Pakistan Stock Exchange Limited	70,178	
	Thal Limited Employees Provident Fund	4,320	
	Thal Limited Employees Retirement Benefit Fund	176	
	The Crescent Textile Mills Ltd. Employees Provident Fund	3,307	
	The Deputy Administrator Abandoned Properties	193	
	The Ida Rieu Poor Welfare Association	405	
	The Okhai Memon Madressah Association	1	
	Trustee National Bank Of Pakistan Employees Benevolent Fund Trust	11,848	
	Trustee National Bank of Pakistan Employees Pension Fund	337,673	
	Trustee of Telenor Shared Services (Pvt.) LTD Gratuity Fund	7,500	
	Trustee Pak Herald Publications (Pvt) Ltd Staff GratuityFund	3,000	
	Trustee Pak Herald Publications (Pvt) Ltd Staff Pension Fund	12,500	
	Trustees Moosa Lawai Foundation	4,285	
	Trustees of FFC Employees Provident Fund	26,500	
	Trustees of Philip Morris (Pakistan) Limited E.C.P.F Trust	19,000	
	Trustees of Philip Morris (Pakistan) Limited Employees Gratuity Fund Trust	11,500	
	Trustees of Sulaimaniyah Trust	401	
	Trustees of Telenor Pakistan Pvt Ltd Employees Provident Fund	500	
	Trustees Telenor Employees Gratuity Fund	6,000	
	United Executers & Trustee Company Limited	164	
	University of Sindh	680	
	Wellcome Pakistan Limited Provident Fund	28,500	
		2,015,286	0.673
	Grand Total :	299,296,456	100.000

Consolidated Financial Statements
for the Year Ended June 30, 2019



DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The Directors are pleased to present the audited consolidated financial statements of Kohinoor Textile Mills Limited (the Holding Company) and its Subsidiary Companies Maple Leaf Cement Factory Limited (55.22%), Maple Leaf Power Limited (55.22%) ,Maple Leaf Capital Limited (82.92%) and Kohinoor Capital Limited (82.92%) (together referred to as Group) for the year ended 30 June 2019.

GROUP RESULTS

The Group has earned gross profit of Rupees 9,922 million as compared to Rupees 11,300 million of corresponding year. The group made pre-tax profit of Rupees 5,217 million this year as compared to Rupees 7,101 million during the last year.

The overall group financial results are as follows:

	2019	2018
	(Rupees in million)	
Revenue	47,118	43,467
Gross profit	9,922	11,300
Profit from operations	6,846	8,269
Financial charges	1,629	1,167
Net profit after taxation	4,376	5,717
	---------- (Rupees) ----------	
Earnings per share - Basic and diluted	10.45	11.95

SUBSIDIARY COMPANIES

Maple Leaf Cement Factory Limited (MLCFL)

It has recorded an increase of 1.20% in its sales over previous year and has shown gross profit of 18.91% (30 June 2018: 27.32%) amounting Rupees 4,917 million (30 June 2018: 7,023 million).

It has earned after tax profit of Rupees 1,465 million (30 June 2018: Rupees 3,632 million).

Maple Leaf Power Limited (MLPL)

MLPL has earned after tax profit of Rupees 1,004 million (30 June 2018: Rupees 758 million).

Maple Leaf Capital Limited (MLCL)

MLCL has earned after tax profit of Rupees 205 million (30 June 2018: Rupees 258 million).

Kohinoor Capital Limited (KCL)

Kohinoor capital limited incorporated on 28 November 2018 and MLCL holds its 100 % shares. KCL has earned after tax profit of Rupees 62 million for the period.

ACKNOWLEDGMENT

The Directors are grateful to the Group's members, financial institutions, customers and employees for their cooperation and support. They also appreciate the hard work and dedication of the employees working at various divisions.

For and on behalf of the Board

Lahore
20 September 2019

Taufique Sayeed Saigol
Chief Executive Officer

Syed Mohsin Raza Naqvi
Director

INDEPENDENT AUDITOR'S REPORT

To the members of KOHINOOR TEXTILE MILLS LIMITED

Opinion

We have audited the annexed consolidated financial statements of Kohinoor Textile Mills Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements*** section of our report. We are independent of the Group 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 (the Code), 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1	Inventory existence and valuation: Inventory of the textile business of the Group as at 30 June 2019 represented a material position in the consolidated statement of financial position. The textile business of the Group is characterized by high volume serial production and the valuation and existence of inventories are significant to the Group. Therefore, considered as one of the key audit matters. Inventories are stated at lower of cost and net realizable value. Cost is determined as per accounting policy disclosed in note 2.14 to the consolidated financial statements. At year end, the valuation of inventory is reviewed by management and the cost of inventory is reduced where inventory is forecast to be sold below cost. Useable stores, spare parts and loose tools are valued at moving average cost, raw materials are valued at annual average cost whereas, costing of work-in-process and finished goods is considered to carry more significant risk as the cost of material, labor and manufacturing overheads is allocated on the basis of complex formulas and involves management judgment. The determination of whether inventory will be realized for a value less than cost requires management to exercise judgment and apply assumptions. Management undertakes the following procedures for determining the level of write down required: • Use inventory ageing reports together with historical trends to estimate the likely future saleability of slow moving and older inventory items. • Perform a line-by-line analysis of remaining inventory to ensure it is stated at the lower of cost and net realizable value and a specific write down is recognized, if required.	Our procedures over existence and valuation of inventory included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • Tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • Assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • Made enquiries of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.

	For further information on inventory, refer to the following: - Summary of significant accounting policies, Inventories note 2.14 to the consolidated financial statements. - Stores, spare parts and loose tools note 21 and Stock-in-trade note 22 to the consolidated financial statements.	
2	Capital expenditures The Group is investing significant amounts in its operations and there are a number of areas where management judgment impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Group's strategy. We focused on this area since the amounts have a significant impact on the financial position of the Group and there is significant management judgment required that has significant impact on the reporting of the financial position for the Group. Therefore, considered as one of the key audit matters. For further information, refer to the following: - Summary of significant accounting policies, Property, plant, equipment and deprecation note 2.8 to the consolidated financial statements. - Property, plant and equipment note 15 to the consolidated financial statements.	Our procedures included, but were not limited to: • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.
3	Revenue recognition The Group recognized net revenue of Rupees 47,118 million for the year ended 30 June 2019. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers note 2.21 to the consolidated financial statements. - Revenue note 29 to the consolidated financial statements.	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; and

		• We compared the details of a sample of journal entries posted to revenue accounts during the year, which met certain specific risk-based criteria, with the relevant underlying documentation. • We also considered the appropriateness of disclosures in the financial statements.
4	Borrowings and finance costs The cement and power segments of the Group have obtained range of financing facilities from different financial institutions with varying terms and tenures. This was considered to be a key audit matter as these affects Group's gearing, liquidity and solvency. Further, compliance with debt covenants is a key requirement of these financing arrangements. For further information, refer to the following: - Summary of significant accounting policies, Borrowings note 2.16 and Borrowing cost note 2.17 to the consolidated financial statements. - Long term financing note 6 and finance cost note 35 to the consolidated financial statements.	Our audit procedures included the following: • We assessed the design and operating effectiveness of the Group's internal controls over recording the terms and conditions of borrowings from financial institutions, including their classification as either current or non-current and associated costs. • We obtained confirmations of borrowings as at 30 June 2019 directly from the financial institutions. • We tested the calculation of markup recognized as an expense and markup capitalized during the year to assess whether these were accounted for in accordance with approved accounting standards as applicable in Pakistan. • We assessed whether loans maturing within twelve months were classified as current liabilities. • We assessed the adequacy of the Group's compliance with the loan covenants and the disclosure in the consolidated financial statements.
5	Valuation of trade debts Pursuant to adoption of IFRS 9 'Financial Instruments' and using the modified retrospective approach the Group has recognized Expected Credit Losses ("ECL") of Rupees 95.323 million in opening retained earnings as at 01 July 2018 and Rupees 31.577 million for the year ended 30 June 2019. IFRS 9 requires the Group to make provision for financial assets (trade debts) using Expected Credit Losses approach as against the Incurred Loss Model previously applied by the Group. Determination of ECL provision for trade debts requires significant judgment and assumptions including consideration of factors such as historical credit loss experience and forward-looking macro-economic information. For further information, refer to the following: - Summary of significant accounting policies, note 2.12 to the consolidated financial statements. - Trade debts note 23 to the consolidated financial statements.	Our audit procedures to assess valuation of trade debts included, but were not limited to: • Reviewing the methodology developed and applied by the management to estimate the ECL in relation to trade debts, evaluating the key assumptions used (historical and forward looking), the policies applied to assess ECL in respect of trade debts and testing the mathematical accuracy of the ECL model by reperforming calculations on test basis; • Involving our specialists to assess the ECL model and significant estimates, assumptions and judgments applied in developing ECL; • Assessing, on a sample basis, the accuracy of the data used for ECL computation; and • Assessing the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.

6	Investments in quoted securities Investment segment of the Group invests significant portion of its portfolio in quoted securities. Due to requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments, it is considered as one of the key audit matter. Further, the value of the quoted investments is a significant input to confirm the amount of unrealized gain / (loss) on remeasurement of investments recognized in the consolidated statement of profit or loss. For further information, refer to the following: - Summary of significant accounting policies, note 2.12 to the consolidated financial statements. - Short term investments note 27 to the consolidated financial statements.	Our audit procedures included, but were not limited to: • Documenting and assessing the processes and controls in place to record investment transactions and to value the portfolio. • Agreeing the valuation of all of quoted investments from prices quoted on the Pakistan Stock Exchange Limited and redemption price in case of open-end mutual funds. • Agreeing holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited and Statement of Account, in case of open-end mutual funds. • Verifying the accuracy of management's judgment used in classification of investments. • Assuring the completeness and accuracy of gains / (losses) recognized in the consolidated statement of profit or loss of quoted investments.
7	Investment in gold Investment segment of the Group has investment in 8,786 tola of gold as at the reporting date. The existence of investment in gold is a matter of most significance for the audit as the attendance of the physical metal count is impracticable due to security protocols. Further, the value of investment in gold is a significant input to confirm the amount of unrealized gain on remeasurement recognized in the consolidated statement of profit or loss. Therefore, it is considered as important and key audit matter because of its overall significance to the consolidated financial statements. For further information, refer to the following: - Summary of significant accounting policies, Investment in gold note 2.13 to the consolidated financial statements. - Investment in gold note 27 to the consolidated financial statements.	Our procedures over the existence, • Completeness and valuation of investment in gold included, but were not limited to: • Checked the quantity of gold held as at the reporting date from confirmation of physical gold holding under the custody of Pakistan Mercantile Exchange Limited (PMEX). • Agreed the Group's accounting records with the confirmation of investment in gold from PMEX. • Verified transactions of gold purchased and sold during the year from supporting information and records. • Recalculated the value of investment in gold using the rate quoted on PMEX as at the reporting date.

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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Raheel Arshad.

RIAZ AHMAD & COMPANY
Chartered Accountants

Islamabad

DATE: 20 September 2019

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
370,000,000 (2018: 370,000,000) ordinary shares of Rupees 10 each		3,700,000	3,700,000
30,000,000 (2018: 30,000,000) preference shares of Rupees 10 each		300,000	300,000
		4,000,000	4,000,000
Issued, subscribed and paid-up share capital	3	2,992,964	2,992,964
Reserves	4		
Capital reserves	.		
Share premium		986,077	986,077
Surplus on revaluation of freehold land and investment properties		4,036,717	4,036,717
		5,022,794	5,022,794
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		19,940,200	17,480,368
		21,390,691	18,930,859
Equity attributable to equity holders of the Holding Company		29,406,449	26,946,617
Non-controlling interest	5	13,801,463	12,869,953
Total equity		43,207,912	39,816,570
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	6	17,525,526	14,277,179
Long term deposits	7	8,664	8,715
Retirement benefits	8	205,354	183,764
Retention money payable	9	368,499	310,735
Deferred income tax liability	10	3,106,416	2,850,450
		21,214,459	17,630,843
CURRENT LIABILITIES			
Trade and other payables	11	9,618,449	7,079,339
Accrued mark-up	12	654,226	339,808
Unclaimed dividend		64,148	131,500
Short term borrowings	13	7,834,559	9,988,756
Current portion of non-current liabilities	6	1,726,554	1,198,917
		19,897,936	18,738,320
TOTAL LIABILITIES		41,112,395	36,369,163
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		84,320,307	76,185,733

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

	Note	2019	2018
		(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	56,312,808	50,049,675
Investment properties	16	1,792,755	1,792,755
Intangibles	17	13,530	16,811
Long term loans to employees	18	19,824	9,472
Long term investments	19	24,819	-
Long term deposits	20	109,469	106,178
		58,273,205	51,974,891
CURRENT ASSETS			
Stores, spare parts and loose tools	21	8,006,508	7,554,693
Stock-in-trade	22	5,553,361	3,768,345
Trade debts	23	4,227,634	2,977,474
Loans and advances	24	1,187,272	3,253,082
Security deposits and short term prepayments	25	214,114	133,919
Other receivables	26	855,204	972,861
Taxation - net		542,137	564,605
Short term investments	27	4,467,921	3,881,120
Cash and bank balances	28	992,951	1,104,743
		26,047,102	24,210,842
TOTAL ASSETS		84,320,307	76,185,733

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
REVENUE	29	47,118,185	43,467,343
COST OF SALES	30	(37,195,802)	(32,167,468)
GROSS PROFIT		9,922,383	11,299,875
DISTRIBUTION COST	31	(1,494,425)	(1,725,281)
ADMINISTRATIVE EXPENSES	32	(1,397,137)	(1,335,943)
OTHER EXPENSES	33	(913,597)	(591,850)
		(3,805,159)	(3,653,074)
		6,117,224	7,646,801
OTHER INCOME	34	728,407	621,734
PROFIT FROM OPERATIONS		6,845,631	8,268,535
FINANCE COST	35	(1,628,876)	(1,167,391)
PROFIT BEFORE TAXATION		5,216,755	7,101,144
TAXATION	36	(840,430)	(1,384,635)
PROFIT AFTER TAXATION		4,376,325	5,716,509
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		3,127,607	3,524,928
NON-CONTROLLING INTEREST		1,248,718	2,191,581
		4,376,325	5,716,509

		2019	2018
		--------------Rupees--------------	
EARNINGS PER SHARE - BASIC AND DILUTED	37	10.45	11.95

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended June 30, 2019

	2019	2018
	(Rupees in thousand)	
PROFIT AFTER TAXATION	4,376,325	5,716,509
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified to profit or loss		
Re-measurement of defined benefit liability	(33,620)	(27,012)
Related deferred income tax	8,411	6,737
	(25,209)	(20,275)
Gain on revaluation of land	-	20,591
	(25,209)	316
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(25,209)	316
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	4,351,116	5,716,825
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	3,113,687	3,534,323
NON-CONTROLLING INTEREST	1,237,429	2,182,502
	4,351,116	5,716,825

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

CHIEF EXECUTIVE OFFICER DIRECTOR CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended June 30, 2019

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY										
		Reserves									
		Capital reserves			Revenue reserves						
	Share capital	Share premium	Surplus on revaluation of freehold land and investment properties	Sub - Total	General reserves	Unappropriated profit	Sub-Total	Total reserves	Total	Non-controlling interest	Total equity
	(Rupees in thousand)										
Balance as at 30 June 2017	2,823,551	144,919	4,016,126	4,161,045	1,450,491	14,743,113	16,193,604	20,354,649	23,178,200	9,600,270	32,778,470
Transactions with owners:											
- Final dividend for the year ended 30 June 2017 @ Rupees 1.50 per share	-	-	-	-	-	(423,533)	(423,533)	(423,533)	(423,533)	-	(423,533)
- Interim dividend for the year ended 30 June 2018 @ Rupees 1.25 per share	-	-	-	-	-	(352,944)	(352,944)	(352,944)	(352,944)	-	(352,944)
- Issuance of right shares	169,413	841,158	-	841,158	-	-	-	841,158	1,010,571	1,899,522	2,910,093
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	-	-	(812,341)	(812,341)
Total transactions with owners	169,413	841,158	-	841,158	-	(776,477)	(776,477)	64,681	234,094	1,087,181	1,321,275
Profit for the year	-	-	-	-	-	3,524,928	3,524,928	3,524,928	3,524,928	2,191,581	5,716,509
Other comprehensive income / (loss) for the year	-	-	20,591	20,591	-	(11,196)	(11,196)	9,395	9,395	(9,079)	316
Total comprehensive income for the year	-	-	20,591	20,591	-	3,513,732	3,513,732	3,534,323	3,534,323	2,182,502	5,716,825
Balance as at 30 June 2018	2,992,964	986,077	4,036,717	5,022,794	1,450,491	17,480,368	18,930,859	23,953,653	26,946,617	12,869,953	39,816,570
Adjustment on adoption of IFRS 9 (note 2.12)	-	-	-	-	-	(55,263)	(55,263)	(55,263)	(55,263)	(40,060)	(95,323)
Adjusted total equity as at 01 July 2018	2,992,964	986,077	4,036,717	5,022,794	1,450,491	17,425,105	18,875,596	23,898,390	26,891,354	12,829,893	39,721,247
Transactions with owners:											
- Final dividend for the year ended 30 June 2018 @ Rupee 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
- Interim dividend for the year ended 30 June 2019 @ Rupee 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	-	-	(265,859)	(265,859)
Total transactions with owners	-	-	-	-	-	(598,592)	(598,592)	(598,592)	(598,592)	(265,859)	(864,451)
Profit for the year	-	-	-	-	-	3,127,607	3,127,607	3,127,607	3,127,607	1,248,718	4,376,325
Other comprehensive loss for the year	-	-	-	-	-	(13,920)	(13,920)	(13,920)	(13,920)	(11,289)	(25,209)
Total comprehensive income for the year	-	-	-	-	-	3,113,687	3,113,687	3,113,687	3,113,687	1,237,429	4,351,116
Balance as at 30 June 2019	2,992,964	986,077	4,036,717	5,022,794	1,450,491	19,940,200	21,390,691	26,413,485	29,406,449	13,801,463	43,207,912

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended June 30, 2019

	Note	2019	2018
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	9,932,632	8,735,608
Finance cost paid		(1,314,458)	(973,276)
Employee benefits paid		(38,020)	(40,084)
Income tax paid		(559,586)	(2,735,805)
Increase in retention money payable		-	310,735
Net increase in long term loans to employees		(10,352)	(3,673)
Net (increase) / decrease in long term deposits		(3,342)	6,975
Net cash generated from operating activities		8,006,874	5,300,480
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(9,280,599)	(21,438,841)
Intangibles		(5,219)	-
Proceeds from sale of property, plant and equipment		146,619	70,800
Long term investments made		(24,819)	-
Increase in retention money payable		34,796	-
Interest received		44,915	52,859
Dividend received		275,663	7,007
Net cash used in investing activities		(8,808,644)	(21,308,175)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing		4,149,549	11,090,924
Repayment of long term financing		(373,565)	(272,328)
Decrease in long term deposits		-	16
Short term borrowings - net		(2,154,197)	3,662,731
Issue of right shares		-	2,910,093
Repayment of liabilities against assets subject to finance lease		-	(501,332)
Dividend paid		(931,809)	(1,594,840)
Net cash from financing activities		689,978	15,295,264
Net decrease in cash and cash equivalents		(111,792)	(712,431)
Cash and cash equivalents at the beginning of the year		1,104,743	1,817,174
Cash and cash equivalents at the end of the year		992,951	1,104,743

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended June 30, 2019

1. THE GROUP AND ITS OPERATIONS

1.1 Holding Company

Kohinoor Textile Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (now the Companies Act, 2017) and listed on Pakistan Stock Exchange Limited. The registered office of the Holding Company is situated at 42-Lawrence Road, Lahore. The principal activity of the Holding Company is manufacturing of yarn and cloth, processing and stitching the cloth and trade of textile products.

1.2 Subsidiary companies

1.2.1 Maple Leaf Cement Factory Limited (MLCFL)

Maple Leaf Cement Factory Limited ("the Subsidiary Company") was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. MLCFL is listed on Pakistan Stock Exchange Limited. The registered office of MLCFL is situated at 42-Lawrence Road, Lahore. MLCFL is engaged in production and sale of cement.

1.2.2 Maple Leaf Capital Limited (MLCL)

Maple Leaf Capital Limited ("the Subsidiary Company") was incorporated in Pakistan on 25 April 2014 under the Companies Ordinance, 1984 (now the Companies Act, 2017) as a public company limited by shares. The registered office of MLCL is situated at 42-Lawrence Road, Lahore. The principal objects of MLCL are to buy, sell, hold or otherwise acquire or invest the capital in any sort of financial instruments and commodities.

1.2.3 Maple Leaf Power Limited (MLPL)

Maple Leaf Power Limited was incorporated in Pakistan on 15 October 2015 as a public company limited by shares under the Companies Ordinance, 1984 (now the Companies Act, 2017). It is subsidiary of MLCFL, which is subsidiary of the Holding company. MLPL has been established to set up and operate a 40-megawatt coal fired power generation plant at Iskanderabad, District Mianwali for generation of electricity. The registered office of MLPL is located at 42-Lawrence Road, Lahore. The principal object of MLPL is to develop, design, operate and maintain electric power generation plant and in connection therewith to engage in the business of generation, sale and supply of electricity to MLCFL.

MLPL was granted electricity generation license from National Electric and Power Regulatory Authority (NEPRA) on 20 December 2016. On 04 July 2017, MLPL has entered into Power Purchase agreement (PPA) with MLCFL which is valid for 20 years.

1.2.4 Kohinoor Capital Limited (KCL)

Kohinoor Capital Limited was incorporated in Pakistan on 28 November 2018 as a public company limited by shares under the Companies Act, 2017. Its registered office and head office is situated at 42-Lawrence Road, Lahore. The principal objects of the Company are to buy, sell, hold or otherwise acquire or invest the capital in any sort of financial instruments and commodities. The KCL is a wholly owned subsidiary of Maple Leaf Capital Limited, which is subsidiary of the Holding company.

