



**ANNUAL REPORT  
2020**



## **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. 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.

# IN THIS REPORT



**KTM** Kohinoor Textile Mills Limited

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 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.

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# 2020 YEAR AT A GLANCE







## ORGANISATIONAL OVERVIEW AND EXTERNAL ENVIRONMENT



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# 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.





## 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 158,544 ring spindles and 2,712 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.

## LEADING EDGE PRODUCTION CAPABILITIES

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 an endeavour to maintain 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 products:

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

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



# BUSINESS MODEL

Kohinoor Textile Mills Limited (KTML) is a Public Listed Company engaged in the manufacture of Textile based product. The Company aims to maximize shareholder value by adopting a unique marketing mix strategy which offers superior quality products at competitive prices. Through smart and efficient Marketing, the Company solidifies its hold in a vastly competitive market to certify that KTML is a renowned symbol of trust and ethical integrity. Management stringently monitors its KPI's to measure and predict drivers of change to design innovative emergent strategies to better explore potential opportunities and mitigate business risks.



## BUSINESS PROCESS

### INPUTS

**Financial Capital (Rs. in Million)**  
 17,971 in Equity  
 22,624 Total Assets  
 2,968 Long Term Loans

**Manufactured Capital**  
 158,544 Spindles Installed  
 2,712 Rotors Installed  
 288 Looms Installed

**Intellectual Capital**  
 Enterprise Resource  
 Management (ERP) software

**Human Capital**  
 6,392 Number of Persons  
 Employed

**Social and Relationship Capital**  
 Efficient Marketing Department  
 Supply Chain Department  
 Financial Institution

**Natural Capital (Rs. In '000)**  
 12,023 Raw material Consumed  
 2,400,944 Fuel Consumed  
 1,353,285 Stores, Spare Parts  
 and Loose Tools Consumed



### OUTPUT

**Yarn Produced (KG in '000)**  
 74,192

**Cloth Produced (Meter in '000)**  
 27,919

**Cloth Processed (Meter in '000)**  
 18,468

### OUTCOMES

<b>Financial Capital</b> .....	Rs. 3,090 Million contribution to national exchequer Rs. 35.51 Share Price At Year End Rs. 1.75 per share Final Cash Dividend declared in FY 2019 Rs. 21,845 Million in Net Sales USD 58.250 Million Earned through export sales
<b>Manufacturing Capital</b> .....	Vertically Integrated Textile Unit
<b>Human Capital</b> .....	Rs. 2,334 Million Salaries and wages paid
<b>Social and Relationship</b> .....	Rs. 16,046 Million Donation made
<b>Capital</b>	ISO 9001 & 14001
<b>Natural Capital</b> .....	Waste Water Treatment Plant Solar Park









# 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	
Ms. Jahanara Saigol	
Mr. Shafiq Ahmed Khan	
Mr. Zulfikar Monnoo	
Syed Mohsin Raza Naqvi	

## Audit Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Zulfikar Monnoo	Member
Mr. Sayeed Tariq Saigol	Member
Mr. Waleed Tariq Saigol	Member

## Human Resource & Remuneration Committee

Mr. Shafiq Ahmed Khan	Chairman
Mr. Zulfikar Monnoo	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  
Habib Bank Limited  
JS Bank Limited  
MCB Bank Limited  
Meezan Bank Limited  
National Bank of Pakistan  
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](http://www.kmlg.com)

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

A photograph of a textile mill interior. The scene is dominated by large, silver, cylindrical industrial pipes that run across the ceiling and down the length of the factory. In the foreground, a large, white, angular piece of machinery is visible. In the background, a worker in a red shirt is seen operating a machine. The lighting is bright, coming from overhead fluorescent fixtures. The overall atmosphere is industrial and clean.

## 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.

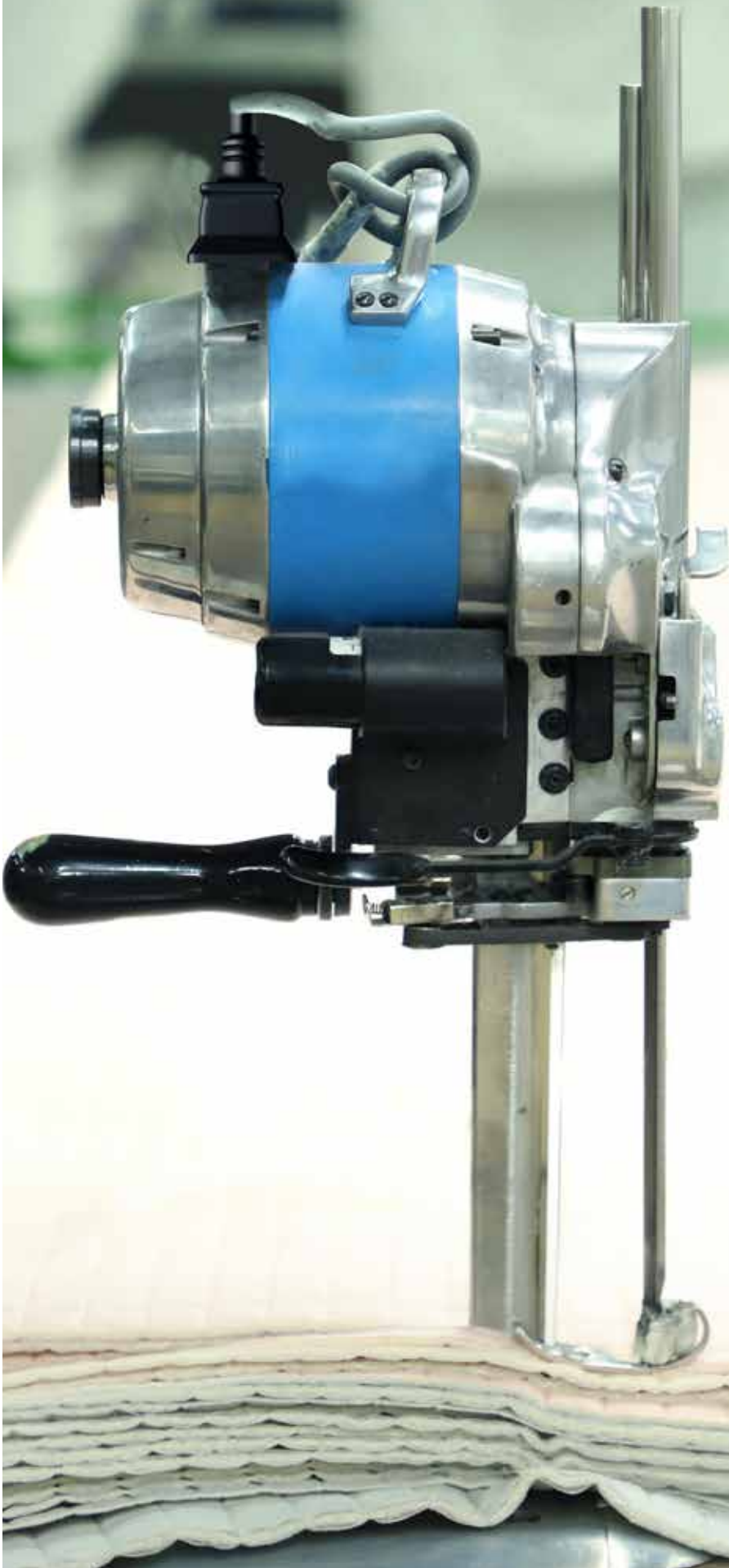
While the Company will ensure that all employees are fully aware of these principles, it is the responsibility of each employee to implement the Company's policies. Contravention is viewed as misconduct.

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 Company 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 two unlisted public limited companies, i.e. Maple Leaf Capital Limited (MLCL) and Maple Leaf Power Limited (MLPL).



**Kohinoor Textile Mills Limited (KTML)** is a parent Company of other three 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.

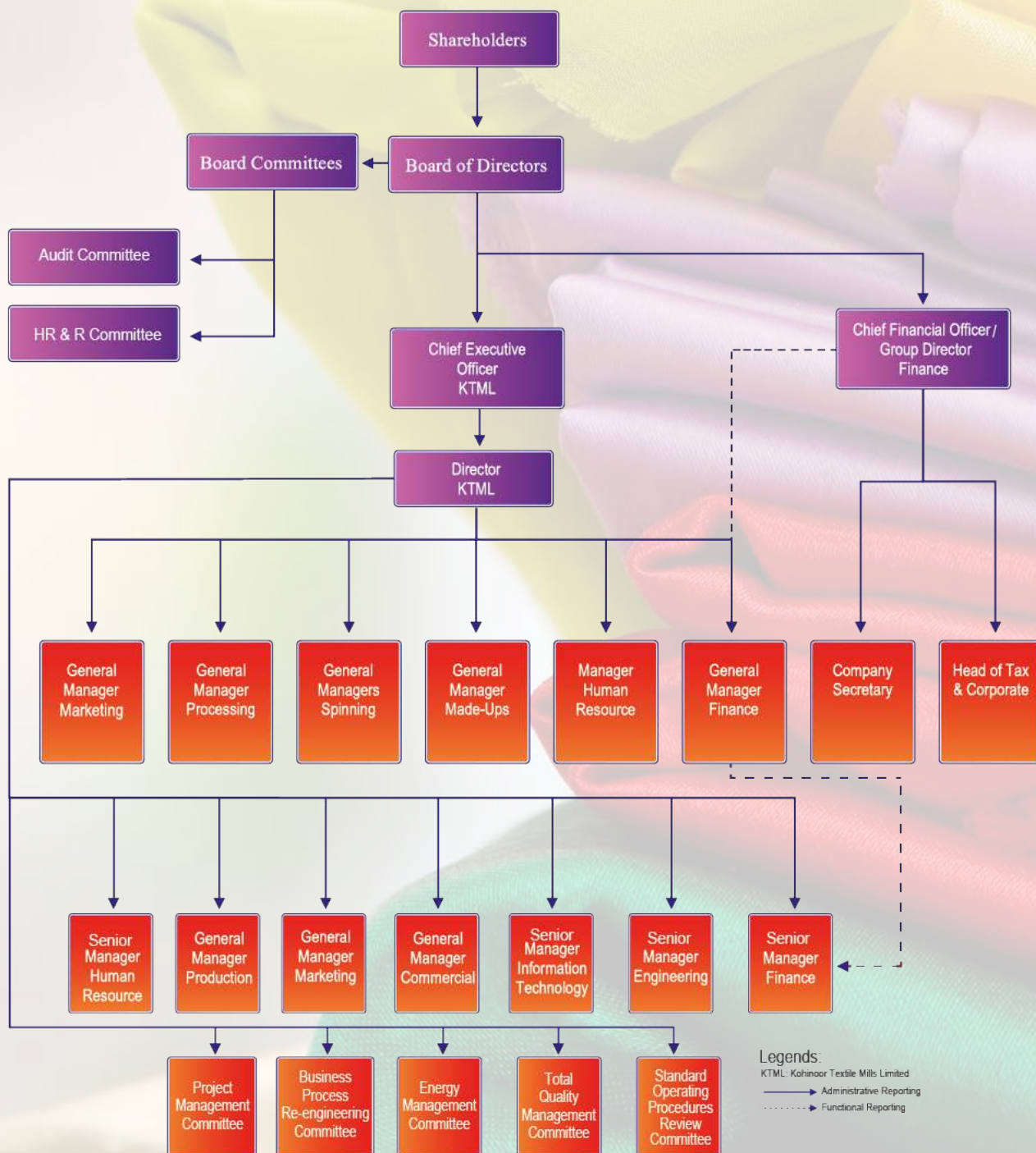
**Maple Leaf Cement Factory Limited (MLCFL)** was incorporated in Pakistan on 13 April 1960 under the Companies Act, 1913 (now the Companies Act, 2017) as a public company limited by shares. The Company is listed on Pakistan Stock Exchange. The cement factory is located at Iskanderabad District Mianwali 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 MLCFL, 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 MLCFL. 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. On 30 June 2020, Kohinoor Capital Limited (KCL), a company limited by shares, merged into 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