The Holding and Subsidiary companies are collectively referred to as "the Group" in these consolidated financial statements.

1.3 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and office	Address
	Manufacturing units:	
1	Spinning and Home textile units.	Peshawar Road, Rawalpindi.
2	Spinning unit.	Gulyana Road, Gujar Khan, District Rawalpindi.
3	Weaving unit.	8 K.M. Manga Raiwind Road, District Kasur.
4	Cement and Power plant	Iskanderabad, District Mianwali
	Head office	42-Lawrence Road, Lahore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for certain financial instruments, investment properties and freehold land which are carried at their fair values and certain employee retirement benefits which are carried at their present values.

c) Critical accounting estimates and judgments

The preparation of consolidated 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 Group'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. The areas where various assumptions and estimates are significant to the Group's consolidated financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values, useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Group. Further, the Group reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

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

Classification of investments

The management of the Group determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies its investments in accordance with IFRS 9 "Financial Instruments".

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Group is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore, the benefits of unimpeded access.

Employee benefits

The Subsidiary Companies Maple Leaf Cement Factory Limited (MLCFL) and Maple Leaf Power Limited (MLPL) operate approved funded gratuity schemes covering all its full time permanent workers who have completed the minimum qualifying period of service as defined under the respective scheme. The gratuity scheme is managed by trustees. The calculation of the benefit requires assumptions to be made of future outcomes, the principal ones being in respect of increase in remuneration and the discount rate used to convert future cash flows to current values. The assumptions used for the plan are determined by independent actuary on annual basis.

The amount of the expected return on plan assets is calculated using the expected rate of return for the year and the market - related value at the beginning of the year. Gratuity cost primarily represents the increase in actuarial present value of the obligation for benefits earned on employee service during the year and the interest on the obligation in respect of employee service in previous years, net of the expected return on plan assets. Calculations are sensitive to changes in the underlying assumptions.

Impairment

The management of the Group reviews carrying amounts of its assets including receivables and advances and cash generating units for possible impairment and makes formal estimates of recoverable amount if there is any such indication.

Provisions and contingencies

The Group reviews the status of all pending litigations and claims against the Group. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the consolidated statement of financial position date.

d) Standards, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Group

Following standards, interpretations and amendments to published approved accounting standards are mandatory for the Group'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'
- IAS 40 (Amendments), 'Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- Annual Improvements to IFRSs: 2014 – 2016 Cycle

The Group had to change its accounting policies and make certain adjustments without restating prior year results following the adoption of IFRS 9 and IFRS 15. These are disclosed in note 2.12 and note 2.21. Most of the 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.

e) Standards, interpretations and amendments to published approved accounting standards that are not yet effective but relevant to the Group

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

IFRS 16 'Lease' (effective for annual periods beginning on or after 01 January 2019). IFRS 16 specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16 approach to lessor accounting substantially unchanged from its predecessor, IAS 17 'Leases'. IFRS 16 replaces IAS 17, IFRIC 4 'Determining Whether an Arrangement Contains a Lease', SIC-15 'Operating Leases–Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The management of the Group is in the process of evaluating the impacts of the aforesaid standard on the Group's consolidated financial statements.

Amendments to IAS 19 'Employee Benefits' - Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Group's consolidated financial statements.

Amendments to IFRS 9 (effective for annual periods beginning on or after 01 January 2019) clarify that for the purpose of assessing whether a prepayment feature meets the solely payments of principal and interest ('SPPI') condition, the party exercising the option may pay or receive reasonable compensation for the prepayment irrespective of the reason for prepayment. In other words, prepayment features with negative compensation do not automatically fail SPPI. The amendments are not likely to have significant impact on the Group's consolidated financial statements.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019). The interpretation addresses the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. It specifically considers: whether tax treatments should be considered collectively; assumptions for taxation authorities' examinations; the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates; and the effect of changes in facts and circumstances. The interpretation is not expected to have a material impact on the Group's consolidated financial statements.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognized only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves. The management of the Group is in the process of evaluating the impacts of the aforesaid amendments on the Group's consolidated financial statements.

Amendments to IFRS 3 'Business Combinations' (effective for annual periods beginning on or after 01 January 2020). The International Accounting Standards Board (IASB) has issued 'Definition of Business' aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore, would not have an impact on past consolidated financial statements.

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). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing general purpose financial statements in accordance with IFRS.

On 12 December 2017, IASB issued Annual Improvements to IFRSs: 2015 – 2017 Cycle, incorporating amendments to four IFRSs more specifically in IFRS 3 'Business Combinations', IFRS 11 'Joint Arrangements', IAS 12 'Income Taxes' and IAS 23 'Borrowing Costs'. The amendments are effective for annual periods beginning on or after 01 January 2019. The amendments have no significant impact on the Group's consolidated financial statements and have therefore not been analyzed in detail.

On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework. The new Framework: re-introduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, derecognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS standard and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRS. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

f) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Group

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 Group's consolidated financial statements and are therefore, not detailed in these consolidated financial statements.

2.2 Basis of consolidation

Subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiary is fully consolidated from the date on which control is transferred to the Group. It is deconsolidated from the date that control ceases.

The assets and liabilities of the Subsidiary Companies have been consolidated on a line by line basis and carrying value of investments held by the Holding Company is eliminated against Holding Company's share in paid up capital of the Subsidiary Companies.

Intra-group balances and transactions have been eliminated.

Non-controlling interest is that part of net results of the operations and of net assets of the Subsidiary Companies attributable to interest which is not owned by the Holding Company. Non-controlling interest is presented as separate item in the consolidated financial statements.

2.3 Employee benefit

i) Defined contribution plan

The Group operates an approved funded provident fund scheme covering all permanent employees. Equal monthly contributions are made both by the Group and employees to the fund. The Group's contributions to the fund are charged to consolidated statement of profit or loss.

ii) Defined benefit plan

MLCFL operates approved funded gratuity scheme for all its workers who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover obligations under the scheme on the basis of actuarial valuation and is charged to consolidated statement of profit or loss.

MLCFL net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

Calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the MLCFL, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contribution to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurement of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in consolidated statement of comprehensive income. MLCFL determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plan is recognized in the consolidated statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the consolidated statement of profit or loss. MLCFL recognize gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iii) Liability for employees' compensated absences

MLCFL accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations is made using the current salary level of employees. The unutilized leaves are accumulated subject to a maximum of 90 days. The unutilized accumulated leaves enchased at the time the employee leaves Group service. The Group uses the actuarial valuations carried out using the projected unit credit method for valuation of its accumulated compensating absences. The latest valuation was carried out on 30 June 2019. Provisions are made annually to cover the obligation for accumulating compensated absences based on actuarial valuation and are charged to the statement of profit or loss. The amount recognized in the statement of the financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the statement of profit or loss immediately in the period when these occur.

During the year the MLCFL has change its accounting policy and carried out actuarial valuation as at 30 June 2019 to calculate the compensation charge to consolidated statement of profit or loss. The change of accounting policy is not considered to have material effect on the comparative figures of these consolidated financial statements and accordingly the change in policy has been applied prospectively.

2.4 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the consolidated statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.5 Functional and presentation currency

Items included in the consolidated financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates (the functional currency). The consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.6 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.7 Provisions

Provisions are recognized when the Group has a legal or constructive obligation as a result of past events and 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.

2.8 Property, plant, equipment and depreciation

Owned

Property, plant and equipment except freehold land and capital work-in-progress are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable cost of bringing the asset to working condition. Freehold land is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to consolidated statement of profit or loss during the period in which they are incurred.

Increases in the carrying amounts arising on revaluation of freehold land are recognized, in consolidated other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the consolidated statement of profit or loss, the increase is first recognized in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in consolidated other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

Leased

Leases where the Group has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are capitalized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease.

The related rental obligation net of finance cost, is included in liabilities against assets subject to finance lease. The liabilities are classified as current and long term depending upon the timing of payments.

Each lease payment is allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to consolidated statement of profit or loss over the lease term.

Depreciation of assets subject to finance lease is recognized in the same manner as for owned assets. Depreciation of the leased assets is charged to consolidated statement of profit or loss.

Depreciation

Depreciation on property, plant and equipment is charged to the consolidated statement of profit or loss applying the reducing balance method except that straight-line method is used for the plant and machinery and buildings of MLCFL relating to dry process plant and power plant of MLPL after deducting residual value, so as to write off the cost / depreciable amount of the asset over their estimated useful lives at the rates given in Note 15.1. Depreciation on additions is charged from the month the assets are available for use while no depreciation is charged in the month in which the assets are disposed of. The residual values and useful lives of assets are reviewed by the management, at each financial year end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

2.9 Intangible assets

Intangible assets, which are non-monetary assets without physical substance, are recognized at cost, which comprise purchase price, non-refundable purchase taxes and other directly attributable expenditure relating to their implementation and customization. After initial recognition an intangible asset is carried at cost less accumulated amortization and impairment losses, if any. Intangible assets are amortized from the month, when these assets are available for use, using the straight line method, whereby the cost of the intangible asset is amortized over its estimated useful life over which economic benefits are expected to flow to the Group. The useful life and amortization method is reviewed and adjusted, if appropriate, at each consolidated statement of financial position date.

2.10 Leases

Leases are classified as finance lease whenever terms of the lease transfer substantially all risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The liability to the lessor is included in the consolidated statement of financial position as liabilities against assets subject to finance lease. The liabilities are classified as current and non-current depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to consolidated statement of profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs.

Rentals payable under operating leases are charged to consolidated statement of profit or loss on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

2.11 Investment properties

Land and buildings held for capital appreciation or to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the consolidated statement of profit or loss for the year in which it arises.

2.12 IFRS 9 "Financial instruments"

The Group has adopted IFRS 9 "Financial Instruments" from 01 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortized cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the Group makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income. Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the Group's own credit risk to be presented in other comprehensive income (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the Group. New impairment requirements use an 'expected credit losses' ('ECL') model to recognize an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The Group has adopted IFRS 9 without restating the prior year results. Key changes in accounting policies resulting from application of IFRS 9 are as follows:

i Recognition of financial instruments

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii. Classification and measurement of financial instruments

IFRS 9 largely retains the existing requirements in IAS 39 "Financial Instruments: Recognition and Measurement" for the classification and measurement of financial liabilities. However, it replaces the previous IAS 39 categories for financial assets i.e. loans and receivables, fair value through profit or loss (FVTPL), available for sale and held to maturity with the categories such as amortized cost, fair value through profit or loss (FVTPL) and fair value through other comprehensive income (FVTOCI).

Investments and other financial assets

a) Classification

From 01 July 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and

- those to be measured at amortized cost

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Group reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is de-recognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss and recognized in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the consolidated statement of profit or loss.

Fair value through profit or loss

Assets that do not meet the criteria for amortized cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognized in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Financial liabilities

a) Classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii. Impairment of financial assets

From 01 July 2018, the Group 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 Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

iv. De-recognition

a) Financial assets

The Group derecognizes 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 de-recognized financial assets that is created or retained by the Group is recognized as a separate asset or liability.

b) Financial liabilities

The Group derecognizes a financial liability (or a part of financial liability) from its consolidated statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

v. Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the consolidated financial statements when there is a legal enforceable right to set off and the Group intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

vi. Hedge accounting

IFRS 9 requires that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

There is no impact of the said change on these consolidated financial statements as there is no hedge activity carried on by the Group during the year ended 30 June 2019.

vii. Impacts of adoption of IFRS 9 on these consolidated financial statements as on 01 July 2018

On 01 July 2018, the Group's management has assessed which business models apply to the financial assets held by the Group at the date of initial application of IFRS 9 (01 July 2018) and has classified its financial instruments into appropriate IFRS 9 categories. The main effects resulting from this reclassification are as follows:

	Trade debts categorized as		Deferred tax
	Loans and receivables	Amortized cost	
	RUPEES IN THOUSAND		
Opening balance (before reclassification)	2,977,474	-	2,850,450
Reclassification of trade debts	(2,977,474)	2,977,474	-
Recognition of expected credit losses on trade debts	-	(134,258)	(38,935)
Opening balance (after reclassification)	-	2,843,216	2,811,515

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 95.323 million net of deferred income tax.

Reclassifications of financial instruments on adoption of IFRS 9

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

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	RUPEES IN THOUSAND		
Non-current financial assets					
Long term deposits	Loans and receivables	Amortized cost	106,178	106,178	-
Long term loans to employees	Loans and receivables	Amortized cost	9,472	9,472	-

	Measurement category		Carrying amounts		
	Original	New	Original	New	Difference
	(IAS 39)	(IFRS 9)	RUPEES IN THOUSAND		
Current financial assets					
Trade debts	Loans and receivables	Amortized cost	2,977,474	2,843,216	134,258
Accrued interest	Loans and receivables	Amortized cost	2,454	2,454	-
Advances	Loans and receivables	Amortized cost	30,099	30,099	-
Security deposits	Loans and receivables	Amortized cost	107,719	107,719	-
Other receivables	Loans and receivables	Amortized cost	213,862	213,862	-
Other receivables	FVTPL	FVTPL	10,145	10,145	-
Short term investments	FVTPL	FVTPL	3,480,826	3,480,826	-
Cash and bank balances	Loans and receivables	Amortized cost	1,104,743	1,104,743	-
Non-current financial liabilities					
Long term financing	Amortized cost	Amortized cost	15,476,096	15,476,096	-
Long term deposits	Amortized cost	Amortized cost	8,714	8,714	-
Retention money payable	Amortized cost	Amortized cost	310,735	310,735	-
Current financial liabilities					
Trade and other payables	Amortized cost	Amortized cost	5,075,679	5,075,679	-
Unrealized loss on re-measurement of future contracts – shares	FVTPL	FVTPL	12,680	12,680	-
Accrued mark-up	Amortized cost	Amortized cost	339,808	339,808	-
Short term borrowings	Amortized cost	Amortized cost	9,988,756	9,988,756	-
Unclaimed dividend	Amortized cost	Amortized cost	131,500	131,500	-

2.13 Investment in gold

Investment in gold is initially recognized at fair value less cost to sell. Subsequent to initial recognition, these are measured at fair value using spot rate fixed by the Pakistan Mercantile Exchange Limited (PMEX). Gain or loss arising from changes in fair value less cost to sell are recognized in the consolidated statement of profit or loss in the period of change.

2.14 Inventories

Inventories, except for stock in transit and waste stock / rags, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spare parts and loose tools

Useable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw materials, work-in-process and finished goods is determined as follows:

(i)	For raw materials:	Annual average basis.
(ii)	For work-in-process and finished goods:	Average manufacturing cost including a portion of production overheads.

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stock / rags are valued at net realizable value.

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.15 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts over due by 365 days.

The Group has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.16 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the consolidated statement of profit or loss over the period of the borrowings using the effective interest method.

2.17 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in consolidated statement of profit or loss.

2.18 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.19 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.20 Share capital

Ordinary shares of the Holding Company are classified as share capital.

2.21 Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. The standard provides a single comprehensive model for revenue recognition. The core principle of the standard is that an entity shall recognize revenue to depict the transfer of promised goods or services to customers at an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduced a new contract-based revenue recognition model with a measurement approach that is based on an allocation of the transaction price. This is described further in the accounting policies below. Credit risk is presented separately as an expense rather than adjusted against revenue. Contracts with customers are presented in Group's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the Group's performance and the customer's payment. Customer acquisition costs and costs to fulfill a contract can, subject to certain criteria, be capitalized as an asset and amortized over the contract period.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results. Key changes in accounting policies resulting from application of IFRS 15 are as follows:

i) Revenue recognition

Revenue is recognized at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Group: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognizes revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognized as deferred revenue in the form of a separate refund liability.

Sale of goods

Revenue from the sale of goods is recognized at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest

Interest income is recognized as interest accrues using the effective interest method. This is a method of calculating the amortized cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Dividend

Dividend on equity investments is recognized when right to receive the dividend is established.

Other revenue

Other revenue is recognized when it is received or when the right to receive payment is established.

Realized gain

a) Realized capital gains / (losses) arising on sale of investments are included in the consolidated statement of profit or loss on the date at which the transaction takes place.

b) Realized gains / (losses) arising on sale of gold are included in the consolidated statement of profit or loss on the date at which the transaction takes place.

Unrealised gain

a) Unrealized capital gains / (losses) arising on changes in the fair value of investments classified as "Fair value through profit or loss" are included in the consolidated statement of profit or loss in the period in which they arise.

b) Unrealized gains / (losses) arising on revaluation of gold are included in the consolidated statement of profit or loss in the period in which they arise.

ii) Contract assets

Contract assets arise when the Group performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

iii) Customer acquisition costs

Customer acquisition costs are capitalized as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortized on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

iv) Customer fulfillment costs

Customer fulfillment costs are capitalized as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Group that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfillment costs are amortized on a straight-line basis over the term of the contract.

v) Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

vi) Contract liabilities

Contract liability is the obligation of the Group to transfer goods to a customer for which the Group has received consideration from the customer. If a customer pays consideration before the Group transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Group performs its performance obligations under the contract.

vii) Refund liabilities

Refund liabilities are recognized where the Group receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Group does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

viii) Impacts of adoption of IFRS 15 on these consolidated financial statements as on 01 July 2018

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Group and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is Rupees Nil.

2.22 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the consolidated statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the consolidated statement of profit or loss.

2.23 Segment reporting

Segment reporting is based on the operating (business) segments of the Group. An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Group's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which can not be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Group has six reportable business segments. Spinning (Producing different quality of yarn using natural and artificial fibers), Weaving (Producing different quality of greige fabric using yarn), Processing and Home Textile (Processing greige fabric for production of printed and dyed fabric and manufacturing of home textile articles), Power (generation of electricity), Investment (invest the capital in ant sort of financial instruments and commodities) and Cement.

Transaction among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.24 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in consolidated statement of profit or loss except for impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset.

2.25 Government grants

Government grants are recognized when there is reasonable assurance that entity will comply with the conditions attached to it and grant will be received.

2.26 Earnings per share

The Group presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year.

2.27 Contingent assets

Contingent assets are disclosed when the Group has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent assets are not recognized until their realization becomes certain.

2.28 Contingent liabilities

Contingent liability is disclosed when the Group has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the consolidated financial statements.

2.29 Dividend and other appropriations

Dividend distribution to the Group's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

3. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019	2018		2019	2018
(Number of Shares)			(Rupees in thousand)	
1,596,672	1,596,672	Ordinary shares of Rupees 10 each allotted on reorganization of Kohinoor Industries Limited	15,967	15,967
26,156,000	26,156,000	Ordinary shares allotted under scheme of arrangement of merger of Part II of Maple Leaf Electric Company Limited	261,560	261,560
26,858,897	26,858,897	Ordinary shares allotted under scheme of arrangement of merger of Kohinoor Raiwind Mills Limited and Kohinoor Gujar Khan Mills Limited	268,589	268,589
75,502,560	75,502,560	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	755,025	755,025
169,182,327	169,182,327	Ordinary shares of Rupees 10 each issued as fully paid in cash	1,691,823	1,691,823
299,296,456	299,296,456		2,992,964	2,992,964

	Note	2019	2018
		(Rupees in thousand)	

4. RESERVES

	Note	2019	2018
Composition of reserves is as follows:			
Capital reserves			
Share premium	4.1	986,077	986,077
Surplus on revaluation of freehold land and investment properties:			
Freehold land			
As at 01 July		2,773,125	2,752,534
Increase due to revaluation to fair value	15.1	-	20,591
As at 30 June		2,773,125	2,773,125
Investment properties		1,263,592	1,263,592
		4,036,717	4,036,717
		5,022,794	5,022,794
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		19,940,200	17,480,368
		21,390,691	18,930,859
		26,413,485	23,953,653

4.1 This reserve can be utilized by the Group only for the purposes specified in section 81 of the Companies Act, 2017.

	Note	2019	2018
		(Rupees in thousand)	

5. NON-CONTROLLING INTEREST

	2019	2018
Opening balance	12,869,953	9,600,270
Add / (less): Share during the year:		
Share in right issue	-	1,899,522
Effect of change in accounting policy due to adoption of IFRS 9	(40,060)	-
Other comprehensive loss for the year	(11,289)	(9,079)
Profit for the year	1,248,718	2,191,581
	1,197,369	4,082,024
Less : Dividend paid	(265,859)	(812,341)
	13,801,463	12,869,953

6. LONG TERM FINANCING

	Note	2019	2018
From banking companies and other financial institutions - secured			
Holding Company	6.1	1,946,718	1,723,400
Subsidiary Company - MLCFL	6.2	17,305,362	13,752,696
		19,252,080	15,476,096
Less: Current portion shown under current liabilities		1,726,554	1,198,917
		17,525,526	14,277,179