# FACTORS EFFECTING EXTERNAL ENVIRONMENT

External Component	Factors	Organizational response
Political	<ul style="list-style-type: none"> <li>• Frequent changes introduced by Government in regulations for doing business.</li> <li>• Reduced foreign investment badly impacting the performance of Pakistan stock exchange (PSX)</li> </ul>	<ul style="list-style-type: none"> <li>• Management proactively plans to manage the operations of Company in a way so that full compliance may be made with all applicable rules &amp; regulations.</li> <li>• Impact on financials for each new amendment is monitored by projection / analysis on continuous basis so that operational decisions may be made efficiently.</li> <li>• Exploring new export markets is an ongoing exercise to efficiently utilize production capacities.</li> <li>• Regular market analysis by senior management and the Board.</li> <li>• 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.</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Price hike in major input costs (imported materials) due to devaluation of local currency.</li> <li>• Inflation</li> <li>• Inconsistent economic policy</li> </ul>	<ul style="list-style-type: none"> <li>• The company met price hikes in input costs by:               <ol style="list-style-type: none"> <li>a) Efficient procurement of local &amp; imported cotton with better negotiation.</li> <li>b) Effective inventory management by meticulously reviewing inventory holding periods.</li> <li>c) Cost reduction initiatives to control production and non -production related fixed costs</li> </ol> </li> <li>• 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.</li> </ul>



External Component	Factors	Organizational response
Social	<ul style="list-style-type: none"> <li>• Stakeholders' inclination towards CSR compliant organizations</li> <li>• Better retention in organizations offering affordable health and educational facilities</li> <li>• Attitude change towards welfare of public at large</li> </ul>	<ul style="list-style-type: none"> <li>• Ensuring compliance with all requirements of Corporate Social responsibility</li> <li>• The Company supports provision of educational facilities for public at large and the Board has approved the construction of Al-Aleem medical college in Ghulab Devi Educational Complex.</li> </ul>
Technological	<ul style="list-style-type: none"> <li>• Technical obsolescence of production facilities</li> <li>• Continuous development of information technology infrastructures and Management Information Systems (MIS) software</li> <li>• Communication infrastructure</li> </ul>	<ul style="list-style-type: none"> <li>• Company has the most novel technology to avoid any risk of technical obsolescence and keep on investing on BMR.</li> <li>• 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.</li> <li>• 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.</li> </ul>
Legal	<ul style="list-style-type: none"> <li>• Enforcement of new Companies Act, 2017</li> <li>• Continuous amendment in the provisions of income tax ordinance 2001 and sales tax act 1990 resulting from finance bill on annual basis</li> <li>• Amendments in the requirements of code of corporate governance, Pakistan stock exchange rules and the requirements of SECP act</li> <li>• Severe FBR actions to deter non-compliance and late payments</li> <li>• Amendments in employment laws and industrial relations regulations</li> </ul>	<ul style="list-style-type: none"> <li>• Company has engaged an efficient team of professionals to ensure compliance with all enacted and or substantially enacted statutes, acts and ordinances. It further equips the company with an up to date knowledge of all prevailing legal requirements.</li> <li>• 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.</li> <li>• 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.</li> </ul>

External Component	Factors	Organizational response
Environmental	<ul style="list-style-type: none"> <li>• Attitude towards and support for renewable energy</li> <li>• Air pollution &amp; deforestation</li> <li>• Lowering of underground water belt</li> <li>• Growing attention towards “green” attitudes</li> </ul>	<ul style="list-style-type: none"> <li>• Company is successfully operating waste water treatment plant. Solar based power generation has also augmented the operational efficiencies of the Company.</li> <li>• 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.</li> <li>• Various water conservation plans are under process</li> <li>• 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.</li> </ul>

**Note:**

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.

**VALUE CHAIN ANALYSIS**

KTML’s principal business activity is to produce and sell yarn, grey cloth and home textile products. Manufacturing in textile involves blending of cotton, yarn, cloth, dyes & chemicals and various types of stitching accessories through various processes to achieve the desired output. To maintain machines operative at plant throughout the year, electricity is a vital component. KTML has its own captive power generation unit to supply electricity without any disruption. Power generation in KTML has diversified portfolio ranging from National grid, Gas/HFO based generations as well as solar based power generation.

On the upstream part of value chain, raw material for manufacturing includes local and imported cotton and man-made fibre etc. which are mainly arranged from best cotton producing areas in the country and from international markets as well. Being a leading textile based group in Pakistan, KTML enjoys very

strong relationships with suppliers in both markets.