LENDER	2019	2018	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	.....Rupees in thousand.....							
6.1 Holding Company								
Askari Bank Limited	25,000	75,000	150,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments commenced from 28 February 2017 and ending on 30 November 2019.	Quarterly	Quarterly	First joint pari passu hypothecation charge of Rupees 200 million on all present and future fixed assets (excluding land and building) of the Company and personal guarantees of the sponsor directors.
The Bank of Punjab	277,310	426,380	600,000	SBP LTFF rate + 2.50%	Sixteen equal quarterly installments commenced from 09 September 2016 and ending on 07 November 2021.	-	Quarterly	Joint pari passu charge amounting to Rupees 1,333 million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company.
The Bank of Punjab	391,915	142,605	400,000	SBP LTFF rate + 1%	Thirty six equal quarterly installments after expiry of grace period of one year for every tranche from its date of disbursement.	-	Quarterly	Joint pari passu charge amounting to Rupees 1,333 million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company.
The Bank of Punjab	54,006	-	500,000	SBP LTFF rate + 1%	Twenty four equal quarterly installments after expiry of grace period of one year for every tranche from its date of disbursement.	-	Quarterly	Ranking charge amounting to Rupees 667 million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company.
MCB Bank Limited	131,928	184,875	350,000	SBP LTFF rate + 2.5%	Twenty four equal quarterly installments after expiry of grace period of one year commenced from 25 November 2015 and ending on 10 December 2021.	-	Quarterly	First pari passu charge over land and building of Raiwind Division amounting to Rupees 467 million, and plant and machinery of the Company and personal guarantees of the sponsor directors.
National Bank of Pakistan	452,772	417,989	500,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments after expiry of grace period of one and a half year commenced from 30 June 2018 and ending on 10 February 2025.	-	Half yearly	Joint pari passu charge amounting to Rupees 667 million (inclusive of 25% margin) over plant and machinery of the Company.
National Bank of Pakistan	163,500	-	218,000	SBP SOLAR LTFF rate + 1.25%	Twelve equal half yearly installments after expiry of grace period of one and a half year commencing from 27 June 2020 and ending on 24 June 2026.	-	Half yearly	Ranking charge amounting to Rupees 291 million (inclusive of 25% margin) over plant and machinery of the Company.
PAIR Investment Company Limited	214,973	209,859	300,000	SBP LTFF rate + 1.5%	Twenty four equal quarterly installments after expiry of grace period of sixteen months commenced from 17 July 2018 and ending on 23 August 2025.	-	Quarterly	Joint pari passu charge over fixed assets (excluding land and building) amounting to Rupees 400 million of Rawalpindi and Gujar Khan Divisions and personal guarantees of the sponsor directors.
Askari Bank Limited	235,314	266,692	350,000	SBP LTFF rate + 1.25%	Thirty six equal quarterly installments commenced from 28 January 2018 and ending on 31 October 2026.	-	Quarterly	First pari passu charge over land and building of Raiwind Division amounting to Rupees 467 million, and plant and machinery of the Company and personal guarantees of the sponsor directors.
	1,946,718	1,723,400	3,368,000					

LENDER	2019	2018	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
6.2 Subsidiary Company (MLCFL)								
Askari Bank Limited	989,981	939,981	1,000,000	3 month KIBOR + 75bps payable quarterly in arrears to be set on day of first draw down and then on 1st working day of each quarter.	28 equal quarterly installments beginning on 27 March 2020.	Quarterly	Quarterly in arrears	Joint pari passu charge over fixed assets and all present and future plant and machinery of MLCFL.
MCB Bank Limited	1,915,088	1,322,699	2,000,000	3 month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	28 equal quarterly installments beginning on 01 April 2020	Quarterly	Quarterly	Joint pari passu charge over all present and future fixed assets of MLCFL with 25% margin.
Samba Bank Limited	750,000	750,000	750,000	3 month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	20 equal quarterly installments beginning on 20 March 2020.	Quarterly	Quarterly in arrears	Joint pari passu charge over fixed assets and all present and future plant and machinery of MLCFL.
MCB Bank Limited	1,984,505	984,505	2,000,000	3 month KIBOR + 0.75% payable quarterly in arrears to be set on the date of first disbursement and subsequently last 7 days avg of 3MK during last quarter to be reset on quarterly basis.	28 equal quarterly installments beginning on 15 August 2020.	Quarterly	Quarterly	Joint pari passu charge over fixed assets and all present and future plant and machinery of MLCFL.
MCB Islamic Bank Limited	1,500,000	900,000	1,500,000	3 month KIBOR + 0.7% payable quarterly in arrears to be set on the date of first day of disbursement and to be reset on 1st working day of calendar quarter.	24 equal quarterly installments beginning on 01 June 2020.	Quarterly	Quarterly	Joint pari passu charge over fixed assets and all present and future plant and machinery of MLCFL.
Habib Bank Limited	1,000,000	500,000	1,000,000	3 month KIBOR + 75bps payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	28 equal quarterly installments beginning on 01 March 2020.	Quarterly	Quarterly	Joint pari passu charge over fixed assets and all present and future plant and machinery of MLCFL.
Askari Bank Limited	375,000	475,000	500,000	3 month KIBOR + 1.25% payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	20 equal quarterly installments ending on 04 March 2023	Quarterly	Quarterly	1st joint pari passu hypothecation charge and equitable mortgage charge of Rupees 667 million over all present and future plant and machinery and land and building respectively of cement unit-II; and personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
The Bank of Punjab	1,197,885	1,268,590	1,500,000	3 month KIBOR + 1.25% payable quarterly in arrears to be set on the day of 1st draw down and then on 1st day of calendar quarter.	20 equal quarterly installments ending on 06 April 2023.	Quarterly	Quarterly	First joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of MLCFL with 25% margin. It is also secured by lien over import documents; personal guarantees by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors) duly supported by net worth statements and cross corporate guarantee of MLCFL and MLPL has also been provided.
MCB Bank Limited	592,466	740,582	1,000,000	3 month KIBOR + 1.15% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	22 equal quarterly installments ending on 06 April 2023.	Quarterly	Quarterly	First joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of MLCFL with 25% margin; and personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

LENDER	2019	2018	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
National Bank of Pakistan	800,000	876,497	1,000,000	3 month KIBOR + 1.25% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter.	22 equal quarterly installments ending on 06 April 2023.	Quarterly	Quarterly	First joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of MLCFL amounting to Rupees 1,334 million; and personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
MCB Islamic Bank Limited	437,500	500,000	500,000	3 month KIBOR + 0.7% payable quarterly in arrears to be set on the date of first disbursement and subsequently at the beginning of each calendar quarter.	24 equal quarterly installments ending on 13 September 2024.	Quarterly	Quarterly	First joint pari passu hypothecation charge and equitable mortgage charge over all present and future fixed assets of MLCFL amounting to Rupees 667 million; and personal guarantees also provided by Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
Pair Investment Company Limited	300,000	-	300,000	3 months KIBOR +1 % p.a. payable quarterly with the first payment falling due at the end of the 3rd month from the first disbursement date and subsequently every three months there after.	16 equal quarterly installments beginning on 28 September 2019.	Quarterly	Quarterly	Joint Pari Passu Charge over present and future fixed assets of the Company.
The Bank of Punjab	1,754,367	1,415,704	2,000,000	3 month KIBOR + 75bps payable quarterly in arrears to be reset on first working day of each calendar quarter.	28 equal quarterly installments beginning on 31 December 2019	Quarterly	Quarterly	Joint pari passu charge over all present and future fixed assets of MLCFL with 25% margin.
National Bank of Pakistan	3,708,570	3,079,138	5,500,000	3 month KIBOR + 75bps payable quarterly in arrears to be set on last business day before first draw down and then on immediately preceding day of each quarter.	28 equal quarterly installments beginning on 30 June 2020	Quarterly	Quarterly	Joint pari passu charge over fixed assets and all present and future plant and machinery of MLCFL.
Total	17,305,362	13,752,696	20,550,000					

6.2.1 As per the financing document the Group is required to comply with certain financial covenants which mainly include minimum current ratio, minimum debt service coverage ratio, minimum interest coverage ratio, gearing ratio and maximum leverage ratio. Further, the Group is required to comply with certain conditions imposed by the providers of finance to make dividend payment.

6.2.2 MLCFL has un-availed long term facilities amounting to Rupees 4,647.49 million (2018: Rupees 4,997.30 million).

7. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Subsidiary Company - MLCFL in accordance with the terms of dealership agreements.

	Note	2019 (Rupees in thousand)	2018
8. RETIREMENT BENEFITS			
Subsidiary Company - MLCFL			
Accumulated compensated absences	8.1	106,184	102,396
Gratuity	8.2	99,170	81,368
		205,354	183,764

8.1 Accumulated compensated absences

The actuarial valuation of the MLCFL's accumulated compensated absences was conducted on 30 June 2019 using projected unit credit method .The change of accounting policy did not have material effect on the comparative figures of these consolidated financial statements. Detail of obligation for accumulated compensated absences is as follows:

8.1.1 Movement in the present value of defined benefit obligations is as follows:

	2019 (Rupees in thousand)
Present value of defined benefit obligations at beginning of the year	102,396
Current service cost	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	(10,981)
Interest cost for the year	8,618
Actuarial losses on present value of defined benefit obligations	6,784
Less: Benefits paid during the year	(10,475)
	106,184

8.1.2 Charge for the year

Statement of profit or loss:	
Current service cost for the year	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	(10,981)
Interest cost for the year	8,618
Actuarial losses on present value of defined benefit obligations	6,784
	14,263

8.1.3 Sensitivity analysis

If the significant actuarial assumptions used to estimate the liability of compensated absences at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Compensated absences	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	96,350	117,784
Future salary increase + 100 bps	117,580	96,374

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the statement of financial position.

8.1.4 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2019:

	Percentage
Discount rate used for year end obligations	14.50%
Expected rate of growth per annum in future salaries	13.50%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year
Retirement assumptions	60 Years

8.2 Gratuity

The latest actuarial valuation of the Subsidiary Company's (MLCFL) defined benefit plan, was conducted on 30 June 2019 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2019	2018
		(Rupees in thousand)	
The amounts recognized in the consolidated statement of financial position are as follows:			
Present value of defined benefit obligation	8.2.1	167,576	146,800
Less: Fair value of plan assets	8.2.2	(69,263)	(65,432)
Plus: Payable to ex-employees		857	-
Net liability at end of the year		99,170	81,368
Net liability at beginning of the year		81,368	74,418
Charge to statement of profit or loss for the year	8.2.3	11,727	10,451
Charge to other comprehensive income for the year	8.2.3	33,620	27,012
Contributions made during the year		(27,545)	(30,513)
Net liability at end of the year		99,170	81,368

8.2.1 Movement in the present value of defined benefit obligation is as follows:

	Note	2019	2018
		(Rupees in thousand)	
Present value of defined benefit obligations at Beginning of the year		146,800	153,921
Current service cost for the year		5,682	5,866
Interest cost for the year		11,934	10,746
Benefits due but not paid		(857)	-
Actuarial losses on present value of defined benefit obligations		31,562	6,780
Benefits paid during the year		(27,545)	(30,513)
Present value of defined benefit obligation at end of the year		167,576	146,800

8.2.2 Movement in the fair value of plan assets is as follows:

	2019	2018
Fair value of plan assets at beginning of the year	65,432	79,503
Contributions made during the year	27,545	30,513
Expected return on plan assets for the year	5,889	6,161
Actuarial loss on plan assets	(2,058)	(20,232)
Benefits paid during the year	(27,545)	(30,513)
Fair value of plan assets at end of the year	69,263	65,432

Plan assets comprise of:

	2019	2018
NAFA Government Securities Liquid Fund	18,424	18,525
Accrued interest	1,183	-
Habib Metropolitan Bank Limited	48,900	44,000
Cash at bank	756	2,907
	69,263	65,432

Plan assets comprise of:	2019	2018
Equity	26.60%	28.31%
Cash at bank	73.40%	71.69%
	100.00%	100.00%

	Note	2019	2018
		(Rupees in thousand)	
8.2.3 Charge for the year:			
In statement of profit or loss			
Current service cost		5,682	5,866
Interest cost		11,934	10,746
Expected return on plan assets		(5,889)	(6,161)
		11,727	10,451
In statement of comprehensive income			
Actuarial loss on retirement benefits - net		33,620	27,012
		45,347	37,463
Actuarial assumptions:			
The following are the principal actuarial assumptions at 30 June:			
Discount rate used for year end obligation		14.25%	9.00%
Expected return on plan assets		9.00%	7.75%
Expected rate of growth per annum in future salaries		13.25%	8.00%
Expected mortality rate		SLIC 2001 - 2005 Setback 1 Year	SLIC 2001 -2005 Setback 1 Year
Retirement assumptions		60 Years	60 years

8.2.4 MLCFL expects to charge Rupees 18.74 million to consolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2020.

8.2.5 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligation at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligation as at 30 June 2019 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	160,495	175,192
Future salary increase + 100 bps	175,192	160,375

The sensitivity analysis of the defined benefit obligation to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligation reported in the consolidated statement of financial position.

8.2.6 At 30 June 2019, the average duration of the defined benefit obligation was 4 years (2018: 6 years).

9. RETENTION MONEY PAYABLE

This represents retention money payable by MLCFL to M/s FLS Smidth amounting to Euro 3.801 million (equivalent to Rupees 421.841 million at the exchange rate prevailing on the date of signing of contract, i.e. 16 January 2017) on purchase of plant and machinery. The amount is payable after two years from the date of commencement of commercial production of new cement plant under construction at Iskanderabad, District Mianwali and has been accounted for at present value using discount rate of 7% per annum.

	Note	2019	2018
		(Rupees in thousand)	

10. DEFERRED INCOME TAX LIABILITY

This comprises of following:

	Note	2019	2018
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		5,115,749	2,894,120
Short term investments		-	16,008
Unrealized gain on re-measurement of futures contracts - shares		1,915	-
Unrealized gain on re-measurement of futures contracts - gold		-	507
		5,117,664	2,910,635
Deferred tax asset on deductible temporary differences in respect of:			
Allowance for expected credit losses		(55,343)	(8,021)
Provision against obsolete stock-in-trade		(1,132)	-
Unrealized loss on re-measurement of futures contracts - gold		(2,124)	-
Short term investments		(19,541)	-
Unused tax losses		(1,320,544)	-
Tax credit under section 65B		(560,839)	-
Provision against slow moving stores and spares		(354)	(354)
Provision against doubtful advances		-	(1,230)
Unrealized loss on re-measurement of futures contracts - shares		-	(1,902)
Employees' retirement benefits		(51,371)	(48,678)
		(2,011,248)	(60,185)
		3,106,416	2,850,450
Movement in deferred tax balances is as follows:			
At beginning of the year		2,850,450	3,167,039
Adjustment on adoption of IFRS 9		(38,935)	-
		2,811,515	3,167,039
Accelerated tax depreciation on fixed assets		2,221,629	(329,756)
Allowance for expected credit losses		(8,387)	(8,021)
Provision against obsolete stock-in-trade		(1,132)	-
Unused tax losses		(1,320,544)	-
Tax credit under section 65B		(560,839)	-
Liabilities against assets subject to finance lease		-	16,807
Employees' retirement benefits		5,718	(3,947)
Provision for slow moving stores and spares		-	(354)
Short term investments		(35,549)	18,042
Provision for doubtful debts and advances		1,230	(1,230)
Unrealized gain on re-measurement of futures contracts - gold		(2,631)	507
Unrealized loss on re-measurement of futures contracts - shares		3,817	(1,902)
	36	303,312	(309,854)
Recognized in other comprehensive income:			
Employees' retirement benefits		(8,411)	(6,735)
		3,106,416	2,850,450

11. TRADE AND OTHER PAYABLES

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Creditors		3,524,604	2,916,205
Bills payable - secured	11.1	851,659	691,727
Accrued liabilities	11.2	1,695,197	1,109,233
Security deposits, repayable on demand	11.3	58,780	57,836
Advances from customers		615,177	340,977
Contractors' retention money		315,877	250,504
Royalty and excise duty payable		25,228	31,783
Workers' profits participation fund	11.4	1,483,332	1,423,082
Workers' welfare fund		25,333	133,485
Excise duty payable		726,771	-
Withholding income tax payable		198,987	54,162
Payable to employees' provident fund trust		21,579	20,171
Others		75,925	50,174
		9,618,449	7,079,339

11.1 These facilities have been obtained from various banking companies for working capital requirements and are secured by charge over current and future assets of MLCFL, personal guarantees of the directors, pledge of stock, lien over import documents and title of ownership of goods imported under letters of credit. These facilities will be expiring on various dates by 30 June 2020.

11.2 This includes Rupees 285.28 million booked on account of Gas Infrastructure Development Cess (GIDC) for the period from September 2014 to June 2019. MLCFL, along with various other companies has challenged the legality and validity of levy and demand of GIDC in Honorable Lahore High Court which is pending adjudication. However, on a prudent basis, MLCFL has recorded the GIDC amount for the mentioned period. Further, due to non payment, default surcharge of Rupees 307.42 million for the period from September 2015 to June 2019 has been imposed on MLCFL, which has not been recorded in these consolidated financial statement based on the opinion of legal advisor. The management is hopeful that the MLCFL will not be required to pay the default surcharge.

11.3 This represents security deposits received from distributors and contractors of MLCFL. Distributors and contractors have given MLCFL a right to utilize deposits in ordinary course of business.

11.4 Workers' profits participation fund (WPPF)

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Balance as on 01 July		1,423,082	1,332,987
Allocation for the year	33	255,337	379,134
Interest for the year	35	9,896	27,132
		1,688,315	1,739,253
Less: Payments during the year		(204,983)	(316,171)
		1,483,332	1,423,082

11.4.1 The outstanding WPPF liability of MLCFL includes Rupees 1,105.82 million being the left over amount out of the total WPPF liability of Rupees 1,199.59 million pertaining to the financial year ended 30 June 2012 to 30 June 2018. The WPPF liability represents leftover amount payable to Workers Welfare Fund in terms of Companies Profits Worker's Participation Act, 1968. According to the 18th amendment to the Constitution of Pakistan in 2010, all labour / labour welfare laws have become provincial subject, and accordingly the left over amount is no more payable to the Federal Treasury. Major strength of MLCFL's employees eligible for benefit of WPPF are working in the Province of Punjab and accordingly potential amount of left over amount of WPPF is required to be paid to the relevant provincial authority as held by the Honorable Sindh High Court in its judgment in C.P. No. D-1313 of 2013 announced on 12 February 2018. The Government of Punjab has enacted Companies Profits (Workers' Participation) (Amendment) Ordinance, 2018 which is silent about the payment of the amount in excess of employees' entitlement.

The regular and contractual employees filed separate writ petitions No. 31221/2019 and 39803/2019 in which they sought relief in terms of payment of profit and issuance of direction to the Provincial Government for promulgation of law on Workers Participation Profit Fund. The Lahore High Court directed the Provincial Government through its Secretary Labour & Human Resource Department, Government of Punjab to redress the grievance of the Workers by its order. The said Secretary passed an order that whereas the said Ordinance of 2018 after completing its statutory life stood expired. However, the Government is in the process of promulgating Workers Participation Act, which may take some time after satisfying the requisite legal requirements. As no such Act has been enacted so far, the residual amount has been withheld by the Company. Further based on Company's legal advisor, management is of the view that no mark-up is due on the unpaid amount in view of the legal restraints and constraints as aforementioned.

	Note	2019	2018
		(Rupees in thousand)	
12. ACCRUED MARK-UP			
Long term financing		476,310	209,467
Short term borrowings		177,916	130,341
		654,226	339,808
13. SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	13.1 & 13.2 & 13.6	3,845,303	5,149,335
Other short term finances	13.1 & 13.3	1,108,676	2,094,825
State Bank of Pakistan (SBP) refinances	13.1 & 13.4	2,501,500	2,575,000
Islamic mode of financing - Murabaha	13.5	177,793	-
		7,633,272	9,819,160
Temporary bank overdraft - unsecured	13.7	201,287	169,596
		7,834,559	9,988,756

13.1 These finances are obtained from banking companies under mark-up arrangements and are secured by pledge of raw material, charge on current assets of the Group including hypothecation of work-in-process, stores and spares, letters of credit, firm contracts, book debts and personal guarantees of the sponsor director. These form part of total credit facilities of Rupees 19,340 million (2018: Rupees 12,568 million).

13.2 The rates of mark-up range from 3% to 21.90% (2018: 2.75% to 21%) per annum on balance outstanding.

13.3 The rates of mark-up range from 7.33% to 13.99% (2018: 2.5% to 8.26%) per annum on balance outstanding.

13.4 The rate of mark-up was 3% (2018: 3%) per annum on balance outstanding.

13.5 This represents utilized amount of Murabaha facility of Rupees 350 million (2018: Rupees Nil) from MCB Islamic Bank Limited and carry mark-up at the rate of 3 month KIBOR plus 1.25% (30 June 2018: Rupees Nil) per annum, payable quarterly. This facility is secured against charge over all current assets of the Subsidiary Company with a margin of 25% and will expire on 31 July 2019.

13.6 This includes utilized amount of finance against trust receipt facilities aggregating to Rupees 1,300 million (2018: Rupees 500 million). These carry mark-up rates ranging form 3 month KIBOR plus 0.50% to 3 month KIBOR plus 1.5% (30 June 2018: 3 month KIBOR plus 1.50%) per annum, payable quarterly. These facilities are secured against first pari passu charge over all current assets and fixed assets (excluding land and building) of MLPL, Corporate guarantee of the MLCFL, personal guarantees of sponsored directors of the MLPL and assignment of receivables of MLCFL. These facilities are expiring on various dates (Latest by 28 September 2019 and maximum by 31 December 2019).

13.7 This represents temporary overdraft due to cheques issued in excess of balance with banks which will be presented for payment in subsequent period.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

Holding Company

a) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for the tax year 2003 against order of Commissioner Inland Revenue (Appeals) (CIR(A)) dated 18 September 2008 passed under section 122 (5A) of the Income Tax Ordinance, 2001 wherein the order of the Assessing Officer creating demand of Rupees 20.780 million was upheld. In addition to above, another appeal for the tax year 2003 was filed by the tax department before Appellate Tribunal Inland Revenue against the order of CIR (A) passed under section 221, through which order of the assessing officer regarding disallowance of depreciation expense amounting to Rupees 62.666 million and penalty levied amounting to Rupees 17.484 million had been annulled. No provision has been made in these consolidated financial statements as the Company is hopeful of favorable outcome of these cases.

b) The Company filed an appeal before Appellate Tribunal Inland Revenue, Lahore for the tax year 2004. The loss for the tax year 2004 was assessed at Rupees 255.684 million reducing refund to Rupees 7.499 million vide order dated 22 May 2009. The matter was decided in favor of the Company. However, department filed an appeal in the Honorable Lahore High Court, Lahore against the decision. No provision has been made in these consolidated financial statements since the Company is confident about favorable outcome of the case.

c) Tax department filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) dated 13 May 2015, by which the demand amounting to Rupees 54.010 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2009 was annulled. No provision has been made in these consolidated financial statements as the Company is hopeful of a favorable outcome.

d) Tax department filed an appeal before Appellate Tribunal Inland Revenue against the order of Commissioner Inland Revenue (Appeals) dated 06 September 2014, by which the demand amounting to Rupees 22.110 million created by assessing officer under section 122(5A) of the Income Tax Ordinance, 2001 for the tax year 2010 was annulled. No provision has been made in these consolidated financial statements as the Company is hopeful of a favorable outcome.

e) The Company filed income tax return for the tax year 2011 having tax loss amounting to Rupees 957.623 million and creating a refund of Rupees 107.808 million. An assessment dated 12 May 2017 under section 122(5A) of the Income Tax Ordinance, 2001 has been finalized by restricting loss to Rupees 435.435 million and reducing refund to Rupees Nil. The Company has filed an appeal before Commissioner Inland Revenue (Appeals) which is pending for hearing. No provision has been made in these consolidated financial statements as the Company is hopeful of a favorable outcome.

f) The Company filed income tax return for Tax Year 2016 having taxable income amounting to Rupees 762.669 million and creating a refund of Rupees 30.721 million. An assessment under section 122(5A) of the Income Tax Ordinance, 2001 dated 31 May 2018 has been finalized and taxable income has been assessed at Rupees 1,167.832 million by creating demand of Rupees 231.109 million. The Company filed an appeal before Commissioner Inland Revenue (Appeals) who, vide its order dated 14 November 2018, granted relief on major issues, while upheld the order on various other issues. The Company filed appeal before the Honorable Appellate Tribunal Inland Revenue where the case is still pending. No provision has been made in these consolidated financial statements as the Company is hopeful of a favorable outcome.

g) The Company and tax authorities filed appeals before different appellate authorities regarding sales tax and custom duty matter. Pending the outcome of appeals filed by the Company and tax authorities, no provision has been made in these consolidated financial statements which on the basis adopted by the authorities would amount to Rupees 184.700 million (2018: Rupees 87.996 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

h) The Company filed recovery suits in Civil Courts amounting to Rupees 14.683 million (2018: Rupees 15.164 million) against various suppliers and customers for goods supplied by / to them. Pending the outcome of the cases, no provision has been made in these consolidated financial statements since the Company is confident about favorable outcome of the cases.

i) The Company filed suits before Civil Court, Rawalpindi and Lahore High Court, against demands raised by Sui Northern Gas Pipelines Limited (SNGPL) amounting to Rupees 84.057 million (2018: Rupees 72.811 million). No provision has been made in these consolidated financial statements, since the Company is confident about favorable outcome.

j) The Company filed an appeal before Supreme Court of Pakistan against an order of Lahore High Court, Rawalpindi Bench on an appeal filed by supplier for non-payment by the Company. The Company has provided a guarantee of Rupees 4.254 million on the directions of Supreme Court of Pakistan. Appeal is pending adjudication and the Company expects a favorable outcome.

k) Guarantees issued by various commercial banks, in respect of financial and operational obligations of the Company, to various institutions and corporate bodies aggregate to Rupees 299.257 million (2018: Rupees 279.257 million).

Subsidiary Company - Maple Leaf Cement Factory Limited

a) The Company has filed writ petitions before the Honorable Lahore High Court against the legality of judgment passed by the Customs, Excise and Sales Tax Appellate Tribunal in 2004 whereby the Company was held liable on account of wrongful adjustment of input sales tax on raw materials. The amount involved pending adjudication before the Honorable Lahore High Court is Rupees 10.01 million. No provision has been made in these consolidated financial statements in respect of the matter as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

b) The Company has filed an appeal before the Customs, Central Excise and Sales Tax Appellate Tribunal, Karachi against the order of the Deputy Collector Customs whereby the refund claim of the Company amounting to Rupees 12.35 million was rejected and the Company was held liable to pay an amount of Rupees 37.05 million by way of 10% customs duty allegedly leviable in terms of SRO 584(I)/95 and 585(I)/95 dated 01 July 1995. The impugned demand was raised by the department on the alleged ground that the Company was not entitled to exemption from payment of customs duty and sales tax in terms of SRO 279(I)/94 dated 02 April 1994.

The Honorable Lahore High Court, upon the Company's appeal, vide its order dated 06 November 2001 has decided the matter in favor of the Company; however, the Collector of Customs has preferred a petition before the Honorable Sindh High Court, which is pending adjudication. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

c) The Federal Board of Revenue (FBR) has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment delivered by the Honorable Lahore High Court in favor of the Company in a writ petition. The Company, through the said writ petition, had challenged the demand raised by the FBR for payment of duties and taxes on the plant and machinery imported by the Company pursuant to the exemption granted in terms of SRO 484 (I) / 92 dated 14 May 1992. The FBR, however, alleged that the said plant and machinery could be locally manufactured and duties and taxes were therefore not exempted. A total demand of Rupees 1,386.72 million was raised by the FBR out of which an amount of Rupees 269.33 million was deposited by the Company as undisputed liability. No provision has been made in these consolidated financial statements in respect of the above stated amount as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

d) The Company has filed an appeal before the Honorable Supreme Court of Pakistan against the judgment of the Division Bench of the Honorable High Court of Sindh at Karachi. The Division Bench, by judgment dated 15 September 2008, has partly accepted the appeal by declaring that the levy and collection of infrastructure cess / fee prior to 28 December 2006 was illegal and ultra vires and after 28 December 2006, it was legal and the same was collected by the Excise Department in accordance with the law. The appeal has been filed against the declaration that after 28 December 2006, the Excise Department has collected the infrastructure cess / fee in accordance with law. The Province of Sindh and Excise and Taxation Department has also preferred an appeal against the judgment decided against them. The Honorable Supreme Court consolidated both the appeals and were set aside. Thereafter, law has been challenged in constitution petition in the Honorable Sindh High Court Karachi. Stay has been granted by the Honorable High Court on 31 May 2011 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing. The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

e)The Company has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 in line with earlier petitions explained in note (d) of these consolidated financial statements, i.e. on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing.

f) Competition Commission of Pakistan, vide order dated 27 August 2009, has imposed penalty on twenty cement factories of Pakistan at the rate of 7.5% of the turnover value. The Commission has imposed penalty amounting to Rupees 586.19 million on the Company. The Commission has alleged that provisions of section 4(1) of the Competition Commission Ordinance, 2007 have been violated. However, after the abeyance of Honorable Islamabad High Court pursuant to the judgment of Honorable Supreme Court of Pakistan dated 31 July 2009, the titled petition has become infructuous and the Company has filed a writ petition No. 15618/2009 before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

g) The Additional Collector, Karachi has issued show cause notice alleging therein that the Company has wrongly claimed the benefits of SRO No. 575(I)/2006 dated 05 June 2006 on the import of pre-fabricated buildings structure. Consequently, the Company is liable to pay Government dues amounting to Rupees 5.55 million. The Company has submitted reply to the show cause notice and currently proceedings are pending before the Additional Collector. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

h) The customs department has filed an appeal against the judgment dated 19 May 2009, passed in favor of the Company pursuant to which the Company is not liable to pay custom duty amounting to Rupees 0.81 million relating to import of some machinery vide L/C No. 0176-01-46-518-1201 in terms of SRO 484(1)/92 dated 14 May 1992, and SRO 978(1)/95 dated 04 October 1995. The appeal is pending before the Honorable Lahore High Court. No provision has been made in these consolidated financial statements as the management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

i) Surcharge of Rupees 154 million has been imposed by Mines and Minerals Department, Government of the Punjab under Rule 68(2) of Punjab Mining Concession Rules, 2002 ("Rules") against which the Company has filed writ petition against Government of Punjab via writ petition No. 1008/2014 to challenge the basis of Rules. The Honorable Lahore High Court dismissed the petition since the matter was being reviewed by the relevant authority. Management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of the Company.

j) Through Order-in-Original No.18/2009 dated 24 December 2009, the tax department finalized the adjudication proceeding in respect of audit conducted by the department auditors for tax year 2009 and raised a demand of principal sales tax and FED aggregating to Rupees 336.74 million along with applicable default surcharges and penalties. MLCFL preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the Commissioner of Inland Revenue (appeals).

MLCFL filed a writ petition with the Honorable Lahore High Court against the above referred Order-In-Original demand which was dismissed against the Company. The Company has filed an appeal before Supreme Court of Pakistan which is pending adjudication.

k) Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rupees 44.58 million under section 122(5A) for the tax year 2012 on the disallowance of adjustment of tax credit under section 65B and withholding of tax under section 154 of the Income Tax Ordinance, 2001. MLCFL filed an appeal before the CIR(A). CIR(A) decided the matter relating to adjustment of tax credit u/s 65B of the ordinance in favor of MLCFL whereas the imposition of tax u/s 154 has been remanded back to the tax department. The tax authorities have filed an appeal before ATIR which is pending adjudication.

l) Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rupees 2.46 million under section 122(5A) for the tax year 2011of the Income Tax Ordinance, 2001. The demand was later reduced to Rupees 2.056 million on 14 March 2018. MLCFL has preferred an appeal before CIR(A) which is pending adjudication.

m) MLPL, a subsidiary of MLCFL has filed an appeal before the Honorable Sindh High Court to challenge Sindh Development and Maintenance on levy and collection of infrastructure cess under Infrastructure Cess Act 2017. Stay has been granted by the Honorable High Court on 27 November 2017 on payment of 50% of the cess to the Excise Department and on furnishing of bank guarantee for remaining 50% to them. The petition is pending for hearing and stay is continuing. The management and the Company's legal advisor are confident that the ultimate outcome of this case will be in favor of MLPL.

n) Guarantees given by banks on behalf of the MLCFL are of Rupees 1,332.589 million (2018: Rupees 602.994 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

14.2 Commitments:

a) Letters of credit for capital expenditure amount to Rupees 621.626 million (2018: Rupees 5,284.011 million).

b) Letters of credit other than for capital expenditure amounting to Rupees 1,033.108 million (2018: Rupees 1,549.443 million).

c) Contracts for capital expenditure amounting to Rupees 54.550 million (2018: Rupees 747.312 million).

d) Future contracts - shares in respect of which the settlement is outstanding amounting to Rupees 1,830.274 million (2018: Rupees 593.208 million).

e) Future contracts - gold in respect of which the settlement is outstanding amounting to Rupees 909.750 million (2018: Rupees 328.888 million).

	2019	2018
	(Rupees in thousand)	
15. PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets - Owned (Note 15.1)	55,748,674	31,760,197
Capital work in progress (Note 15.1.5)	504,217	17,085,181
Stores held for capitalization	59,917	1,204,297
	56,312,808	50,049,675

15.1 OPERATING FIXED ASSETS

	Owned Assets												Leased Assets
	Freehold land	Office buildings	Factory and other buildings	Residential and other buildings	Plant and machinery	Services and other equipment	Computers and IT installations	Furniture and fixtures	Office equipment	Vehicles	Quarry equipment	Share of joint assets	Total	Plant and machinery
	(Rupees in thousand)													
At 30 June 2017														
Cost / revalued amount	3,134,814	33,668	6,546,151	121,387	34,678,354	61,104	110,328	485,542	46,605	464,191	185,023	6,000	45,873,167	673,053
Accumulated depreciation	-	(8,291)	(2,908,660)	(71,015)	(17,545,921)	(33,001)	(77,475)	(247,492)	(28,005)	(207,498)	(160,362)	(4,661)	(21,292,381)	(254,761)
Net book value	3,134,814	25,377	3,637,491	50,372	17,132,433	28,103	32,853	238,050	18,600	256,693	24,661	1,339	24,580,786	418,292
Year ended 30 June 2018														
Opening net book value	3,134,814	25,377	3,637,491	50,372	17,132,433	28,103	32,853	238,050	18,600	256,693	24,661	1,339	24,580,786	418,292
Additions	-	-	2,117,983	41,537	7,003,992	509	4,882	61,782	2,867	139,599	-	-	9,373,151	-
Revaluation surplus (Note 4)	20,591	-	-	-	-	-	-	-	-	-	-	-	20,591	-
Assets transferred from lease assets to owned assets:														
Cost	-	-	-	-	673,053	-	-	-	-	-	-	-	673,053	(673,053)
Accumulated depreciation	-	-	-	-	(272,325)	-	-	-	-	-	-	-	(272,325)	272,325
	-	-	-	-	400,728	-	-	-	-	-	-	-	400,728	(400,728)
Disposals:														
Cost / revalued amount	-		(645)		(107,716)		(1,071)	(91)	(188)	(55,883)	(14,712)	-	(180,306)	-
Accumulated depreciation	-		245		58,883		710	56	107	36,578	14,510	-	111,089	-
	-	-	(400)	-	(48,833)	-	(361)	(35)	(81)	(19,305)	(202)	-	(69,217)	-
Depreciation charge	-	(358)	(350,692)	(7,294)	(1,997,572)	(3,227)	(10,063)	(114,409)	(1,994)	(55,998)	(3,090)	(1,145)	(2,545,842)	(17,564)
Closing net book value	3,155,405	25,019	5,404,382	84,615	22,490,748	25,385	27,311	185,388	19,392	320,989	21,369	194	31,760,197	-
At 30 June 2018														
Cost / revalued amount	3,155,405	33,668	8,663,489	162,924	42,247,683	61,613	114,139	547,233	49,284	547,907	170,311	6,000	55,759,656	-
Accumulated depreciation	-	(8,649)	(3,259,107)	(78,309)	(19,756,935)	(36,228)	(86,828)	(361,845)	(29,892)	(226,918)	(148,942)	(5,806)	(23,999,459)	-
Net book value	3,155,405	25,019	5,404,382	84,615	22,490,748	25,385	27,311	185,388	19,392	320,989	21,369	194	31,760,197	-
Year ended 30 June 2019														
Opening net book value	3,155,405	25,019	5,404,382	84,615	22,490,748	25,385	27,311	185,388	19,392	320,989	21,369	194	31,760,197	-
Additions	767,136	22,777	7,493,956	8,566	18,537,907	849	5,825	26,166	5,713	129,967	7,080	-	27,005,942	-
Revaluation surplus (Note 4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals:														
Cost / revalued amount	-		-		(256,118)		(563)	-	-	(55,781)	-	-	(312,462)	-
Accumulated depreciation	-		-		141,908		388	-	-	34,390	-	-	176,686	-
	-	-	-	-	(114,210)	-	(175)	-	-	(21,391)	-	-	(135,776)	-
Depreciation charge	-	(340)	(397,009)	(8,731)	(2,347,746)	(1,608)	(8,930)	(40,617)	(2,185)	(67,791)	(6,732)	-	(2,881,689)	-
Closing net book value	3,922,541	47,456	12,501,329	84,450	38,566,699	24,626	24,031	170,937	22,920	361,774	21,717	194	55,748,674	-
At 30 June 2019														
Cost / revalued amount	3,922,541	56,445	16,157,445	171,490	60,529,472	62,462	119,401	573,399	54,997	622,093	177,391	6,000	82,453,136	-
Accumulated depreciation	-	(8,989)	(3,656,116)	(87,040)	(21,962,773)	(37,836)	(95,370)	(402,462)	(32,077)	(260,319)	(155,674)	(5,806)	(26,704,462)	-
Net book value	3,922,541	47,456	12,501,329	84,450	38,566,699	24,626	24,031	170,937	22,920	361,774	21,717	194	55,748,674	-
Depreciation rate (%)	-	5 - 10	5 - 10	5 - 10	5 - 20	10	30	10	10	20	20	10		10 - 20

15.1.1 Freehold land of the Holding Company was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2019. Book value of freehold land on cost basis is Rupees 160.105 million (2018: Rupees 160.105 million) as on 30 June 2019. Had there been no revaluation, the value of freehold land would have been lower by Rupees 2,579.452 million (2018: Rupees 2,579.452 million). Freehold land of MLCFL was revalued by Arif Evaluators as at 30 June 2015, forced sale value at 30 June 2015 was Rupees 344.077 million.

15.1.2 Borrowing cost of Rupees 1,265.64 million (2018: Rupees 1.347 million) was capitalized during the year using the capitalization rate ranging from 4.5% to 8% (2018: 4.5% to 8%) per annum.

	Note	2019	2018
		(Rupees in thousand)	
15.1.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	30	2,784,379	2,449,963
Distribution cost	31	4,298	4,041
Administrative expenses	32	93,012	109,402
		2,881,689	2,563,406

15.1.4 Ownership of the housing colony's assets included in the operating fixed assets is shared by the MLCFL jointly with Agritech Limited (formerly Pak American Fertilizer Limited) in ratio of 101:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation (PIDC). These assets are in possession of the housing colony establishment for mutual benefits.

	Note	2019	2018
		(Rupees in thousand)	
15.1.5 Capital work in progress			
Plant and machinery		21,806	11,015,292
Civil works		381,355	4,319,448
Letters of credit		-	69,556
Un-allocated capital expenditure	15.1.5.1	-	477,072
Advances to suppliers against:			
Plant and machinery		68,720	108,343
Civil works		30,376	322,626
Mechanical and electrical works		-	4,615
Purchase of land		-	736,048
Vehicles		1,710	3,114
Others		250	29,067
		504,217	17,085,181
15.1.5.1 Un-allocated capital expenditure			
Salaries and wages		-	163,500
Fee and subscription		-	49,590
Legal and professional expenses		-	74,028
Finance cost		-	153,813
Insurance		-	10,451
Energy expense		-	25,690
		-	477,072

15.1.6 Particulars of freehold land are as follows:

Location	Total Area (Acres)
Peshawar Road, Rawalpindi	121.26
8 KM, Manga Raiwind Road, District Kasur	32.57
Gulyana Road, Gujar Khan, District Rawalpindi	50.68
Iskanderabad, District Mianwali	1,268.13

15.2 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	---------------(Rupees in thousand) ---------------						
Plant and machinery							
Singeing machine Poong	6,424	5,494	930	693	(237)	Negotiation	Metallic Engineering and Services, Thatha Khudayar
Machine carding crosrol	4,148	3,639	509	2,840	2,331	Negotiation	Lyallpur Textiles, Faisalabad
Autocone winder	10,789	8,274	2,515	3,360	845	Negotiation	HAR Textile Mills, Faisalabad
Machine autocone muratec	34,856	24,201	10,655	18,000	7,345	Negotiation	Colony Textile Mills Limited, Multan
Cooper compressor	2,500	1,227	1,273	1,288	15	Insurance claim	EFU General Insurance Limited, Lahore
Governor Assy Ug-40	1,472	326	1,146	20	(1,126)	Auction	M/s. Imtiaz Traders
Connecting Rod	2,437	425	2,012	1,848	(164)	Auction	M/s. Imtiaz Traders
Cylinder Liner for Niigata	9,789	1,552	8,237	8	(8,229)	Auction	M/s. Imtiaz Traders
Cylinder Head for Niigata Engine	1,843	898	945	875	(70)	Auction	M/s. Imtiaz Traders
Connecting Rod Lower Part	7,323	5,137	2,186	10	(2,176)	Auction	M/s. Imtiaz Traders
Gas Valve	13,497	9,662	3,835	10	(3,825)	Auction	M/s. Imtiaz Traders
Piston Ring	6,498	4,745	1,753	1,623	(130)	Auction	M/s. Imtiaz Traders
Injection Valve	14,488	10,409	4,079	22	(4,057)	Auction	M/s. Imtiaz Traders
Inlet Valve	3,417	2,504	913	846	(67)	Auction	M/s. Imtiaz Traders
Valve Rotator	2,974	2,179	795	736	(59)	Auction	M/s. Imtiaz Traders
Bearing Bush	2,947	2,155	792	733	(59)	Auction	M/s. Imtiaz Traders
Big End Bearing Upper Half	1,882	1,378	504	467	(37)	Auction	M/s. Imtiaz Traders
Big End Bearing Lower Half	1,870	1,370	500	464	(36)	Auction	M/s. Imtiaz Traders
Valve Guide	2,048	1,502	546	505	(41)	Auction	M/s. Imtiaz Traders
Steel Cord Belt 550/H8/40878	8,746	2,133	6,613	8,447	1,834	Auction	M/s. Imtiaz Traders
Coupling	6,020	1,395	4,625	5,992	1,367	Auction	M/s. Imtiaz Traders
Fuzes Detonating For Is Limiter	736	162	574	526	(48)	Auction	M/s. Imtiaz Traders
U - Tube Section	26,198	15,326	10,872	15,000	4,128	Auction	M/s. Karam Dad Khan
Raw Mill	15,870	7,493	8,377	8,511	134	Auction	M/s. Karam Dad Khan
Connecting Rod	2,437	425	2,012	1,848	(164)	Auction	M/s. Imtiaz Traders
Exhaust Valve Assy (Right)	7,005	1,176	5,829	5,355	(474)	Auction	M/s. Imtiaz Traders
Exhaust Valve Assy (Left)	7,004	1,175	5,829	5,354	(475)	Auction	M/s. Imtiaz Traders
Piston	1,852	494	1,358	8	(1,350)	Auction	M/s. Imtiaz Traders
Piston Pin Metal For C/Rod	2,128	357	1,771	1,626	(145)	Auction	M/s. Imtiaz Traders
Air Quenching Cooler / Boiler	24,522	7,977	16,545	13,000	(3,545)	Auction	M/s. Imtiaz Traders
Fuel Feed Pump	3,235	1,753	1,482	10	(1,472)	Auction	M/s. Imtiaz Traders
	236,955	126,943	110,012	100,025	(9,987)		

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
	---------------(Rupees in thousand) ---------------						
Vehicles							
Honda Civic	1,950	1,439	511	1,115	604	Negotiation	Mr. Zahid Idrees, Rawalpindi
Honda City	1,675	1,158	517	909	392	Negotiation	Mr. Shahid Farooq (employee), Lahore
Suzuki Cultus	1,154	526	628	700	72	Auction	Ms. Iqra Umar (employee)
Suzuki Cultus	1,603	90	1,513	1,583	70	Insurance claim	EFU General Insurance Limited
Toyota Corolla	1,923	641	1,282	1,600	318	Auction	Mr. Muhammad Ishaq (employee)
Toyota Corolla	1,902	816	1,086	1,625	539	Auction	Mr. Sibt e Hassan
Toyota Corolla	1,886	1,014	872	1,400	528	Auction	Mr. Amer Bilal
Toyota Corolla	2,044	1,060	984	1,600	616	Auction	Mr. Zeeshan Malik Bhutta
Toyota Corolla	2,353	401	1,952	1,900	(52)	Negotiation	Mr. Muhammad Sajjad
Toyota Corolla	2,360	293	2,067	1,900	(167)	Negotiation	Mr. Nauman Ahmad
Toyota Corolla	1,738	1,119	619	1,200	581	Negotiation	Mr. Tariq Ahmed Mir
Suzuki Cultus	1,419	227	1,192	1,300	108	Insurance claim	EFU General Insurance Limited
Suzuki Cultus	948	471	477	775	298	Negotiation	Mr. Muhammad Ishaq, Lahore
Toyota Corolla	1,849	975	874	1,901	1,027	Negotiation	Mr. Muhammad Nabeel, Lahore
	24,804	10,230	14,574	19,508	4,934		
	261,759	137,173	124,586	119,533	(5,053)		
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	50,703	39,513	11,190	27,086	15,896		
	312,462	176,686	135,776	146,619	10,843		

	Note	2019	2018
		(Rupees in thousand)	

16. INVESTMENT PROPERTIES

	Note	2019	2018
Opening net book value		1,792,755	1,789,670
Fair value gain	34	-	3,085
Closing net book value		1,792,755	1,792,755

16.1 The fair value of investment properties comprising land situated at Lahore and Rawalpindi have been determined by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2019.