KTML has invested heavily in maintaining a smooth flow of operations. The company has implemented a proactive approach to mitigate its risk of disruptions in the production process. Project Management Committee (PMC) is specialized in using various maintenance techniques such as predictive, preventive and proactive maintenance to keep in pace all the machinery and equipment for their adequate functionality and to increase cost effectiveness, machine uptime, and a greater understanding of the level of risk that the organization is presently managing. At KTML, the production and quality inspection processes are strictly monitored by highly qualified specialists, to ensure that the best possible products are manufactured for our valued customer.

Facilitating downstream along the value chain, KTML has an efficient marketing team which has close ties with our valued customers. Customers are always





our first priority. We obtain regular feedback from them regarding our products and for complaints/ suggestions if any, and these addressed by top management directly.

## CUSTOMER LANDSCAPING AND MARKET POSITIONING

### Threat of new competition

Threat of new competition is high as Pakistan is a country which has its major dependency in textile. Furthermore, threats from international markets is also high. In order to remain competitive, it is compulsory for the organization to remain update in respect of newer technologies and customers' requirements to produce high quality products at minimum cost.

### Threat from substitute products

To say that, textiles has decorated the world today won't be an overstatement. The beauty and colours which we find around us is just because of innovative and attractive textile products. From a commercial perspective there are no direct substitutes to textile, so threat from substitute products is not present at the moment.

### Bargaining power of customers

Bargaining power of customers is high as there is an intense threat of competition. Further technology and ever changing fashion trends has made operations of the textile more complex. In such rapid changing circumstances, only that venture may succeed who react proactively. In order to tap this risk factor, KTML has established an in house product development department who have the expertise to offer new designs and various types of product formations to address the changing customers' requirements in an efficient way.

### Bargaining power of suppliers

It is common practice for large manufacturing concerns to enjoy a wide supplier base who are eager to do business with it, KTML being no exception. The company has been doing business with a huge list of approved vendors, having a history of professional business ethics, to maintain a healthy competition. Thus the Company enjoys the healthy bargaining powers keeping the business norms intact. The Company has an extensive vendor selection process in place which is supervised by the Audit Department to ensure transparency and fairness. It is against

policy to accept goods or services from unapproved vendors.

Raw material is obtained from local as well as from international markets. Extensive LC lines are opened to facilitate ease of business with foreign parties, whereas fuel and other input costs are undertaken after extensive market research and negotiated to protect Company's interests.

### Intensity of Competitive Rivalry

Competitive forces are fairly strong in the textile sector which consists of rival companies aggressively competing with one another on price and market share. The textile companies are geographically situated all over in Pakistan that results in intensification of competition as far as market share and price are concerned. KTML has been working a lot to maintain its brand loyalty, market expansion, efficient supply chain and being the first preference of customers regarding its superior quality products.

KTML has always been the first priority of renowned international brands due to its superior quality. This distinction is giving an edge to the Company in such an intense competitive environment.

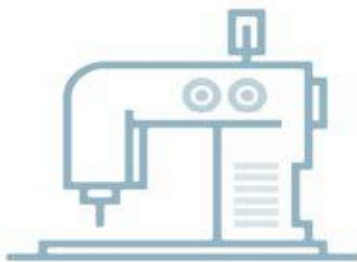
## EFFECT OF SEASONALITY ON BUSINESS IN TERMS OF PRODUCTION AND SALES

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.

## SIGNIFICANT CHANGES FROM PRIOR YEARS

In comparison to the prior years, the group structure has changed with the merging of Kohinoor Capital Ltd into Maple Leaf Capital Ltd. External environment is constantly changing and rise in raw material prices globally followed by devaluation of Pak. Rupee in comparison to US Dollar have affected the profitability of the Company.



## STRATEGY AND RESOURCE ALLOCATION

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# STRATEGIC OBJECTIVES 2020-2021

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;
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 2019-20 and will continue in the year 2020-21. 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.

### SIGNIFICANT CHANGES FROM PRIOR YEARS

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

### ENTITY'S SIGNIFICANT RESOURCES AND ALLOCATION PLAN

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 with reduced payment cycle. 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

The Company continues its investments in sustainability and renewable energy, with the commencement of a large-scale rain water harvesting project at its main manufacturing site in Rawalpindi. The first phase of solar energy project has been completed at the Rawalpindi site and the next project is planned for the Gujar Khan site which should be off the ground within the year. Further management is continuing with its policy of renewal of plant, machinery and equipment, with emphasis on improving quality and increasing output in its Spinning divisions. Greater emphasis is being placed on increasing our value-added production in the Home Textiles division so increase in exports can be achieved in the coming years.

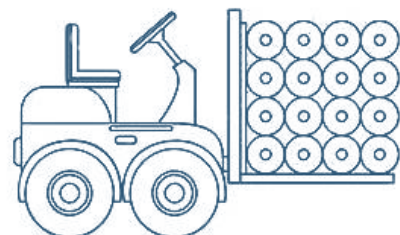




## RISKS AND OPPORTUNITIES

Risks and Opportunities Analysis  
Key Risks and Opportunities of Capitals

**33**  
**33**





# RISKS AND OPPORTUNITIES ANALYSIS

## OBJECTIVES:

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:

### A. 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.

### B. KEY RISKS AND OPPORTUNITIES OF CAPITALS

FORM OF CAPITAL	KEY RISK	KEY OPPORTUNITIES
Financial Capital	Increased raw material and power cost	Resumption in business activities after prolonged covid-19 lockdown and future reduction in interest rates.
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	Power generation through Solar based power plants. Easy access to local raw materials for yarn and fabric manufacture.
Intellectual Capital	Frequent changes	Inhouse / purchased software provide competitive advantage to cater customer / operational requirements efficiently.