16.2 Forced sale value of these properties as at 30 June 2019 was Rupees 1,523.843 million (2018: Rupees 1,523.843 million).

16.3 Particulars of investment properties are as follows:

Description	Address	Total Area (Acres)
Land	Peshawar Road, Rawalpindi	43.95
Land	42-Lawrence Road, Lahore	4.95

	Note	2019	2018
		(Rupees in thousand)	

17. INTANGIBLES

	Note	2019	2018
Intangible assets	17.1	13,530	16,811

17.1 Intangible assets

	2019	2018
At beginning of the year	78,666	78,666
Additions during the year	5,219	-
At end of the year	83,885	78,666
Accumulated amortization		
At beginning of the year	61,855	53,460
Amortization for the year	8,500	8,395
At end of the year	70,355	61,855
Net book value	13,530	16,811

18. LONG TERM LOANS TO EMPLOYEES - Secured

	Note	2019	2018
Subsidiary Company - MLCFL			
House building		11,813	2,713
Vehicles		1,834	2,169
Others		16,100	9,938
		29,747	14,820
Less: Current portion shown under current assets	24	9,923	5,348
		19,824	9,472

18.1 These loans are secured against employees' retirement benefits of Subsidiary Company (MLCFL) and carry interest at the rates ranging from 6.00% to 12.00% (2018: 6.00% to 12.00%) per annum. These loans are recoverable in 30 to 60 monthly installments.

18.2 These include loans to executives amounting to Rupees 6.71 million (2018: Rupees 1.45 million). Further, no amount was due from directors and chief executive officer at the year end (2018: Rupees Nil).

	Note	2019	2018
		(Rupees in thousand)	
19. LONG TERM INVESTMENTS			
Debt instrument			
At amortized cost			
Sales tax refund bonds (Note 19.1)			
248 (2018: Nil) bonds of Rupees 100,000 each		24,800	-
Add: Accrued interest		19	-
		24,819	-

19.1 This represents investment in sales tax refund bonds having maturity period of three years issued by FBR Refund Settlement Company Limited under section 67A of the Sales Tax Act, 1990 against sales tax refund payment orders issued in favor of the Company. These bonds are carried at amortized cost using effective interest rate of 9.14% per annum.

	Note	2019	2018
		(Rupees in thousand)	
20. LONG TERM DEPOSITS			
Security deposits		109,469	106,249
Less: Current portion shown under current assets	25	-	(71)
		109,469	106,178
21. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores	21.1	3,899,937	3,543,722
Spare parts		3,979,433	3,899,461
Loose tools		130,910	115,282
		8,010,280	7,558,465
Less: Provision against slow moving items		(3,772)	(3,772)
		8,006,508	7,554,693

21.1 This includes stores in transit of Rupees 992.023 million (2018: Rupees 409.84 million).

	Note	2019	2018
		(Rupees in thousand)	

22. STOCK-IN-TRADE

	Note	2019	2018
Raw materials	22.1	2,403,607	1,502,953
Packing materials		184,690	152,114
Work-in-process		1,728,160	1,263,478
Finished goods	22.4	1,240,808	849,800
		5,557,265	3,768,345
Less: Provision against obsolete stock-in-trade	22.5	3,904	-
		5,553,361	3,768,345

22.1 Raw materials include stock in transit of Rupees 22.631 million (2018: Rupees 270.613 million).

22.2 Stock-in-trade of Rupees 89.737 million (2018: Rupees 45.678 million) is being carried at net realizable value.

22.3 Stock-in-trade includes stock of Rupees 75.628 million (2018: Rupees 41.245 million) with external parties for processing.

22.4 Finished goods include stock in transit of Rupees 36.272 million (2018: Rupees Nil).

22.5 Provision against obsolete stock-in-trade

	Note	2019	2018
		(Rupees in thousand)	
As at 01 July		-	-
Add: Provision for the year	33	3,904	-
As at 30 June		3,904	-

23. TRADE DEBTS

Considered good:

	Note	2019	2018
Secured (against letters of credit)		833,147	520,598
Unsecured		3,585,322	2,482,808
		4,418,469	3,003,406
Less: Allowance for expected credit losses	23.1	(190,835)	(25,932)
		4,227,634	2,977,474

23.1 Allowance for expected credit losses

	Note	2019	2018
Opening balance under IAS 39		25,932	-
Effect of change in accounting policy due to adoption of IFRS 9		134,258	-
Opening balance under IFRS 9		160,190	-
Recognized during the year		31,577	25,932
Bad debts written off during the year		(932)	-
Balance at end of year		190,835	25,932

23.2 As at 30 June 2019, trade debts of Rupees 2,131.329 million (2018: Rupees 2,178.432 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The aging analysis of these trade debts is as follows:

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
Upto 1 month		1,572,346	1,340,040
1 to 6 months		379,840	635,426
More than 6 months		179,143	202,966
		2,131,329	2,178,432

24. LOANS AND ADVANCES - Unsecured, considered good

	Note	2019	2018
Loans and advances to employees:			
- Executives		4,360	1,462
- Other employees		31,020	23,289
- Current portion of long term loans to employees	18	9,923	5,348
		45,303	30,099
Advances to Government:			
- Sales tax		2,519	1,271,086
- Excise duty		-	269,211
- Collector of customs	24.1	185,462	41,911
- Refunds from Government	24.2	17,399	16,797
		205,380	1,599,005
Advances to suppliers	24.3	917,663	1,088,213
Letters of credit		18,926	540,008
Provision against doubtful advances	24.4	-	4,243
		1,187,272	3,253,082

24.1 It pertains to advance given for clearance of import shipments.

24.2 This represents amount paid to Government under protest for various cases which have been decided in favor of MLCFL.

24.3 This includes an amount of Rupees 273.140 million (2018: Rupees 679.13 million) advanced to Ministry of Railways for transportation of coal and cement.

	Note	2019 (Rupees in thousand)	2018 (Rupees in thousand)
24.4 Movement in provision against doubtful advances			
As at 01 July		4,243	-
Add: Provision for the year	33	-	4,243
Less: Written off during the year		(4,243)	-
		-	4,243

	Note	2019	2018
		(Rupees in thousand)	
25. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS			
Current portion of long term deposits	20	-	71
Short term deposit			
Margin against:			
- Letters of credit		19,555	9,634
- Bank guarantees		135,281	98,014
Prepayments		59,278	26,200
		214,114	133,919
26. OTHER RECEIVABLES			
Considered good:			
Sales tax refundable		138,747	453,877
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		68,850	74,863
Insurance claims		-	941
Duty draw back receivable		180,520	198,034
Margin deposits with brokers		386,858	158,410
Unrealized gain on re-measurement of future contracts		12,769	-
Dividend receivable		4,467	5,149
Accrued interest		4,499	2,454
Others		38,868	59,507
		855,204	972,861
27. SHORT TERM INVESTMENTS			
FINANCIAL INSTRUMENTS			
Debt instruments			
Investment - Amortized cost	27.1	255,071	-
Equity instruments			
Investments - Fair value through profit or loss	27.2	3,487,394	3,480,826
NON-FINANCIAL INSTRUMENT			
Investment in gold	27.3	725,456	400,294
		4,467,921	3,881,120
27.1 Debt instruments - amortized cost			
Holding Company			-
Term deposit receipts		51,441	
Subsidiary Company - MLCL			-
Term deposit receipts		203,630	
		255,071	-

27.1.1 This represents term deposit receipt of United Bank Limited having maturity period of one year and carrying profit at effective rate of 10.40% (2018: Nil). It is under lien with the bank against guarantees given on behalf of the Group.

27.1.2 Effective interest on term deposit receipts ranged from 12.00% to 12.50% per annum.

27.2 Investments-Fair Value through profit or loss

	2019			2018		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	(Rupees in thousand)					
Holding Company						
Shares in listed companies						
Pakistan Reinsurance Company Limited Nil (2018: 25,000) fully paid ordinary shares of Rupees 10 each	-	-	-	1,220	(398)	822
Samin Textiles Limited Nil (2018: 30,000) fully paid ordinary shares of Rupees 10 each	-	-	-	206	(80)	126
D. S. Industries Limited Nil (2018: 20,000) fully paid ordinary shares of Rupees 10 each	-	-	-	77	15	92
Pervez Ahmed Securities Limited Nil (2018: 25,000) fully paid ordinary shares of Rupees 10 each	-	-	-	49	(25)	24
Bank AL Habib Limited Nil (2018: 400) fully paid ordinary shares of Rupees 10 each	-	-	-	23	9	32
Kohinoor Energy Limited Nil (2018: 200) fully paid ordinary shares of Rupees 10 each	-	-	-	9	(1)	8
Shifa International Hospitals Limited Nil (2018: 700) fully paid ordinary shares of Rupees 10 each	-	-	-	231	(42)	189
The Hub Power Company Limited Nil (2018: 5) fully paid ordinary shares of Rupees 10 each	-	-	-	1	-	1
Honda Atlas Cars (Pakistan) Limited Nil (2018: 55) fully paid ordinary shares of Rupees 10 each	-	-	-	48	(30)	18
Pak Suzuki Motor Company Limited Nil (2018: 13) fully paid ordinary shares of Rupees 10 each	-	-	-	10	(5)	5
Shell Pakistan Limited Nil (2018: 55) fully paid ordinary shares of Rupees 10 each	-	-	-	32	(14)	18
Biafo Industries Limited Nil (2018: 304) fully paid ordinary shares of Rupees 10 each	-	-	-	76	21	97
Thal Limited Nil (2018: 450) fully paid ordinary shares of Rupees 10 each	-	-	-	273	(58)	215
Abbot Laboratories (Pakistan) Limited Nil (2018: 92) fully paid ordinary shares of Rupees 10 each	-	-	-	86	(23)	63
Blessed Textile Limited Nil (2018: 17,300) fully paid ordinary shares of Rupees 10 each	-	-	-	4,158	1,988	6,146
The Bank of Punjab Nil (2018: 4,500) fully paid ordinary shares of Rupees 10 each	-	-	-	56	(2)	54
Engro Foods Limited Nil (2018: 1,500) fully paid ordinary shares of Rupees 10 each	-	-	-	134	(2)	132
	-	-	-	6,689	1,353	8,042
Subsidiary Company - MLCL						
Mutual funds						
ABL Cash Fund 37,473,361 (2018: 3,550,685 units)	375,169	5,812	380,981	36,811	814	37,625
Askari Sovereign Cash Fund 1,091,240 (2018: 994,976 units)	109,036	1,006	110,042	100,000	72	100,072
Alfalah GHP Sovereign Fund 1,108 (2018: 1,003 units)	122	(5)	117	106	5	111
Faysal Money Market Fund 1,005,648 (2018: 511,798 units)	101,357	826	102,183	51,948	2,615	54,563
NAFA Money Market Fund 20,294,665 (2018: 127,172,665 units)	159,966	40,184	200,150	1,298,558	24,673	1,323,231
HBL Government Securities Fund 1,130 (2018: 1,010 units)	119	-	119	106	-	106
HBL Cash Fund 530,679 (2018: 11,423,931 units)	53,252	238	53,490	1,177,657	32,862	1,210,519
HBL Money Market Fund 53,256 (2018: 52 units)	5,440	(2)	5,438	5	-	5
Primus Income Fund 1,124 (2018: 996 units)	124	(5)	119	105	6	111
Lakson Money Market Fund Nil (2018: 4,770,700 units)	-	-	-	500,871	2,856	503,727
UBL Liquidity Plus Fund 2,072,441 (2018: 47,530 units)	208,717	(56)	208,661	4,992	56	5,048
UBL Money Market Fund 1,167 (2018: 1,044 units)	123	(5)	118	105	5	110
Cash Management Optimizer Fund 1,057,550 (2018: Nil units)	106,332	-	106,332	-	-	-
First Habib Cash Fund 456 (2018: Nil units)	46	-	46	-	-	-
Alfalah Money Market Fund 3,245,133 (2018: Nil units)	316,237	1,630	317,867	-	-	-
JS Cash Fund 3,102,654 (2018: Nil units)	314,705	617	315,322	-	-	-
	1,750,745	50,240	1,800,985	3,171,264	63,964	3,235,228

	2019 Carrying value	2019 Unrealized gain / (loss)	2019 Market value	2018 Carrying value	2018 Unrealized gain / (loss)	2018 Market value
	----------- (Rupees in thousand) -----------					
Shares in listed companies						
Ghandhara Industries Limited 2 (2018: 1 fully paid ordinary shares of Rupees 10 each)	1	(1)	-	1	-	1
Orix Leasing Pakistan Limited 72 (2018: 353 fully paid ordinary shares of Rupees 10 each)	3	(1)	2	14	1	15
Bhanero Textile Mills Limited 6,551 (2018: 6501 fully paid ordinary shares of Rupees 10 each)	5,289	(153)	5,136	5,851	(601)	5,250
Masood Textile Mills Limited 50,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	4,452	(1,702)	2,750	-	-	-
Blessed Textiles Limited 67,301 (2018: 1 fully paid ordinary shares of Rupees 10 each)	26,328	(10,183)	16,145	-	-	-
Mari Petroleum Company Limited 75,423 (2018: 1 fully paid ordinary shares of Rupees 10 each)	101,273	(25,146)	76,127	2	-	2
Faran Sugar Mills Limited 86,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	6,908	(3,416)	3,492	-	-	-
Noon Sugar Mills Limited 250,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	19,824	(3,574)	16,250	-	-	-
Shahmurad Sugar Mills Limited 282,301 (2018: 1 fully paid ordinary shares of Rupees 10 each)	33,766	(12,475)	21,291	-	-	-
Engro Fertilizers Limited 500,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	38,735	(6,750)	31,985	-	-	-
Oil and Gas Development Company Limited 908,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	141,912	(22,519)	119,393	-	-	-
Feroze 1,888 Mills Limited 1,023,501 (2018: 1 fully paid ordinary shares of Rupees 10 each)	102,575	666	103,241	-	-	-
Kohinoor Mills Limited 2,273,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	75,009	(25,344)	49,665	-	-	-
Bank AL Habib Limited 2,893,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	245,596	(18,842)	226,754	-	-	-
Engro Polymer and Chemicals Limited 3,905,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	147,760	(42,482)	105,278	-	-	-
Bank Alfalah limited 4,351,001 (2018: 1 fully paid ordinary shares of Rupees 10 each)	207,362	(17,702)	189,660	-	-	-
Meezan Bank Limited 6,161,101 (2018: 1 fully paid ordinary shares of Rupees 10 each)	541,589	(4,588)	537,001	-	-	-
The Bank of Punjab 17,957,001 (2018: 1501 fully paid ordinary shares of Rupees 10 each)	242,235	(77,928)	164,307	18	-	18
Other Listed companies 374 (2018: 4,023,966) fully paid ordinary shares of Rupees 10 each	61	(16)	45	202,352	(2,144)	200,208
	1,940,678	(272,156)	1,668,522	208,238	(2,744)	205,494
Subsidiary Company - MLCFL						
Shares in listed company						
Next Capital Limited 1,500,000 (2018: 1,500,000) fully paid ordinary shares of Rupees 10 each & 1,875,000 (2018: 1,875,000) fully paid right shares of Rupees 8 each	30,000	(12,113)	17,887	30,000	2,062	32,062
	1,970,678	(284,269)	1,686,409	238,238	(682)	237,556
	3,721,423	(234,029)	3,487,394	3,416,191	64,635	3,480,826
27.3 NON-FINANCIAL INSTRUMENT						
Investment in gold						
Subsidiary Company - MLCL						
Gold - 8,786 Tola (2018: 6,656 Tola)	551,010	174,446	725,456	377,460	22,834	400,294

27.3.1 This gold is under the custody of Pakistan Mercantile Exchange Limited (PMEX).

	Note	2019	2018
		(Rupees in thousand)	

28. CASH AND BANK BALANCES

	Note	2019	2018
Cash in hand		25,801	7,891
Cash at bank:			
- On current accounts	28.1	221,806	431,118
- On saving accounts	28.1 & 28.2	745,344	665,734
		967,150	1,096,852
		992,951	1,104,743

28.1 The balances in current and deposit accounts include US $ 34,388,000 (2018: US $ 87,087) and GBP 1,825,000 (2018: GBP 2,000).

28.2 The balances in saving accounts carry interest ranging from 0.16% to 10.25% (2018: 0.16% to 6.50%) per annum.

	Note	2019	2018
		(Rupees in thousand)	
29. REVENUE			
Export sales		9,162,940	8,023,857
Local sales	29.1	37,816,984	35,229,804
Export rebate		46,550	40,074
Duty draw back		91,711	173,608
		47,118,185	43,467,343
29.1 Local sales		48,875,313	45,896,297
Less:			
Sales tax		5,706,262	5,757,487
Federal excise duty		4,874,102	4,433,636
Commission		335,899	141,565
Discount		142,066	333,805
		37,816,984	35,229,804
30. COST OF SALES			
Raw materials consumed	30.1	12,686,130	10,496,415
Salaries, wages and other benefits	30.2	2,710,629	2,489,812
Processing charges		37,113	26,232
Stores, spare parts and loose tools consumed		2,139,800	2,455,761
Packing materials consumed		2,508,559	2,029,024
Freight Forwarders		872,747	-
Fuel and power		13,198,010	11,114,047
Repair and maintenance		545,183	565,362
Insurance		194,940	85,574
Other factory overheads	30.3	369,763	370,988
Amortization		4,239	2,006
Depreciation	15.1.3	2,784,379	2,449,963
		38,051,492	32,085,184
Work-in-process			
Opening stock		1,263,478	1,395,315
Closing stock		(1,728,160)	(1,263,478)
		(464,682)	131,837
Cost of goods manufactured		37,586,810	32,217,021
Finished goods			
Opening stock		849,800	800,247
Closing stock		(1,240,808)	(849,800)
		(391,008)	(49,553)
Cost of sales		37,195,802	32,167,468

	2019	2018
	(Rupees in thousand)	
30.1 Raw materials consumed		
Opening stock	1,502,953	945,845
Add: Purchased during the year	13,586,784	11,053,523
	15,089,737	11,999,368
Less: Closing stock	(2,403,607)	(1,502,953)
	12,686,130	10,496,415

30.2 Salaries, wages and other benefits include provident fund contribution of Rupees 97.940 million (2018: Rupees 86.745 million), gratuity and compensated absences amounting to Rupees 23.05 million (2018: Rupees 35.22 million).

30.3 Other factory overheads include housing colony expenses aggregating to Rupees 76.41 million (2018: Rupees 71.32 million).

31. DISTRIBUTION COST

	Note	2019	2018
		(Rupees in thousand)	
Salaries and other benefits	31.1	244,425	224,216
Outward freight and handling		27,207	25,959
Clearing and forwarding		292,723	749,179
Commission to selling agents		28,442	101,888
Travelling and conveyance		211,390	101,705
Insurance		13,767	191
Vehicles' running		22,761	20,422
Electricity, gas and water		2,836	2,639
Postage, telephone and fax		9,140	9,899
Sales promotion and advertisement		536,476	391,837
Depreciation	15.1.3	4,298	4,041
Miscellaneous		100,960	93,305
		1,494,425	1,725,281

31.1 Salaries and other benefits include provident fund contribution of Rupees 9.402 million (2018: Rupees 8.273 million), gratuity and compensated absences amounting to Rupees 0.45 million (2018: Rupees 4.21 million).

32. ADMINISTRATIVE EXPENSES

	Note	2019	2018
		(Rupees in thousand)	
Salaries and other benefits	32.1	673,837	595,603
Travelling and conveyance		111,235	100,837
Repair and maintenance		48,748	40,734
Rent, rates and taxes		14,197	11,487
Insurance		10,258	14,193
Vehicles' running		43,941	36,476
Printing, stationery and periodicals		40,965	50,794
Electricity, gas and water		6,797	5,227
Postage, telephone and fax		30,026	25,239
Legal and professional		138,325	82,832
Security, gardening and sanitation		38,396	35,216
Amortization		4,261	6,389
Depreciation	15.1.3	93,012	109,402
Miscellaneous		143,139	221,514
		1,397,137	1,335,943

32.1 Salaries and other benefits include provident fund contribution of Rupees 21.099 million (2018: Rupees 19.696 million), gratuity and compensated absences amounting to Rupees 3.52 million (2018: Rupees 6.460 million).