### C. 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.

#### D. 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.

E. CORPORATE OBJECTIVES, RISKS AND MITIGATION STRATEGIES

Corporate Objective	Risk	Assessment	Mitigation Strategies
<p><b>Industry Competition:</b> To maintain Company's prominent position among leading export oriented Textile Companies.</p>	<p><b>Strategic Risk:</b> There is increasing competition among existing market players. Further, threat from new entrants are foreseen in the operating segment. <b>Source: External</b></p> <p><b>Commercial Risk:</b> Increasing prices of raw material &amp; overheads may affect the buying potential of customers and profit margins. <b>Source: External</b></p>	<p><b>Likelihood:</b> Medium <b>Magnitude:</b> High</p> <p><b>Likelihood:</b> Medium <b>Magnitude:</b> High</p>	<p>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.</p>
<p><b>Legislative and Legal Environment:</b> To operate in a stable market being compliant with all relevant laws of the country and international regulations.</p>	<p><b>Strategic Risk:</b> More stringent legal requirements within the Country and in exportable markets. Changes and Reforms in existing laws &amp; regulations and legal uncertainties. <b>Source: External</b></p> <p><b>Commercial Risk:</b> Demand from international customers for being compliant for labor, health &amp; safety and raw material quality standards. <b>Source: External</b></p>	<p><b>Likelihood:</b> High <b>Magnitude:</b> Medium</p> <p><b>Likelihood:</b> Low <b>Magnitude:</b> High</p>	<p>Management exercises due care for procurement of raw materials. To meet the Health and Safety standards Company is actively following requirements of various certifications.</p>
<p><b>Technology:</b> To produce the best and highest quality product that meets the demands of Customers and quality standards.</p>	<p><b>Strategic Risk:</b> Technological shift may render production process obsolete and cost inefficient. <b>Source: External</b></p>	<p><b>Likelihood:</b> Low <b>Magnitude:</b> High</p>	<p>Management continuously investing considerable amounts for upgradation of technological infrastructure in order to remain competitive and cost efficient.</p>
<p><b>Operations:</b> To ensure continuity of operations without any disruptions in supply of resource, continuous production and minimize idle time.</p>	<p><b>Operational Risk:</b> 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. <b>Source: External/Internal</b></p>	<p><b>Likelihood:</b> Low <b>Magnitude:</b> High</p>	<p>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 &amp; services to the Company.</p>



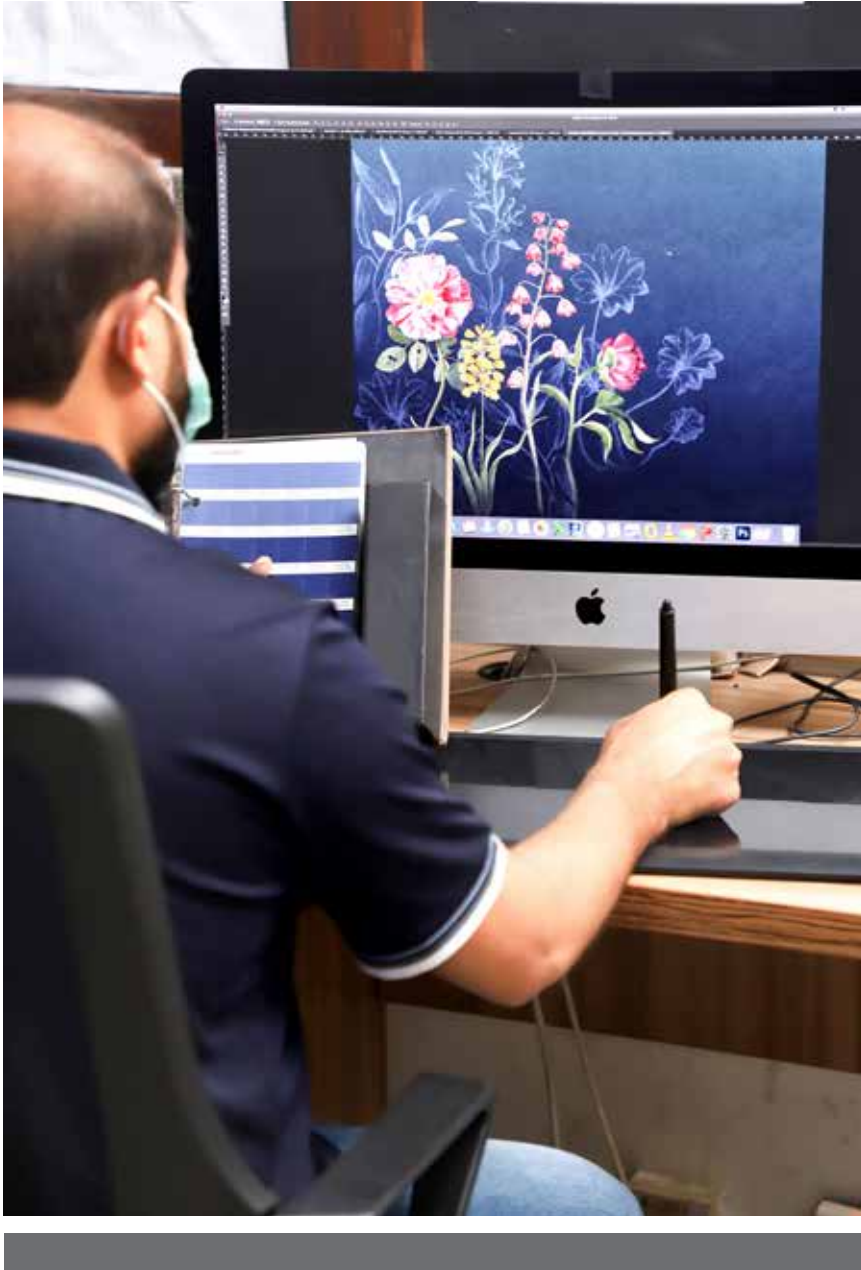
Corporate Objective	Risk	Assessment	Mitigation Strategies
<p><b>Human Capital:</b> To recruit and retain the best people and provide adequate training to ensure high quality skilled force.</p>	<p><b>Operational Risk:</b> Loss of the qualified and competent staff. <b>Source: Internal</b></p>	<p><b>Likelihood:</b> Low <b>Magnitude:</b> Low</p>	<p>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.</p>
<p><b>Health and Safety:</b> To ensure health and safety of employees in workplaces.</p>	<p><b>Operational Risk:</b> Accidents can take place which can cause serious injuries to employees. <b>Source: Internal</b></p> <p>Unforeseen calamities and natural disasters may result in human loss. <b>Source: External</b></p>	<p><b>Likelihood:</b> Low <b>Magnitude:</b> Medium</p>	<p>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.</p>
<p><b>Environment:</b> To ensure environment friendly products and processes.</p>	<p><b>Operational Risk:</b> Hazardous emissions and discharges into air and water beyond the prescribed limits.</p> <p>Waste from operations may be disposed of in an inappropriate manner. <b>Source: Internal</b></p>	<p><b>Likelihood:</b> Low <b>Magnitude:</b> Medium</p>	<p>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.</p>
<p><b>Finance:</b> To maintain strong financial position and produce financial performance which is reflective of the Company's scale of business and Shareholders' expectations</p>	<p><b>Financial Risk:</b> Increase in the cost of borrowing may limit the avenues for availability of sufficient working capital. <b>Source: External</b></p> <p>Payment defaults by counter parties may leave the Company with inadequate resources for discharging its own liabilities. <b>Source: External</b></p> <p>Devaluation of Pak. Rupee may further adversely affect the raw materials cost of spinning segment. <b>Source: External</b></p>	<p><b>Likelihood:</b> Low <b>Magnitude:</b> Medium</p> <p><b>Likelihood:</b> Low <b>Magnitude:</b> Medium</p> <p><b>Likelihood:</b> Low <b>Magnitude:</b> Medium</p>	<p>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.</p> <p>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.</p>

## F. 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
<p>Growing demand in local market</p> <p>Source: External</p>	<p>Social and relationship capital and Financial Capital</p>	<p>The company has increased its capacity of fabric printing by adding a latest machine of digital printing technology.</p>
<p>Cost reduction by using innovative production technology.</p> <p>Source: Internal</p>	<p>Manufactured capital</p>	<p>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.</p>
<p>Development of human relations/resource.</p> <p>Source: Internal</p>	<p>Human capital</p>	<p>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.</p>
<p>Improvements in the business process.</p> <p>Source: Internal</p>	<p>Financial capital</p>	<p>The company can capture healthy profits through its ability to:</p> <ul style="list-style-type: none"> <li>• Operate at maximum capacity</li> <li>• efficient cash management system</li> <li>• making sound liquid investments</li> <li>• effective control over inventory</li> </ul>



## CORPORATE BRIEFING

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# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 52nd Annual General Meeting of the members of Kohinoor Textile Mills Limited (the "Company") will be held on **Tuesday, October 27, 2020 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, 2020 together with the Chairman's Review, Directors' and Auditors' Reports thereon.
- 2) To approve final cash dividend for the year ended June 30, 2020 at Re. 1/- per share i.e. 10%, 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 i.e. 10%, thus making a total cash dividend at Rs.2/- per share i.e. 20% for the year.
- 3) To appoint Auditors for the year ending on June 30, 2021 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 who being eligible have offered 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 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, 2020 to October 31, 2021 (both days inclusive) at the mark-up rate of one percent above 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 26, 2019 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.1,500 million which is valid till October 31, 2020.

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."

- 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 Capital Limited, a subsidiary of the Company, upto an aggregate sum of Rs. 500 million (Rupees five hundred million only) for a period of one year commencing November 01, 2020 to October 31, 2021 (both days inclusive) at the mark-up rate of one percent above three months KIBOR or one percent above the average borrowing cost of the Company, whichever is higher.

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, 2020 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, 2020 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, 2021 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, 2021.

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



(Muhammad Ashraf)  
Company Secretary

Lahore:  
October 06, 2020

#### NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2020 to October 27, 2020 (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 19, 2020 will be considered in time for the purpose of above entitlement 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 Holders 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 Holders 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 and must be duly stamped, signed and witnessed. 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. In light of the threat by the evolving coronavirus (COVID-19) situation, the Securities and

Exchange Commission of Pakistan vide Circular No. 5 dated March 17, 2020 has advised the Company to modify their usual planning for Annual General Meeting (the “AGM”) in order to protect the well-being of the shareholders.

The shareholders who are interested to attend the AGM through Video Conferencing, are hereby requested to get themselves registered with the Company Secretary office by providing the following detail at the earliest but not later than 72 hours before the time of AGM (i.e. before 12:00 Noon on October 24, 2020) through following means:

- a) Mobile/WhatsApp: 0321-7775170
- b) E-mail: muhammad.ashraf@kmlg.com

Shareholders are advised to mention Name, CNIC Number, Folio/CDC Account Number, cell number and e-mail ID for identification.