	Note	2019	2018
		(Rupees in thousand)	
33. OTHER EXPENSES			
Auditor's remuneration	33.1	6,848	5,910
Donations	33.2	62,067	15,025
Intangible assets under development written off		-	11,974
Loss on disposal of investment		56,149	78,007
Workers' profits participation fund	11.4	255,337	379,134
Workers Welfare Fund		20,489	82,738
Provision against slow moving stores and spares		-	1,220
Provision against doubtful advances	24	-	4,243
Unrealized loss on re-measurements of forward contracts - shares		77,180	6,996
Loss on redemption of units of mutual funds - net		38,189	-
Loss on trading in gold futures contracts - net		26,826	-
Loss on trading in oil futures contracts - net		21,677	-
Exchange loss - net		153,591	-
Provision against obsolete stock in trade	22.5	3,904	-
Sales tax on packing material written off		154,311	-
Allowance for expected credit losses		31,577	932
Miscellaneous		5,452	5,671
		913,597	591,850

	2019	2018
33.1 Auditor's remuneration		
Riaz Ahmad and Company		
Audit fee	2,850	2,250
Certifications	-	107
Reimbursable expenses	381	336
	3,231	2,693
KPMG Taseer Hadi and Company		
Audit fee	2,068	1,668
Interim review	460	460
Interim audit and other certification	600	600
Reimbursable expenses	489	489
	3,617	3,217
	6,848	5,910

	Note	2019	2018
		(Rupees in thousand)	
33.2 Donations for the year have been given to:			
Gulab Devi Chest Hospital, Lahore		33,868	216
Miscellaneous donations in the form of cement		-	1,010
Bushra Shaheen		325	300
Jamia Masjid, Iskanderabad		-	2,135
Founder Group		-	30
Police Welfare Middle School		-	2,500
Daud Khel Health Care Centre		-	6,518
Jahanara Memorial Trust		-	1,000
Icare Foundation		-	500
Police station, Daud khel		-	216
Labor office, Mianwali		-	38
Beacon House National University		644	562
Shaukat Khanum Memorial Trust		300	-
District Police Office Mianwali		6,028	-
Daud Khel water supply project		17,215	-
District Management Mianwali		1,687	-
Mosque Lower Dir		1,000	-
Mr. Liaqat Qadri		1,000	-
		62,067	15,025

33.2.1 None of the directors and their spouses have any interest in the donee's fund.

	Note	2019	2018
		(Rupees in thousand)	
34. OTHER INCOME			
Income from financial assets:			
Exchange gain - net		-	112,755
Gain on disposal of investments at fair value through profit or loss - net		-	252,499
Gain on re-measurement of fair value of investments at fair value through profit or loss		-	49,893
Amortization of held-to-maturity investment		-	29,858
Return on bank deposits		43,611	52,685
Gain on trading in physical gold - net		803	-
Gain on re-measurement of investments - through profit or loss		13,358	-
Gain on trading in shares futures contracts - net		306,041	-
Interest income on sales tax refund bonds		10,697	-
Return on term deposit receipts		3,349	-
Interest on loans to employees		381	-
Dividend income		275,824	12,156
		654,064	509,846
Income from non-financial assets:			
Scrap sales		52,141	70,520
Long outstanding liabilities written back		493	-
Gain on disposal of property, plant and equipment	15.2	10,843	1,583
Gain on re-measurement of investment property	16	-	3,085
Unrealized gain on re-measurement of future contracts - gold		-	10,145
Unrealized gain on re-measurement of gold at fair value less cost to sell		-	22,834
Miscellaneous		10,866	3,721
		74,343	111,888
		728,407	621,734

	Note	2019	2018
		(Rupees in thousand)	

35. FINANCE COST

	Note	2019	2018
Mark-up / finance charges / interest on:			
Long term financing		652,132	297,412
Short term borrowings		869,486	520,328
Unwinding interest - Retention money payable		22,968	-
Liabilities against assets subject to finance lease		-	3,071
Workers' profits participation fund	11.4	9,896	27,132
		1,554,482	847,943
Exchange loss - net		-	257,372
Bank charges and commission		74,394	62,076
		74,394	319,448
		1,628,876	1,167,391

36. TAXATION

	Note	2019	2018
Current			
Current year		523,602	1,730,539
Prior year		13,516	(36,050)
		537,118	1,694,489
Deferred tax	10	303,312	(309,854)
		840,430	1,384,635

36.1 Reconciliation of tax charge for the year

	2019	2018
Profit before tax	5,216,755	7,101,144
Tax on profit @ 29% (2018: 30%)	1,512,859	2,130,343
Tax effect of lower rate on certain income / expenses	(453,102)	(867,741)
Tax effect of exempt income / permanent differences	(288,542)	(95,156)
Tax effect of super tax	34,076	184,854
Tax effect on prior year adjustment	2,964	(36,050)
Others	32,175	68,385
	840,430	1,384,635

37. EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share which is based on:

		2019	2018
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	3,127,607	3,524,928
Weighted average number of ordinary shares	(Numbers)	299,296,456	295,080,469
Earnings per share	(Rupees)	10.45	11.95

	Note	2019	2018
		(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		5,216,755	7,101,144
Adjustment for non-cash charges and other items:			
Depreciation		2,881,689	2,563,406
Amortization		8,500	8,395
Intangible assets under development written off		-	11,974
Finance cost		1,628,876	1,167,391
Gain on sale of property, plant and equipment		(10,843)	(1,583)
Interest income on debt instrument		(10,697)	-
Gain on re-measurement of investment properties		-	(3,085)
Provision against obsolete stock in trade		3,904	-
Dividend income		(275,824)	(12,156)
Allowance for expected credit losses		31,577	932
Return on term deposit receipts		(3,349)	-
Unrealized loss on re-measurements of forward contracts - shares		77,180	6,996
Advances written off		-	4,243
Provision for slow moving stores and spares		-	1,220
Sales tax on packing material written off		154,311	-
Employees' retirement benefits		25,990	46,058
Return on bank deposits		(43,611)	(52,685)
Working capital changes	38.1	248,174	(2,106,642)
		9,932,632	8,735,608

38.1 Working capital changes

	2019	2018
(Increase) / decrease in current assets:		
Stores, spare parts and loose tools	(451,815)	(251,543)
Stock-in-trade	(1,781,112)	(457,530)
Trade debts	(1,415,063)	(737,698)
Loans and advances	2,065,810	(2,289,486)
Security deposits and short term prepayments	(80,195	(10,785)
Short term investments	(586,801)	(666,294)
Other receivables	117,657	718,391
	(2,131,519)	(3,694,945)
Increase in trade and other payables	2,379,693	1,588,303
	248,174	(2,106,642)

38.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities						
	Issued, subscribed and paid-up capital	Share premium	Long term financing	Liabilities against assets subject to finance lease	Short term borrowings	Unclaimed dividend	Total
	(Rupees in thousand)						
Balance as at 01 July 2018	2,992,964	986,077	15,476,096	-	9,988,756	131,500	29,575,393
Proceeds from long term financing	-	-	4,149,549	-	-	-	4,149,549
Repayment of long term financing	-	-	(373,565)	-	-	-	(373,565)
Short term borrowings - net	-	-	-	-	(2,154,197)	-	(2,154,197)
Dividend declared	-	-	-	-	-	864,457	864,457
Dividend paid	-	-	-	-	-	(931,809)	(931,809)
Balance as at 30 June 2019	2,992,964	986,077	19,252,080	-	7,834,559	64,148	31,129,828

39. REMUNERATION OF CHIEF EXECUTIVE OFFICERS, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these consolidated financial statements in respect of remuneration including certain benefits to the Chief Executive Officers, Directors and Executives of the Group are given below:

	Chairman		Chief Executive Officer		Directors		Executives	
	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in Thousand)							
Managerial remuneration	28,275	26,273	65,700	47,704	47,255	44,317	228,665	187,805
Allowances	-	-	-	-	-	-	13	-
House rent	6,435	4,641	13,860	5,816	6,990	4,889	65,056	46,105
Conveyance	-	-	2,049	2,303	1,924	1,500	17,164	10,999
Medical	-	-	1,980	794	566	409	11,118	9,804
Utilities	-	1,456	10,390	4,400	5,575	3,758	33,778	28,104
Special allowance	-	-	12,240	8,106	3,150	2,890	23,471	20,272
Bonus					-		-	-
Contribution to provident fund	2,145	2,109	3,629	3,372	3,754	3,521	18,749	15,872
	36,855	34,479	109,848	72,495	69,214	61,284	398,014	318,961
Number of persons	1	1	3	3	6	6	106	89

The Chief Executive Officers, Directors and some of the Executives are provided with the Group's maintained vehicles, free medical facilities and residential telephone facilities for both business and personal use.

Executives are provided with the vehicles in accordance with the Group's policy.

The aggregate amount charged in these consolidated financial statements in respect of directors' meeting fee paid to 4 (2018: 4) non-executive directors was Rupees 386,666 (2018: Rupees 496,666).

No remuneration was paid to non-executive directors of the Group.

	2019	2018
	(Rupees in thousand)	
40. TRANSACTIONS WITH RELATED PARTIES		
Post employment benefit plan		
Contribution to provident fund	228,281	187,441
Contribution to gratuity fund	27,545	30,513

41. PLANT CAPACITY AND ACTUAL PRODUCTION

Holding Company

SPINNING:

	2019	2018
	(Numbers)	
- Rawalpindi Division		
Spindles (average) installed / worked	85,680	85,680
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	46,185	45,811
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	41,751	41,331
	(Numbers)	
Rotors (average) installed / worked	1,848	1,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	3,702	3,548
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	3,192	3,075
	(Numbers)	
- Gujar Khan Division		
Spindles (average) installed / worked	71,808	71,808
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	41,221	40,821
Actual production converted into 20s count based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	36,994	36,603

WEAVING:

	2019	2018
	(Numbers)	
- Raiwind Division		
Looms installed / worked	288	288
	(Square meters in thousand)	
100% plant capacity at 60 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	104,909	104,909
Actual production converted to 60 picks based on 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	96,355	95,710

	2019	2018
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	42,090	42,090
Actual production at 3 shifts per day for 1,095 shifts (2018: 1,095 shifts)	14,757	14,613
POWER PLANT:		
- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 365 days (2018: 365 days)	224,186	163,987
Actual generation		
Main engines	29,556	30,595
Gas engines	18,190	27,763
Solar	1,937	-
- Raiwind Division		
Annual rated capacity based on 365 days (2018: 365 days)	96,360	96,360
Actual generation	42,122	38,098

Stitching

The plant capacity of this division is indeterminable due to multi-product plant involving varying processes of manufacturing and run length of order lots.

REASONS FOR LOW PRODUCTION

- Due to stoppage for normal maintenance, doffing, change of spin plans and cloth quality.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.

Subsidiary Company - MLCFL

CEMENT:

	2019	2018
	(Metric tons in thousand)	
Clinker:		
Annual rated capacity (Based on 300 days)	3,600	3,360
Annual production for the year	3,542	3,530

42. SEGMENT INFORMATION

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Elimination of inter-segment transactions		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)															
SALES:																
EXTERNAL	10,936,431	9,018,757	4,153,705	3,461,876	6,129,999	5,352,907	25,898,050	25,633,803	-	-	-	-	-		47,118,185	43,467,343
INTER-SEGMENT	587,069	500,504	1,395,099	1,242,489	-	-	107,894	50,361	-	-	-	-	(2,090,062)	(1,793,354)	-	-
	11,523,500	9,519,261	5,548,804	4,704,365	6,129,999	5,352,907	26,005,944	25,684,164	-	-	-	-	(2,090,062)	(1,793,354)	47,118,185	43,467,343
COST OF SALES	(9,488,846)	(8,153,123)	(5,124,550)	(4,415,966)	(5,027,835)	(4,529,692)	(19,644,633)	(16,862,041)	-	-	-	-	2,090,062	1,793,354	(37,195,802)	(32,167,468)
GROSS PROFIT	2,034,654	1,366,138	424,254	288,399	1,102,164	823,215	6,361,311	8,822,123	-	-	-	-	-	-	9,922,383	11,299,875
DISTRIBUTION COST	(45,308)	(39,553)	(79,645)	(74,152)	(436,228)	(382,061)	(933,244)	(1,229,515)	-	-	-	-	-	-	(1,494,425)	(1,725,281)
ADMINISTRATIVE EXPENSES	(224,124)	(184,136)	(137,917)	(150,741)	(190,179)	(159,654)	(719,801)	(727,334)	(117,642)	(105,365)	(7,474)	(8,713)	-	-	(1,397,137)	(1,335,943)
	(269,432)	(223,689)	(217,562)	(224,893)	(626,407)	(541,715)	(1,653,045)	(1,956,849)	(117,642)	(105,365)	(7,474)	(8,713)	-	-	(2,891,562)	(3,061,224)
PROFIT BEFORE TAX AND UNALLOCATED INCOME AND EXPENSES	1,765,222	1,142,449	206,692	63,506	475,757	281,500	4,708,266	6,865,274	(117,642)	(105,365)	(7,474)	(8,713)	-	-	7,030,821	8,238,651
UNALLOCATED INCOME AND EXPENSES																
FINANCE COST															(1,628,876)	(1,167,391)
OTHER EXPENSES															(913,597)	(591,850)
OTHER INCOME															728,407	621,734
TAXATION															(840,430)	(1,384,635)
															(2,654,496)	(2,522,142)
PROFIT AFTER TAXATION															4,376,325	5,716,509

42.1 Reconciliation of reportable segment assets and liabilities

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Group	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
	(Rupees in thousand)													
TOTAL ASSETS FOR REPORTABLE SEGMENT	6,012,772	5,910,038	3,006,523	3,404,394	2,794,290	3,112,506	55,232,313	48,707,078	5,231,747	4,908,669	6,967,504	6,912,962	79,245,149	72,955,647
UNALLOCATED ASSETS													5,075,158	3,230,086
TOTAL ASSETS AS PER STATEMENT OF FINANCIAL POSITION													84,320,307	76,185,733

All segment assets are allocated to reportable segments other than those directly relating to corporate and tax assets.

	Spinning		Weaving		Processing and home textile		Cement		Investment		Power		Group	
TOTAL LIABILITIES FOR REPORTABLE SEGMENT	1,343,255	1,194,478	1,068,196	1,387,908	3,495,460	4,177,132	22,508,851	11,593,092	-	-	695,655	-	29,111,417	18,352,610
UNALLOCATED LIABILITIES													12,000,978	18,016,553
TOTAL LIABILITIES AS PER STATEMENT OF FINANCIAL POSITION													41,112,395	36,369,163

All segment liabilities are allocated to reportable segments other than trade and other payables, current and deferred tax liabilities.

42.2 Geographical Information

42.2.1 The Group's revenue from external customers by geographical location is detailed below:

	2019	2018
	(Rupees in thousand)	
Europe	1,762,049	2,664,714
America	4,714,368	3,423,634
Asia, Africa, Australia	2,824,784	2,149,191
Pakistan	37,816,984	35,229,804
	47,118,185	43,467,343

42.2.2 All non-current assets as at reporting date are located and operated in Pakistan.

42.3 Revenue from major customers

Revenue from major customers whose revenue accounts for more than 10% of the segment's revenue in Weaving segment was Rupees Nil (2018: Rupees 361 million) whereas in the Processing and home textile segment was Rupees 3,091 million (2018: Rupees 2,190 million).

42.4 Based on the judgment made by the management printing, dyeing and home textile operating segments of the Group have been aggregated into a single operating segment namely 'Processing and Home Textile' as these segments have similar economic characteristics in respect of nature of the products, nature of production process, type of customers, method of distribution and nature of regulatory environment.

43. PROVIDENT FUND RELATED DISCLOSURES

As at the reporting date, the provident fund trusts are in the process of regularizing investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by the Securities and Exchange Commission of Pakistan, which allows transition period of three years for bringing the trusts in conformity with the requirements of regulations.

44. NUMBER OF EMPLOYEES

	2019	2018
Number of employees as on 30 June	6,374	6,357
Average number of employees during the year	6,292	6,253

45. FINANCIAL RISK MANAGEMENT

45.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Group's finance department under policies approved by the Board of Directors. The Group's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or 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 Group is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD), Euro, CHF and Yen. Currently, the Group's foreign exchange risk exposure is restricted to bank balances and the amounts receivable / payable from / to the foreign entities. The Group's exposure to currency risk was as follows:

	2019	2018
	(Amounts in thousand)	
Cash at banks - USD	93	87
Cash at banks - GBP	2	2
Trade debts - USD	6,285	4,587
Trade and other payables - USD	4,077	6,600
Trade and other payables - Euro	12	-
Outstanding letters of credit - USD	244	9,964
Outstanding letters of credit - Euro	1,678	18,991
Outstanding letters of credit - CHF	-	18
Outstanding letters of credit - Yen	-	-
Net exposure - USD	2,057	(11,890)
Net exposure - Euro	(1,690)	(18,991)
Net exposure - CHF	-	(18)
Net exposure - GBP	2	2

The following significant exchange rates were applied during the year:

	2019	2018
Rupees per US Dollar		
Average rate	135.96	110.01
Reporting date rate	164.00	121.60
Rupees per Euro		
Average rate	157.07	132.06
Reporting date rate	186.37	141.57
Rupees per Yen		
Average rate	1.24	1.01
Reporting date rate	1.52	1.10
Rupees per CHF		
Average rate	138.74	113.88
Reporting date rate	168.03	122.32
Rupees per GBP		
Average rate	177.85	149.12
Reporting date rate	207.79	159.14

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, EURO, YEN and GBP with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 47.003 million, Rupees 14.961 million, Rupees Nil, and Rupees 0.018 million (2018: Rupees 11.405 million, Rupees Nil, Rupees Nil and Rupees 0.01 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(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 instruments traded in the market. The Group is also exposed to commodity price risk as it hold financial instruments based commodity prices.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange Limited (PSX) Index and Pakistan Mercantile Exchange Limited (PMEX) Index on the Group's profit after taxation for the year and on equity (fair value reserve). The analysis is based on the assumption that the indices had increased / decreased by 5% with all other variables held constant and all the Group's financial instruments moved according to the historical correlation with the indices:

Index	Impact on profit after taxation	
	2019	2018
	(Rupees in thousand)	
PSX 100 (5% increase)	71,672	10,438
PSX 100 (5% decrease)	(71,672)	(10,438)
PMEX (5% increase)	2,017	482
PMEX (5% decrease)	(2,017)	(482)

The Group's investment in mutual fund amounting to Rupees 1,800.985 million (2018: Rupees 3,235.229 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2019, if fair value (NAV) had been 1% higher / lower with all other variables held constant, profit before tax for the year would have been higher / lower by Rupees 15.308 million (2018: Rupees 27.499 million).

(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 Group has no significant long-term interest-bearing assets. The Group's interest rate risk arises from long term financing and short term borrowings. Financial instruments at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was:

	2019	2018
	(Rupees in thousand)	
Fixed rate instruments		
Financial Assets		
Sales tax refund bonds	24,819	-
Short term investment - term deposit receipt	203,630	-
Bank balances at PLS account	360,424	333,001
Financial liabilities		
Long term financing	1,921,718	1,648,400
Short term borrowings	2,501,500	6,496,178
Floating rate instruments		
Financial assets		
Short term investment - term deposit receipt	51,441	-
Bank balances - saving accounts	384,920	332,733
Financial liabilities		
Long term financing	17,330,362	13,827,696
Short term borrowings	5,333,059	3,754,512

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through statement of profit or loss. Therefore, a change in interest rate at the reporting date would not affect statement of profit or loss of the Group.

Cash flow sensitivity analysis for variable rate instruments

If interest rate at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 165.830 million (2018: Rupees 125.522 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting 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. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2019	2018
	(Rupees in thousand)	
Investments	3,742,465	3,480,826
Deposits	264,305	213,897
Trade debts	4,227,634	2,977,474
Other receivables	434,692	226,461
Loans and advances	65,127	39,571
Bank balances	967,150	1,096,852
	9,701,373	8,035,081

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate.

	Rating			2019	2018
	Short term	Long term	Agency	(Rupees in thousand)	
Banks					
Allied Bank Limited	A1+	AAA	PACRA	1,785	632
Askari Bank Limited	A1+	AA+	PACRA	64,005	133,639
Bank Al-Habib Limited	A1+	AA+	PACRA	82,876	133,982
Bank Alfalah Limited	A1+	AA+	PACRA	5,019	6,276
Bank Islami Pakistan Limited	A1	A+	PACRA	211,617	214,161
The Bank of Punjab	A1+	AA	PACRA	8,665	33,665
Burj Bank Limited			PACRA	-	9
Dubai Islamic Bank Pakistan Limited	A1+	AA	JCR-VIS	2,581	2,669
Faysal Bank Limited	A1+	AA	PACRA	13,662	25,018
Habib Bank Limited	A1+	AAA	JCR-VIS	18,468	44,097
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	32,218	59,546
Meezan Bank Limited	A1+	AA+	JCR-VIS	31,464	10,452
MCB Bank Limited	A1+	AAA	PACRA	227,653	230,961
National Bank of Pakistan	A1+	AAA	PACRA	26,126	21,420
MCB Islamic Bank Limited	A1	AA-	PACRA	197,611	33,392
Samba Bank Limited	A1	A	JCR-VIS	2,580	10,149
Silkbank Limited	A2	A-	JCR-VIS	58	61
Soneri Bank Limited	A1+	AA-	PACRA	101	127
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	2,508	2,515
Summit Bank Limited	not available		JCR-VIS	25	-
United Bank Limited	A1+	AAA	JCR-VIS	11,375	119,635
U Microfinance Bank Limited	A1	A	JCR-VIS	899	899
Al-Baraka Bank (Pakistan) Limited	A1	A+	PACRA	19,239	13,547
NRSP Microfinance Bank Limited	A1	A	PACRA	3,280	-
FINCA Microfinance Bank Limited	A1	A	PACRA	3,335	-
				967,150	1,096,852

The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 23 to these consolidated financial statements.

Due to the Group's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly the credit risk is minimal.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2019, the Group had Rupees 18,288 million (2018: Rupees 8,364 million) available borrowing limits from financial institutions and Rupees 992.951 million (2018: Rupees 1,104.743 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2019.