Upon receipt of the above information from the interested shareholders, the Company will send the login credentials at their e-mail addresses. On the date of AGM, shareholders will be able to login and participate in the AGM proceedings through their smartphone/computer devices.

In view of the above, the shareholders can also provide their comments/suggestion for the proposed agenda items of the AGM by using the aforesaid means.

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](http://www.kmlg.com) in order to avail this facility. The audited financial statements for the year ended June 30, 2020 are available on website of the Company. Further, the Company has sent its Annual Report 2020 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 may contact at the Registered Office of the Company to collect / enquire about their unclaimed physical dividends / physical shares, if any;
7. 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.
8. Shareholders are requested to notify / update the following information & documents with their respective CDS participants and in case of physical shares to our Share Registrar, if not earlier notified / updated: -
  - 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. Individual Members who have not yet submitted a copy of their valid Computerized Identity Card (CNIC) to the Company are once again requested to send a copy of their valid CNIC at the earliest directly to the office of Share Registrar of the Company, Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore. Corporate Members are requested to provide their National Tax Number (NTN) and folio number thereon while sending the copies to the Share Registrar of the Company. In case of non-receipt of the copy of a valid CNIC or NTN (as the case may



be), the Company would be unable to comply with the requirements of the Companies Act, 2017 and SROs issued thereunder;

- d. 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](http://www.fbr.gov.pk) of the Federal Board of Revenue (FBR), despite the fact that the shareholder is a filer, before entitlement date i.e. October 19, 2020, otherwise tax on their cash dividend will be deducted @30% instead of 15%;
- e. 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 19, 2020 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)	

- f. Withholding tax exemption from dividend income shall only be allowed if copy of valid tax exemption certificate is made available to our Share Registrar, Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore;
- g. Members are requested to submit their Notarized Declarations (CZ-50) as per Zakat & Ushr Ordinance, 1980 if they want to claim exemption towards non-deduction of zakat on cash dividend;
- h. 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.





## STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017:

### Agenda Item Number 4 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 606,497,944 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 11, 2020 has approved Rs. 1,500 million as loans / advances, being a reciprocal facility to MLCF based on performance of MLCF during the year ended June 30, 2020 subject to approval of the members. MLCF would realize plentiful monetary benefits owing to anticipated enhanced spending in construction industry by private sector after announcement of subsidized housing finance scheme by the government, substantial reduction in policy rate, Naya Pakistan Housing program, construction of dams & future developments on CPEC projects. Further, projected financials and cash flow of MLCF for the next year are demonstrating ability of MLCF to meet their cash flow requirements. 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.





(B) General Disclosures:

Ref. No.	Requirement	Information										
(i)	Maximum amount of investment to be made;	Rs. 1,500 million (Rupees one thousand five hundred million only).										
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p><b>Purpose:</b> To earn income on the loans and/or advances to be provided to MLCF from time to time for working capital requirements of MLCF.</p> <p><b>Benefits:</b> The KTML will receive mark up at the rate of one percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher. This shall benefit KTML's cash flow by earning profit on idle funds.</p> <p><b>Period:</b> For a period of one year from November 01, 2020 to October 31, 2021.</p>										
(iii)	Source of funds to be utilized for investment and	Loan and/or advance will be given out of own funds of KTML.										
	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;	N/A										
(iv)	Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	<table border="1"> <thead> <tr> <th>Nature</th> <th>Loan / advance</th> </tr> </thead> <tbody> <tr> <td><b>Purpose</b></td> <td>To earn mark-up / profit on loan / advance being provided to MLCF which will augment KTML's cash flow.</td> </tr> <tr> <td><b>Period</b></td> <td>One Year</td> </tr> <tr> <td><b>Rate of Mark-up</b></td> <td>One percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher.</td> </tr> <tr> <td><b>Repayment / Penalty charges</b></td> <td>Principal plus mark-up/ profit upto October 31, 2021 @3-months KIBOR plus one percent in addition to the outstanding amount(s).</td> </tr> </tbody> </table>	Nature	Loan / advance	<b>Purpose</b>	To earn mark-up / profit on loan / advance being provided to MLCF which will augment KTML's cash flow.	<b>Period</b>	One Year	<b>Rate of Mark-up</b>	One percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher.	<b>Repayment / Penalty charges</b>	Principal plus mark-up/ profit upto October 31, 2021 @3-months KIBOR plus one percent in addition to the outstanding amount(s).
Nature	Loan / advance											
<b>Purpose</b>	To earn mark-up / profit on loan / advance being provided to MLCF which will augment KTML's cash flow.											
<b>Period</b>	One Year											
<b>Rate of Mark-up</b>	One percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher.											
<b>Repayment / Penalty charges</b>	Principal plus mark-up/ profit upto October 31, 2021 @3-months KIBOR plus one percent in addition to the outstanding amount(s).											

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. KTM is a holding company of MLCF and Nine 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 KTM.
(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.1,500 million from time to time for working capital requirements has been granted by the valued shareholders of KTM vide special resolution passed in the Annual General Meeting held on October 26, 2019 which is valid till October 31, 2020. 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, advances:

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 KTM is 6.06% for the year ended June 30, 2020.
(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 three months KIBOR or one percent above the average borrowing cost of KTM, 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 KTM.
(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, 2020 to October 31, 2021 (both days inclusive). MLCF will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2021.