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	-------------------	(Rupees in thousand)	--------------------			
Non-derivative financial liabilities:						
Long term financing	1,946,718	2,164,509	242,554	225,610	454,437	1,241,908
Trade and other payables	1,811,574	1,811,574	1,811,574	-	-	-
Accrued mark-up	71,199	71,199	71,199	-	-	-
Short term borrowings	3,141,523	3,194,886	3,194,886	-	-	-
Unclaimed dividend	23,584	23,584	23,584	-	-	-
	6,994,598	7,265,752	5,343,797	225,610	454,437	1,241,908

Subsidiary Company

	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	----------------	(Rupees in thousand)	-----------------		
Non-derivative financial liabilities:					
Long term loans from banking	17,305,362	27,071,579	3,802,431	17,237,806	6,031,342
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	368,499	421,841	-	421,841	-
Trade and other payables	4,641,943	4,641,943	4,641,943	-	-
Unclaimed dividend	40,564	40,564	40,564	-	-
Accrued mark-up	583,027	583,027	583,027	-	-
Short term borrowings	4,693,036	4,693,036	4,693,036	-	-
	27,641,095	37,460,654	13,761,001	17,668,311	6,031,342
Subsidiary Companies					
Maple Leaf Capital Limited					
Derivative financial liabilities:					
Unrealized loss on re-measurement of futures contracts - shares	42,478	42,478	42,478	-	-

Contractual maturities of financial liabilities as at 30 June 2018.

Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
	-------------------	(Rupees in thousand)	--------------------			
Non-derivative financial liabilities:						
Long term financing	1,723,400	1,850,043	216,172	214,318	412,230	1,007,323
Trade and other payables	1,433,253	1,433,253	1,433,253	-	-	-
Accrued mark-up	53,646	53,646	53,646	-	-	-
Short term borrowings	4,203,854	4,282,507	4,282,507	-	-	-
Unclaimed dividend	20,757	20,757	20,757	-	-	-
	7,434,910	7,640,206	6,006,335	214,318	412,230	1,007,323

Subsidiary Company	Carrying amount	Contractual cash flows	Less than 1 year	Between 1 to 5 years	5 years and above
	---------------- (Rupees in thousand) ----------------				
Non-derivative financial liabilities:					
Long term loans from banking	13,752,696	20,391,834	1,934,266	11,792,200	6,665,369
Long term deposits	8,714	8,714	-	8,714	-
Retention money payable	310,735	388,660	-	388,660	-
Trade and other payables	3,642,426	3,642,426	3,642,426	-	-
Unclaimed dividend	110,743	110,743	110,743	-	-
Accrued mark-up	286,162	286,162	286,162	-	-
Short term borrowings	5,784,902	5,784,902	5,784,902	-	-
	23,896,378	30,613,441	11,758,499	12,189,574	6,665,369

Subsidiary Companies
Maple Leaf Capital Limited

Derivative financial liabilities:					
Unrealized loss on re-measurement of futures contracts - shares	12,680	12,680	12,680	-	-

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 note 6, note 12 and note 13 to these financial statements.

45.2 Financial instruments by categories

	Amortized cost	At fair value through profit or loss	Held to maturity	Total
	-------------(Rupees in thousand)-------------			
As at 30 June 2019				
Assets as per consolidated statement of financial position				
Investments	255,071	3,487,394	-	3,742,465
Deposits	264,305	-	-	264,305
Trade debts	4,227,634	-	-	4,227,634
Other receivables	421,924	12,768	-	434,692
Loans and advances	65,127	-	-	65,127
Cash and bank balances	992,951	-	-	992,951
	6,227,012	3,500,162	-	9,727,174

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost
	-------------(Rupees in thousand)-------------	
Liabilities as per consolidated statement of financial position		
Long term financing	-	19,252,080
Long term deposits	-	8,664
Retention money payable	-	368,499
Short term borrowings	-	7,834,559
Trade and other payables	-	6,453,517
Accrued mark-up	-	654,226
Unclaimed dividend	-	64,148
Unrealized loss on re-measurement of futures contracts - gold	42,478	-
	42,478	34,635,693

	Loans & receivables	At fair value through profit or loss	Held to maturity	Total
	-------------(Rupees in thousand)-------------			
As at 30 June 2018				
Assets as per consolidated statement of financial position				
Investments	-	3,480,826	-	3,480,826
Deposits	213,897	-	-	213,897
Trade debts	2,977,474	-	-	2,977,474
Other receivables	216,316	10,145	-	226,461
Loans and advances	39,571	-	-	39,571
Cash and bank balances	1,104,743	-	-	1,104,743
	4,552,001	3,490,971	-	8,042,972

	Financial liabilities at fair value through profit or loss	Financial liabilities at amortized cost
	-------------(Rupees in thousand)-------------	
Liabilities as per consolidated statement of financial position		
Long term financing	-	15,476,096
Long term deposits	-	8,714
Retention money payable	-	310,735
Short term borrowings	-	9,988,756
Trade and other payables	-	5,075,679
Accrued mark-up	-	339,808
Unclaimed dividend	-	131,500
Unrealised loss on re-measurement of futures contracts - shares	12,680	-
	12,680	31,331,288

45.3 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide 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 Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in Note 6 and Note 13 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The gearing ratio as at year ended 30 June 2019 and 30 June 2018 is as follows:

	2019	2018
	(Rupees in thousand)	
Borrowings	27,086,639	25,464,852
Total equity	43,207,912	39,816,570
Total capital employed	70,294,551	65,281,422
Gearing ratio	38.53%	39.01%

46. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the financial instruments 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 Group has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

	30 June 2019			
Recurring fair value measurements	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Financial assets				
Financial assets at fair value through profit or loss	3,487,394	-	-	3,487,394
Unrealized gain on re-measurement of futures contracts - shares	12,768	-	-	12,768
Total financial assets	3,500,162	-	-	3,500,162
Financial liabilities				
Unrealized loss on re-measurement of futures contracts - gold	42,478	-	-	42,478
Total financial liabilities	42,478	-	-	42,478

	30 June 2018			
	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Financial assets				
Financial assets at fair value through profit or loss	3,480,826	-	-	3,480,826
Unrealised gain on re-measurement of futures contracts - gold	10,145	-	-	10,145
Total financial assets	3,490,971	-	-	3,490,971
Financial liabilities				
Unrealised loss on re-measurement of futures contracts - shares	12,680	-	-	12,680
Total financial liabilities	12,680	-	-	12,680

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 values.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements as the Group has no investments which are classified under level 3 of fair value hierarchy table.

The Group'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 Group 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.

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices.

47. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgments and estimates made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

At 30 June 2019	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,725,309	430,096	3,155,405
Investment in gold	725,456	-	-	725,456
Total non-financial assets	725,456	4,518,064	430,096	5,673,616

At 30 June 2018	Level 1	Level 2	Level 3	Total
	--------- (Rupees in thousand) --------			
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,725,309	430,096	3,155,405
Investment in gold	400,294	-	-	400,294
Total non-financial assets	400,294	4,518,064	430,096	5,348,454

The Group's policy is to recognize 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 year. Further, there was no transfer in and out of level 3 measurements.

(ii) Valuation techniques used to determine level 1 & 2 fair values

The Group obtains independent valuations for its investment properties and freehold land (classified as property, plant and equipment) after regular intervals. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value of 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.

Investment in gold is non-financial asset. Its fair value is based on the quoted market price in active markets.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties and freehold land after regular intervals. As at 30 June 2019, the fair values of the investment properties and freehold land of the Holding Company have been determined by Anderson Consulting (Private) Limited. MLCFL's freehold land was revalued by Arif Evaluators, an independent valuer approved by Pakistan Banks' Association (PBA) in "any amount" category, at 22 June 2015.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

48. INTEREST IN OTHER ENTITIES

The Group's principal subsidiaries as at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interest held equals the voting rights held by the Group. The country of the incorporation or registration is also their principal place of business.

Name of the entity	Place of business / country of incorporation	Ownership interest held by the Group		Owner ship interest held by non-controlling interests		Principal Activities
		2019	2018	2019	2018	
Maple Leaf Cement Factory Limited	Pakistan	55.22%	55.22%	44.78%	44.78%	Production and sale of cement
Maple Leaf Capital Limited	Pakistan	82.92%	82.92%	17.08%	17.08%	To buy, sell, hold, or otherwise acquire or invest capital in financial instruments
Maple Leaf Power Limited	Pakistan	55.22%	55.22%	44.78%	44.78%	Generation, sale and supply of electricity
Kohinoor Capital Limited	Pakistan	82.92%	-	17.08%	-	To buy, sell, hold, or otherwise acquire or invest capital in financial instruments

48.1 Non controlling interests (NCI)

Set out below is summarized financial information for each subsidiary that has non-controlling interests that are material to the group. The amounts disclosed for each subsidiary are before inter-company eliminations.

	Maple Leaf Cement Factory Limited		Maple Leaf Capital Limited		Maple Leaf Power Limited		Kohinoor Capital Limited	
	2019	2018	2019	2018	2019	2018	2019	2018
	---------- (Rupees in thousand) ----------							
Summarized statement of financial position								
Current assets	14,206,878	12,731,681	5,067,389	4,904,755	1,671,984	1,507,513	196,787	-
Current liabilities	14,164,518	11,953,924	160,533	130,852	1,214,667	1,164,110	85,084	-
Current net assets	42,360	777,757	4,906,856	4,773,903	457,317	343,403	111,703	-
Non-current assets	51,750,897	45,996,847	75,668	3,915	6,295,520	5,405,449	267	-
Non-current liabilities	21,278,671	16,863,465	-	-	-	-	-	-
Non-current net assets	30,472,226	29,133,382	75,668	3,915	6,295,520	5,405,449	267	-
Net assets	30,514,586	29,911,139	4,982,524	4,777,818	6,752,837	5,748,852	111,970	-
Summarized statement of comprehensive income								
Revenue	26,005,944	25,699,113	417,542	340,608	3,918,083	2,591,719	81,949	-
Profit for the year	1,465,299	3,632,201	204,707	258,341	1,003,985	758,040	61,969	-
Other comprehensive loss	(25,209)	(20,275)	-	-	-	-	-	-
Profit allocated to NCI	656,161	1,626,500	34,964	44,125	449,584	339,450	10,584	-
Dividend paid to NCI	265,859	812,341	-	-	-	-	-	-
Summarized statement of cash flows								
Cash generated from / (used in) operating activities	6,280,960	5,771,557	(41,077)	(990,225)	961,592	356,097	5,185	-
Cash (used in) / from investing activities	(8,105,101)	(19,736,988)	(20,867)	35,353	(1,183,342)	(1,113,810)	655	-
Cash from / (used in) financing activities	1,815,157	13,170,378	-	-	199,865	774,481	50,000	-
Net (decrease) / increase in cash and cash equivalents	(8,984)	(795,053)	(61,944)	(954,872)	(21,885)	16,768	55,840	-

	2019	2018
	(Rupees in thousand)	
49. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Description		
Holding Company		
Loans / advances obtained as per Islamic mode:		
Loans		
Advances	88,617	125,443
Shariah compliant bank deposits / bank balances		
Bank balances	52,799	21,839
Profit earned from shariah compliant bank deposits / bank balances	3,906	-
Revenue earned from shariah compliant business	21,220,135	17,833,540
Gain / (loss) or dividend earned from shariah compliant investments		
Dividend income	327,839	1,002,415
Realized gain on disposal of short term investments	(3,117)	(10,413)
Unrealized gain on investments at fair value	-	1,353
Exchange gain earned	194,788	112,755
Mark-up paid on islamic mode of financing	-	-
Profits earned or interest paid on any conventional loan / advance		
Interest income on sales tax refund bonds	19	-
Profit earned on deposits with banks	8,290	12,762
Interest paid on loans	346,441	272,781

Relationship with shariah compliant banks

Name	Relationship at reporting date
Al-Baraka Bank (Pakistan) Limited	Bank balance
Bank Islami Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance
Meezan Bank Limited	Bank balance

	2019	2018
Subsidiary company (MLCFL)		
Loans / advances obtained as per Islamic mode:		
Loans	2,115,293	1,400,000
Advances	-	215,534
Shariah compliant bank deposits / bank balances		
Bank balances	217,905	220,535
Profit earned from shariah compliant bank deposits / bank balances	8,780	5,630
Revenue earned from shariah compliant business	26,005,944	25,699,113
Gain / (loss) or dividend earned from shariah compliant investments		
Dividend income	844	-
Realized gain on disposal of short term investments	13,358	-
Profits earned or interest paid on any conventional loan / advance	19	-
Profit earned on deposits with banks	12,330	25,112

Relationship with shariah compliant banks

Name	Relationship at reporting date
MCB Islamic Bank Limited	Bank balance and financing
Bank Islami Pakistan Limited	Bank balance
Dubai Islamic Bank Pakistan Limited	Bank balance
Al-Baraka Bank (Pakistan) Limited	Bank balance

50. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 20 September 2019 by the Board of Directors of the Holding Company.

51. NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

51.1 The Board of Directors of the Holding Company in their meeting held on 20 September 2019 has proposed a final cash dividend of Rupees 0.75 per share (7.5%) amounting to Rupees 224.472 million (2018: Rupees 299.296 million) for the year ended 30 June 2019.

The Board of Directors of the Subsidiary Company (MLCFL) in their meeting held on 19 September 2019, has proposed a final cash dividend of Rupees 0.5 per share (5%) amounting to Rupees 296.850 million (2018: Rupee 593.701 million) for the year ended 30 June 2019. The Board also proposed to issue 85% right shares at premium of Rupees 2 per share in proportion of 85 shares for every 100 shares.

Approval of the Members of both the Companies for the final dividend shall be obtained at Annual General Meeting to be held on 26 October 2019. The consolidated financial statements for the year ended 30 June 2019 do not include the effect of the proposed final cash dividend which shall be accounted for in the period ending 30 June 2020.

51.2 Under section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at the rate of 5% of accounting profit before tax of the Holding Company and MLCFL, if it does not distribute at least 20% of its after tax profit for the year within six months of the end of the year ended 30 June 2019 through cash. The requisite cash dividend has been proposed by the Board of Directors of the Holding Company and MLCFL in their meetings held on 20 September 2019 and 19 September 2019 respectively, which will be distributed within the prescribed time limit. Therefore, the recognition of any income tax liability in this respect is not considered necessary.

52. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant rearrangements have been made.

53. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE

PROXY FORM

I/We____

of ____

being a member of KOHINOOR TEXTILE MILLS LIMITED hereby appoint ___________________________

____

Name (Folio / CDC A/c No. if Member)

of ____

or failing him/her ____

Name (Folio / CDC A/c No. if Member)

of ____

as my/our proxy to attend, speak and vote for and on my/our behalf at the 51st Annual General Meeting of the Company to be held at its Registered Office, 42-Lawrence Road, Lahore, on Saturday, October 26, 2019 at 12:00 Noon and/or any adjournment thereof.

As witnessed given under my/our hand(s) ________________ day of October, 2019.

1. Witness:

Signature : ______________________

Name : ______________________

CNIC : ______________________

Address : ______________________

: ______________________

2. Witness:

Signature : ______________________

Name : ______________________

CNIC : ______________________

Address : ______________________

: ______________________

Affix
Revenue
Stamp of Rs. 5/-

____

Signature of Member / Attorney

Shares Held: _________________________

Folio No.	CDC Account No.	
	Participant I.D.	Account No.

CNIC No. | | | | | | – | | | | | | | | – | |

Notes:

1. Proxies, in order to be effective, must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed.

2. CDC beneficial owners and Proxy Holder must bring with them their Computerized National Identity Cards (CNIC)/Passports in original to prove his/her identity and in case of Proxy, CDC beneficial owners and Proxy Holder must enclose an attested copy of their CNIC/Passport with Proxy Form.

3. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee (unless it has been provided earlier) should be attached with the proxy form or may be provided at the time of meeting.

AFFIX

CORRECT

POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

کوہ نور ٹیکسٹائل ملز لمیٹڈ

42-لارنس روڈ، لاہور

تشکیلِ نیابت داری

میں/ہم --

ساکن --

بحیثیت حصہ دار کوہ نور ٹیکسٹائل ملز لمیٹڈ --

نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن -- یا بصورت دیگر --

نام (فولیو/سی ڈی سی اکاؤنٹ نمبر اگر ممبر ہو)

ساکن -- کو اپنی جگہ ہفتہ 26 اکتوبر 2019ء کو دوپہر بارہ (12:00) بجے رجسٹرڈ آفس 42-لارنس روڈ لاہور میں منعقد ہونے یا ملتوی ہونے والے 51ویں اجلاس عام میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا/کرتی ہوں۔

دستخط ------------------ مورخہ ---------- اکتوبر 2019ء

(ممبر/ ممبران)

ڈاک ٹکٹ کا رسیدی ٹکٹ چسپاں کر کے دستخط کریں

گواہان

1۔		2۔	
دستخط	------------------	دستخط	------------------
نام	------------------	نام	------------------
شناختی کارڈ نمبر	------------------	شناختی کارڈ نمبر	------------------
پتہ	------------------	پتہ	------------------

حامل عام حصص ------------------

سی ڈی سی کا شراکتی آئی ڈی اور اکاؤنٹ نمبر ------------------ فولیو نمبر ------------------

کمپیوٹرائزڈ شناختی کارڈ نمبر □□□□□-□□□□□□□-□

نوٹس:

(۱) پراکسیز کے مؤثر ہونے کیلئے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعہ دستخط گواہان اور رسیدی ٹکٹ کمپنی کو موصول ہو جانی چاہئیں۔

(۲) سی ڈی سی حصص داران اور پراکسی ہولڈر اجلاس ہذا میں اپنی شناخت ثابت کرنے کے لیے اپنے اصلی کمپیوٹرائزڈ قومی شناختی کارڈ/پاسپورٹ ساتھ لائیں اور پراکسی کی صورت میں سی ڈی سی حصص داران اور پراکسی ہولڈر اپنے کمپیوٹرائزڈ قومی شناختی کارڈ/ پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ لگائیں۔

(۳) کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی بمعہ نمائندہ کے دستخط (اگر پہلے مہیا نہیں کی گئیں) پراکسی فارم کے ساتھ لف کرنے ہوں گے یا اجلاس ہذا کے وقت مہیا کر سکتے ہیں۔

AFFIX

CORRECT

POSTAGE

The Company Secretary

KOHINOOR TEXTILE MILLS LIMITED
42-LAWRENCE ROAD, LAHORE
Tel: 042-36302261-62

KTM
Kohinoor Textile Mills Limited

ڈائریکٹرز رپورٹ (کنسالیڈیٹڈ)

ڈائریکٹرز 30 جون 2019 کو ختم ہونے والے سال کے لئے کوہ نور ٹیکسٹائل ملز لمیٹڈ (ہولڈنگ کمپنی) اور اسکی ذیلی کمپنیوں، میپل لیف سیمنٹ فیکٹری لمیٹڈ (55.22%)، میپل لیف پاور لمیٹڈ (55.22%)، میپل لیف کیپیٹل لمیٹڈ (82.92%) اور کوہ نور کیپیٹل لمیٹڈ (82.92%) (باہم ایک گروپ) کے نظر ثانی شدہ استحصال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ نے گزشتہ سال کے 9,922 ملین روپے کے مقابلے میں 11,300 ملین روپے کا مجموعی منافع کمایا ہے۔ گروپ نے اس سال 5,217 ملین روپے کا قبل از ٹیکس منافع کمایا جو گزشتہ سال 7,101 ملین روپے تھا۔

گروپ کے مجموعی نتائج حسب ذیل ہیں:

	2019	2018
	روپے ملین میں	
مجموعی فروخت	47,118	43,467
مجموعی منافع	9,922	11,300
آپریشنز سے نفع	6,846	8,269
مالی اخراجات	1,629	1,167
بعد از ٹیکس خالص منافع	4,376	5,717
	روپے	
فی حصص آمدنی۔ بنیادی اور ڈائیلوٹڈ	10.45	11.95

ذیلی کمپنیاں

میپل لیف سیمنٹ فیکٹری لمیٹڈ (MLCFL)

اس نے گزشتہ سال کی فروخت میں 1.20% کا اضافہ درج کیا ہے۔ 18.91% کا مجموعی منافع (30 جون 2018: 27.32%) کی رقم 4,917 ملین روپے (30 جون 2018: 7,023 ملین روپے) ظاہر کیا گیا ہے۔ اس نے ٹیکس کے بعد منافع 1,465 ملین روپے منافع کمایا ہے۔ (30 جون 2018: 3,632 ملین روپے)۔

میپل لیف پاور لمیٹڈ (MLPL)

ذیلی کمپنی (MLPL) نے موجودہ سال کے دوران ٹیکس کے بعد منافع 1,004 ملین روپے (30 جون 2018: 758 ملین روپے)

میپل لیف کیپیٹل لمیٹڈ (MLCL)

ذیلی کمپنی (MLCL) نے بعد از ٹیکس منافع 205 ملین روپے (30 جون 2018: 258 ملین روپے) کمایا ہے۔

کوہ نور کیپیٹل لمیٹڈ (KCL)

ذیلی کمپنی (KCL) 28 نومبر 2018 کو رجسٹرڈ ہوئی اور MLCL اس کے 100% شیئرز رکھتی ہے۔ KCL نے بعد از ٹیکس منافع 62 ملین روپے دورانیہ میں کمائے ہیں۔

اظہار تشکر

ڈائریکٹرز گروپ کے ارکان، مالیاتی اداروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گزار ہیں۔ وہ مختلف ڈویژنز میں کام کرنے والے ملازمین کی سخت محنت اور لگن کو بھی سراہتے ہیں۔

منجانب بورڈ آف ڈائریکٹرز

توفیق سعید سہگل
چیف ایگزیکٹو آفیسر

سید محسن رضا نقوی
ڈائریکٹر

لاہور: 20 ستمبر 2019ء

نام	عہدہ	اجلاسوں میں شرکت
جناب شفیق احمد خان	چیئرمین / آزاد ڈائریکٹر	4
جناب عارف اعجاز	رکن / نان ایگزیکٹو ڈائریکٹر	4
جناب سعید طارق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر	4
جناب ولید طارق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر	2

اجلاس میں شرکت نہ کر سکنے والے ارکان کو غیر شرکت کی باقاعدہ اجازت دی گئی تھی۔

آڈٹ کمیٹی کے چیئرمین 27 اکتوبر 2018 کو منعقدہ کمپنی کے گزشتہ AGM میں موجود تھے۔

ہیومن ریسورس اور ریمونریشن (HR & R) کمیٹی

نام	عہدہ
جناب شفیق احمد خان	چیئرمین / آزاد ڈائریکٹر
جناب عارف اعجاز	رکن / نان ایگزیکٹو ڈائریکٹر
جناب سعید طارق سہگل	رکن / نان ایگزیکٹو ڈائریکٹر
جناب دانیال توفیق سہگل	رکن / ایگزیکٹو ڈائریکٹر

سال کے دوران ہیومن ریسورس اور ریمونریشن کمیٹی کا ایک (01) اجلاس منعقد ہوا (تمام ارکان نے اجلاس میں شرکت کی)۔

نان ایگزیکٹو ڈائریکٹرز کے لئے ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریمونریشن پالیسی" منظور کی ہے، جس کی خصوصیات درج ذیل ہیں:

☆ کوئی ڈائریکٹر خود اپنا مشاہرہ متعین نہیں کرے گا۔

☆ ریگولر پیڈ چیف ایگزیکٹو، سپانسرز اور / یا فیملی ڈائریکٹرز اور کل وقتی کام کرنے والے ڈائریکٹرز کے علاوہ ایک ڈائریکٹر کی اجلاس فیس بغیر ٹیکس خالص رقم 10,000/ روپے (دس ہزار روپے صرف) فی اجلاس یا بورڈ اور اسکی کمیٹی کے اجلاس میں شرکت کے لئے بورڈ کی طرف سے وقتاً فوقتاً متعین کردہ کے مطابق ہوگی۔

☆ موجودہ وقت کے لئے اور / یا بعد میں ترمیم شدہ لاگو ایسی ادائیگی پر اگر کوئی ٹیکس کی ذمہ داری ہوئی تو کمپنی برداشت کرے گی۔

☆ کمپنی کے لئے اور اسکی جانب سے منعقدہ اجلاسوں میں شرکت اور دیگر امور کے لئے ڈائریکٹرز کی طرف سے خرچ کئے جانے والے تمام اخراجات، بشمول سفری، ہوٹل چارجز اور دیگر اخراجات کمپنی سے وصول کرنے کے اہل ہونگے۔

شیئر ہولڈنگ کا نمونہ

30 جون 2019 کے مطابق کمپنیز ایکٹ 2017 کے تحت کمپنی کے شیئر ہولڈنگ کا نمونہ منسلک کیا گیا ہے۔

اظہار تشکر

بورڈ اس موقع پر حصص داران، ملازمین، بینکوں، بینکوں اور دیگر اسٹیک ہولڈرز کے اعتماد اور یقین جو انھوں نے ہمیشہ ہم پر کیا، کے لئے دل کی گہرائیوں سے شکریہ ادا کرتا ہے۔

منجانب بورڈ

(توفیق سعید سہگل)
چیف ایگزیکٹو آفیسر

(سید محسن رضا نقوی)
ڈائریکٹر

لاہور: 20 ستمبر 2019ء

KTM
Kohinoor Textile Mills Limited

آڈیٹرز

ریٹائرڈ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے اہل ہونے کی بنا پر، دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ آئندہ سالانہ اجلاس عام میں ارکان کی منظوری کے حوالے سے بورڈ نے آڈٹ کمیٹی کی تجویز کے مطابق آڈیٹرز کی حیثیت سے تقرری کی منظوری دی ہے۔

بورڈ آف ڈائریکٹرز کی ترتیب

ڈائریکٹرز کی کل تعداد:

a)۔مرد 8

b)۔خاتون –

ترتیب:

آزاد ڈائریکٹرز 01

دیگر نان ایگزیکٹو ڈائریکٹرز 04

ایگزیکٹو ڈائریکٹرز 03

ڈائریکٹرز کے نام اور بورڈ کے اجلاس

زیر جائزہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار (04) اجلاس پاکستان میں منعقد ہوئے ہیں اور پاکستان سے باہر کوئی اجلاس منعقد نہیں ہوا۔ ہر ایک ڈائریکٹر کی طرف سے حاضری مندرجہ ذیل ہے:

نام	عہدہ	اجلاسوں میں حاضری
جناب شفیق احمد خان	آزاد ڈائریکٹر	4
جناب طارق سعید سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب سعید طارق سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب ولید طارق سہگل	نان ایگزیکٹو ڈائریکٹر	4
جناب عارف اعجاز	نان ایگزیکٹو ڈائریکٹر	4
جناب توفیق سعید سہگل	ایگزیکٹو ڈائریکٹر	4
جناب دانیال توفیق سہگل	ایگزیکٹو ڈائریکٹر	4
سید محسن رضا نقوی	ایگزیکٹو ڈائریکٹر	4

مندرجہ ذیل ایگزیکٹو ڈائریکٹرز دیگر کمپنیوں میں بھی نان ایگزیکٹو ڈائریکٹرز ہیں:

نام	کیٹگری	دیگر کمپنیوں میں ڈائریکٹرشپ کی تعداد
جناب توفیق سعید سہگل	ایگزیکٹو ڈائریکٹر	4
جناب دانیال توفیق سہگل	ایگزیکٹو ڈائریکٹر	3
جناب محسن رضا نقوی	ایگزیکٹو ڈائریکٹر	2

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کی ضروریات کے مطابق، درج ذیل کمیٹیاں تشکیل دی گئی ہیں:

آڈٹ کمیٹی

زیر جائزہ سال کے دوران، آڈٹ کمیٹی کے کل چار (4) اجلاس منعقد ہوئے اور ہر رکن کی حاضری مندرجہ ذیل ہے:

iii۔ ایندھن اور بجلی کی قیمتیں بڑھنے کی وجہ سے توانائی کی لاگت میں اضافہ۔

iv۔ آپریٹنگ اخراجات میں مجموعی طور پر افراطِ زر کا اضافہ۔

v۔ KIBOR میں اضافہ کے نتیجے میں سنٹرل بینک کی طرف سے ڈسکاؤنٹ شرح میں اضافہ کے باعث مالی لاگت میں اضافہ۔

کاروبار کی نوعیت میں تبدیلی

کمپنی یا اسکی ذیلیوں، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہو کے کاروبار کی نوعیت سے متعلقہ مالی سال کے دوران کوئی تبدیلی وقوع پذیر نہیں ہوئی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری قبول کرتی ہے اور مختلف خیراتی اداروں کے ذریعے سماجی ترقی کے منصوبوں کو مستقل بنیاد پر مالی مدد فراہم کر کے اپنی ذمہ داری کو پورا کرتی ہے۔ کمپنی کو پاکستان کے مرکز برائے خدمت خلق کی طرف سے سماجی اور خیراتی اداروں کے رہنما کے طور پر تسلیم کیا گیا ہے اور ان کیو میز جس میں اس کی موجودگی ہے، کا تخلیقی ممبر بننے کی کوشش کرتی ہے۔

کمپنی نے میڈیکل سوشل سائنسز پروجیکٹ میں حصہ لیا ہے اور اس سلسلے میں، گزشتہ مالی سال کے دوران، کمپنی کے بورڈ آف ڈائریکٹرز اور ذیلی کمپنی کے بورڈ نے گلاب دیوی چیسٹ ہاسپٹل (GDCH) لاہور کے تعلیم میڈیکل کالج میں ایڈمن بلاک کی تعمیر کی خاطر عطیہ دینے کا مشترکہ فیصلہ کیا ہے۔ آج تک، سائٹ پر تقریباً 40 فیصد کام مکمل ہو چکا ہے اور جنوری 2020 تک مکمل ہونے کی توقع ہے۔ اس منصوبے کی تکمیل کی کل لاگت 160 ملین روپے ہونے کی توقع ہے۔ اس کام کی بہتر نگرانی اور تکمیل کے لئے بورڈ کے ارکان کی ایک کمیٹی تشکیل دی گئی ہے۔

کمپنی نے ماضی میں بھی میڈیکل سوشل سائنسز پروجیکٹ میں حصہ لیا اور اس سلسلے میں، کمپنی نے گلاب دیوی چیسٹ ہاسپٹل (GDCH) لاہور میں سعید سہگل کارڈیک کمپلیکس تعمیر کر کے ایک جدید کارڈیک سہولت عطیہ کی تھی۔

کوہ نور سہگل لیف گروپ نے "کارپوریٹ سوشل ریسپانسیبلٹی بزنس ایکسیلینس ایوارڈ 2019" مختلف سماجی ذمہ داریوں کی کارکردگی کے سبب حاصل کیا ہے۔

کمپنی کے کاروبار کے ماحول پر اثرات

انتظامیہ ملز کے احاطے سے آلودہ پانی کے اخراج کے بعد اردگرد کے علاقوں میں اس کے نقصان دہ اثرات کو سمجھتی ہے۔ اردگرد کے واٹر ٹیبل پر پروسیسنگ میں استعمال ہونے والے کسی بھی کیمیکل کے ممکنہ طور پر نقصان دہ اثرات کو روکنے کے لئے، فیکٹری سے خارج ہونے والے پانی میں کسی بھی آلودگی کو کم سے کم یا ختم کرنے کے لئے ایک ویسٹ واٹر ٹریٹمنٹ پلانٹ تعمیر کیا ہے۔ اس کے علاوہ، کمپنی اہم منصوبوں کو متبادل پائیدار انرجی ذرائع میں تحقیق اور عملدرآمد کو جاری رکھتی ہے۔

کافی داخلی کنٹرول

ڈائریکٹرز داخلی مالیاتی کنٹرولز کی بابت اپنی ذمہ داریوں سے آگاہ ہیں اور بالترتیب بورڈ آف ڈائریکٹرز نے موثر اور آپریشنز کے موثر انعقاد، کمپنی کے اثاثوں کی حفاظت، لاگو قوانین وضوابط کی پاسداری اور قابل اعتماد فنانشل رپورٹنگ کو یقینی بنانے کیلئے داخلی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا ہے۔ کمپنی کا آزاد داخلی آڈٹ فنکشن مالی کنٹرول کے عملدرآمد کا باقاعدگی سے جائزہ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی بنیاد پر داخلی کنٹرول فریم ورک اور مالی حسابات کی موثرگی کا جائزہ لیتی ہے۔

مالی حسابات کی تیاری اور نمائندگی کیلئے انتظامیہ کی ذمہ داری

انتظامیہ پاکستان میں لاگو اکاؤنٹنگ اور رپورٹنگ معیارات اور کمپنیز ایکٹ 2017 (XIX of 2017) کی ضروریات کے مطابق مالی حسابات کی تیاری اور منصفانہ نمائندگی کے لئے اپنی ذمہ داری سے آگاہ ہے اور ایسا داخلی کنٹرول جو انتظامیہ متعین کرے، مالی حسابات کی تیاری کو فعال بنانے کے لئے ضروری ہے جو کسی مواد کی غلطی سے پاک ہو، چاہے وہ دھوکہ دہی یا سہوا ہو۔

آڈیٹرز کی رپورٹ

کمپنی کے موجودہ آڈیٹرز میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے سال کے لئے کمپنی کے مالی حسابات پر اپنی آزاد آڈیٹرز رپورٹ میں کمپنی کے امور پر ان کوالیفائیڈ رائے کا اظہار کیا ہے۔

ڈیویڈینڈ اور تصرفات

نتائج کو دیکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 30 جون 2019 کو ختم ہونے والے سال کے لئے 0.75 روپے فی شیئر یعنی 7.50 فیصد حتمی نقد منافع منقسمہ کا اعلان کیا ہے۔ یہ پہلے سے ادا شدہ عبوری نقد منافع منقسمہ 10 فیصد یعنی 1 روپیہ فی شیئر کے علاوہ ہے۔ اس طرح مجموعی نقد منافع منقسمہ 1.75 روپے فی شیئر یعنی 17.50 فیصد بنتا ہے۔

ڈائریکٹرز نے حسب ذیل سفارش کیا ہے:

تفصیل	روپے ہزاروں میں
ٹیکس سے پہلے منافع	2,280,935
ٹیکس کی فراہمی	(530,291)
ٹیکس کے بعد منافع	1,750,644
30 جون 2018 مختتمہ سال کے لئے اعلان کردہ حتمی منافع منقسمہ	(299,296)
30 جون 2019 مختتمہ سال کے لئے اعلان کردہ عبوری منافع منقسمہ	(299,296)
مجموعی منافع جو آگے لائے	6,542,187
مجموعی منافع جو آگے جائے گا	**7,694,239**

رائٹ اجراء

قرضہ کا لیول کم کرنے اور ڈیبٹ / ایکویٹی لیوریج کو بہتر بنانے کے لئے، میپل لیف سیمنٹ فیکٹری لمیٹڈ (MLCFL)، ذیلی کمپنی کے بورڈ آف ڈائریکٹرز نے رائٹ اجراء کے ذریعے کل 6,056 ملین روپے اکٹھے کرنے کا فیصلہ کیا ہے۔ اس سے بلند شرح سود کے لحاظ سے منافع پر منفی اثرات کا بہتر سامنا کرنے میں MLCFL کو مدد ملے گی۔ 12/- روپے فی شیئر (بشمول 2/- روپے فی شیئر پریمئم) کی قیمت پر ہر ایک 10/- روپے کے 85 فیصد رائٹ شیئرز جاری کرنے کی تجویز دی جارہی ہے، اس کے نتیجے میں تناسب یعنی حصص داران کو قابل تقسیم منافع کی تقسیم اور مستقبل کے کوئی کیپٹل اخراجات پورا کرنے کے لئے منافع کی دستیابی میں بھی اضافہ ہوگا۔

کمپنی MLCFL میں 327,836,727 عام شیئرز کی حصہ دار ہے۔ اس سے کمپنی ادائیگیوں اور مستقبل کے کیپٹل اپریسی ایشن کے منظم بہاؤ کے ذریعے ایکویٹی پر منافع حاصل کرنے کے قابل ہوجائے گی۔ بورڈ نے 12/- روپے (بشمول پریمئم 2/- روپے فی شیئر) کی قیمت پر ہر ایک 10/- روپے کے 278,661,217 رائٹ شیئرز کی سبسکرائبنگ کے طریقہ سے 3,343.935 ملین روپے کی مزید سرمایہ کاری کرکے رائٹ استحقاق خریدنے کی سفارش کی ہے تاکہ MLCFL آئندہ سالانہ عام اجلاس میں ارکان کی منظوری کے حوالے سے کمپنی کی ذیلی کمپنی برقرار رہے۔

مستقبل کے امکانات

ہمیں امید ہے کہ سپننگ اور ہوم ٹیکسٹائل ڈویژنز کے آئندہ نتائج کم از کم زیر جائزہ مدت جیسے منافع بخش ہوں گے اور نئی پراڈکٹ لائنز کے اضافہ کی بدولت مزید بہتر ہوں گے۔ اس کے علاوہ ہم مثبت محسوس کرتے ہیں کہ نئی حکومت برآمدات بڑھانے کے لئے پُرعزم ہے اور اس مقصد کو حاصل کرنے کے لئے اقدامات اٹھائے گی۔ ٹیکس نظام میں تبدیلیوں نے پہلے ہی ناخوشگوار اثرات مرتب کئے ہیں۔

بعد کے واقعات

کمپنی کے مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمپنی کی مالی پوزیشن کو متاثر کرنے والی کوئی تبدیلیاں یا معاہدے وقوع پذیر نہیں ہوئے ہیں۔

ادائیگیوں، ڈیبٹ / قرضہ کی نادہندگی

بہترین کاروباری طریقوں پر عملدرآمد کرتے ہوئے، کمپنی واجب الادا رقوم کی بروقت واپس ادائیگی کی اپنی ذمہ داری کو پورا کرتی ہے۔ زیر جائزہ سال کے دوران قرضہ / ڈیبٹ کی ادائیگی پر کوئی نادہندگی درج نہیں کرائی گئی۔

اصل خطرات اور غیر یقینی

i۔ عالمی اور علاقائی سطح پر مقابلہ بڑھنے کی وجہ سے برآمدی فروخت میں کمی۔

ii۔ روپیہ کی قدر میں کمی کی وجہ سے درآمدی خام کپاس، کیمیکلز اور ڈائیز کی قیمتوں میں اضافہ ہو رہا ہے، جو منافع مارجنز کو کم کر رہے ہیں۔

حصص داران کے لئے ڈائریکٹرز رپورٹ

کمپنیز ایکٹ، 2017 کی دفعہ 227 کی تعمیل میں، ڈائریکٹرز 30 جون، 2019 کو ختم ہونے والے سال کے لئے 51 ویں سالانہ رپورٹ معہ نظرثانی شدہ مالی گوشوارے اور ان پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

کوہِ نور ٹیکسٹائل ملز لمیٹڈ (کمپنی) پاکستان میں قائم شدہ ایک پبلک لمیٹڈ کمپنی اور پاکستان اسٹاک ایکسچینج لمیٹڈ میں درج شدہ ہے۔ کمپنی کا اصل کاروبار یارن اور کپڑے کی تیاری، کپڑے کی پروسیسنگ اور سٹیچنگ اور ٹیکسٹائل مصنوعات کی تجارت کرتا ہے۔

آپریشنز کا جائزہ

زیر جائزہ سال کے دوران، اسپننگ ڈویژن نے منافع میں نمایاں اضافہ کے ساتھ مضبوط نتائج ظاہر کئے۔ یہ اضافہ کمپنی کے لئے خام مال کی بروقت خریداری اور نئی ٹیکنالوجی میں بھاری سرمایہ کاری کے باعث پیداوار اور معیار میں اہم بہتریوں کی وجہ سے ہوا۔ مارکیٹیں فی الحال دستاویزی معیشت کے لئے حکومت کی کوششوں کی بدولت اضطراب کا سامنا کررہی ہے۔ ان عارضی مشکلات سے نمٹنے کے لئے، کمپنی نے اپنے پروڈکٹ مکس میں تھوڑا سا ردوبدل کیا ہے، جس کی گنجائش پیدا ہوئی ہے جسے دستاویزی اور رجسٹرڈ خریدار قبول کرسکتے ہیں۔ یہ ایک چیلنج رہا ہے لیکن اسے اطمینان بخش انداز میں نیوگیٹ کیا گیا ہے۔ ہم درآمد شدہ اور مقامی دونوں- خام مال کی خریداری شروع کرنے کے مراحل میں ہیں اور امید ہے کہ آنے والے سال میں بھی مالی نتائج مستحکم رہیں گے۔ کمپنی آلات کی جدیدکاری اور اسپننگ کی صلاحیت کو بڑھانے میں سرمایہ کاری جاری رکھتی ہے جس کی وجہ سے فروخت اور منافع میں مزید اضافہ ہوگا۔

لاگت میں کمی اور کارکردگی میں بہتری کے لئے ویونگ ڈویژن کی کوششیں اس کے نتائج سے ظاہر ہوتی ہیں۔ یہ کوششیں آئندہ بھی جاری رہیں گی کیونکہ کمپنی اپنی پوزیشن مستحکم کرنے میں کوشاں رہتی ہے۔

پچھلے سال کی نسبت کٹ اینڈ سیو ڈویژن کے مالی نتائج میں بہت زیادہ بہتری آئی ہے۔ ہم مزید بہتری کی توقع کرتے ہیں کیوں کہ کمپنی کی کمپلیکس مصنوعات تیار کرنے کی صلاحیت میں سرمایہ کاری کے اثرات نتائج دے رہے ہیں۔ فنشنگ پلانٹ میں ڈیجیٹل پرنٹنگ کی صلاحیت کو مزید بڑھانے کا منصوبہ ہے۔

راولپنڈی سائٹ پر کمپنی کے سولر پروجیکٹ کا دوسرا مرحلہ مکمل ہوچکا ہے اور یہ بہتر کام کر رہا ہے۔ مزید توسیع کا بھی منصوبہ بنایا جارہا ہے۔ مزید برآں، کمپنی کی رائے ونڈ سائٹ پر ایک شمسی منصوبہ شروع کیا گیا ہے۔ یہ پیشرفت ماحول دوست "گرین" کمپنی بننے کے KTML کے وژن کے مطابق ہیں۔

توانائی کی قیمتوں اور زرمبادلہ کی شرحوں میں آنے والی اصلاحات کے ساتھ، ہم توقع کرتے ہیں کہ رواں سال منافع بخش ثابت ہوگا جب برآمدات میں اضافے پر زیادہ زور دیا جائے گا جہاں ہمیں ترقی کا امکان نظر آتا ہے۔

مالیاتی جائزہ

زیر جائزہ سال کے دوران، کمپنی کی فروخت 18.99 فیصد کے اضافے سے 21,220 ملین روپے (2018:17,834 ملین روپے) رہی، جبکہ فروخت کی قیمت 15.00 فیصد کے اضافے سے 17,659 ملین روپے (2018:15,356 ملین روپے) زیادہ ہوئی۔ اس کے نتیجے میں مجموعی منافع 3,561 ملین روپے (2018:2,478 ملین روپے) رہا۔

زیر جائزہ سال کے لئے آپریٹنگ منافع 2,692 ملین روپے (2018:2,516 ملین روپے) رہا۔ کمپنی نے ٹیکس کے بعد منافع 1,751 ملین روپے (2018:1,664 ملین روپے) درج کیا ہے۔ 30 جون 2019 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی گزشتہ سال کی اسی مدت کی 5.64 روپے کے مقابلے موجودہ سال میں 5.85 روپے ہے۔

گروپ کا مالیاتی جائزہ

زیر جائزہ سال کے دوران، کمپنی کی مجموعی آمدنی بڑھ کر 47,118 ملین روپے (2018:43,467 ملین روپے) زیادہ، جبکہ فروخت کی قیمت 37,196 ملین روپے (2018:32,167 ملین روپے) زیادہ ہوئی۔ اس کے نتیجے میں مجموعی منافع 9,922 ملین روپے (2018:11,300 ملین روپے) کم ہوا۔ 30 جون 2019 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی گزشتہ سال کی اسی مدت کی 11.95 روپے کے مقابلے موجودہ سال میں 10.45 روپے رہی ہے۔

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