## Disclosure under Regulation 4 (1):

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

Name	%age of shareholding in MLCF	%age of shareholding in KTML
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
Ms. Jahanara Saigol	0.0002	0.0008
Mr. Shafiq Ahmed Khan	0.0014	0.0010
Mr. Zulfikar Monnoo	0.0003	0.0010

### AGENDA ITEM NUMBER 5 OF THE NOTICE – INVESTMENT IN MAPLE LEAF CAPITAL LIMITED IN THE FORM OF LOANS/ADVANCES:

Maple Leaf Capital Limited (MLCL) was incorporated on 25 April 2014 as a public limited company. The authorized share capital of MLCL is Rs.5,000,000,000 and issued, subscribed and paid-up share capital of MLCL is Rs. 3,015,000,000 divided into 301,500,000 ordinary shares of Rs.10/- each. Kohinoor Textile Mills Limited (the “Company”) is the holding company of MLCL and owns 250,000,000 shares (82.919%) of MLCL.

MLCL is set up with the principal object of buying, selling, holding or otherwise acquiring or investing its capital in any sort of financial instruments including

but not limited to secure debt instruments and in shares of leading listed and unlisted companies but not to act as an investment / brokerage company.

The Board of Directors of the Company in their meeting held on September 11, 2020 has approved Rs. 500 million as loans / advances to MLCL on the basis of financial results of MLCL and keeping in view its current performance on the back of better returns from the markedly improved stock market subject to approval of the members. The Company shall extend the facility of loans/ advances from time to time for working capital requirements to MLCL in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

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.

### 3(1)(a) Disclosure for all types of investments

#### (A) Regarding associated company or associated undertaking: -

Ref. No.	Requirement	Information
(i)	Name of associated company or associated undertaking;	Maple Leaf Capital Limited (the "MLCL")
(ii)	Basis of relationship;	MLCL is a subsidiary of Kohinoor Textile Mills Limited (the "KTML") and the KTML holds 82.92% of the aggregate paid-up capital in MLCL.
(iii)	Earnings per share for the last three years;	<b>(Rupees)</b>
		<b>Basic                  Diluted</b>
		30.06.2018                  0.86                  0.86
		30.06.2019                  0.88                  0.88
	30.06.2020                  (2.04)                  (2.04)	
(iv)	Break-up value per share, based on latest audited financial statements;	As on June 30, 2020 is Rs. 14.70
(v)	Financial position, including main items of statement of financial position and profit or loss account on the basis of its latest financial statements;	Based on the audited financial statements for the financial year ended 30 June 2020, the financial position of MLCL is as under: -
		<b>Particulars                                  Amount Rupees (000)</b>
		Paid up capital                                  3,015,000
		Unappropriated profit                                  1,415,899
		Total equity    4,430,899
		Current liabilities    150,189
		Current assets    4,401,660
		Revenue    (495,833)
		Loss from operations    (669,521)
		Net loss    (613,595)
Loss per share (Rs.)    (2.04)		

(B) General Disclosures:-

Ref. No.	Requirement	Information	
(i)	Maximum amount of investment to be made;	Rs. 500 million (Rupees five hundred million only).	
(ii)	Purpose, benefits likely to accrue to the investing company and its members from such investment and period of investment;	<p><b>Purpose:</b> To earn income on the loans and/or advances to be provided to MLCL from time to time for working capital requirements of MLCL.</p> <p><b>Benefits:</b> The KTML will receive mark up at the rate of one percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher. This shall benefit the KTML's cash flow by earning profit on idle funds.</p> <p><b>Period:</b> For a period of one year from November 01, 2020 to October 31, 2021.</p>	
(iii)	Source of funds to be utilized for investment and	Loan and/or advance will be given out of own funds of KTML.	
	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;	N/A	
(iv)	Salient features of agreement(s), if any, with associated company or associated undertaking with regards to the proposed investment;	<b>Nature</b>	<b>Loan / advance</b>
		<b>Purpose</b>	To earn mark-up / profit on loan / advance being provided to MLCL which will augment the Company's cash flow.
		<b>Period</b>	One Year
		<b>Rate of Mark-up</b>	One percent above the three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher.
		<b>Repayment</b>	Principal plus mark-up/ profit upto October 31, 2021
		<b>Penalty charges</b>	@3-months KIBOR plus one percent in addition to the outstanding amount(s).



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 KTML is a holding company of MLCL and Six 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 KTML.
(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	N/A
(vii)	Any other important details necessary for the members to understand the transaction;	N/A

### 3(1)(c) Investments in the form of loans, advances etc.

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 KTML is 6.06% for the year ended June 30, 2020.
(iii)	Rate of interest, mark up, profit, fees or commission etc. to be charged by investing company;	Mark-up will be charged from MLCL at one percent above three months KIBOR or one percent above the average borrowing cost of KTML, whichever is higher.
(iv)	Particulars of collateral or security to be obtained in relation to the proposed investment;	No collateral is considered necessary since MLCL is a subsidiary company of KTML.

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, 2020 to October 31, 2021 (both days inclusive). MLCL will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2021.

#### Disclosure under Regulation 4 (1):

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

Name	%age of shareholding in MLCL	%age of shareholding in KTML
Mr. Taufique Sayeed Saigol	8.3748	14.5090
Mr. Sayeed Tariq Saigol	-	0.1286
Mr. Waleed Tariq Saigol	0.3648	0.0112
Mr. Danial Taufique Saigol	-	0.0010
Ms. Jahanara Saigol	-	0.0008

#### AGENDA ITEM NUMBER 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 Listed Companies (Code of Corporate Governance) Regulations, 2019. 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 case to case basis for the year ended June 30, 2020 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, 2020. Party-wise details of such related party transactions are given below: -



Sr. No.	Name of Related Party	Relationship	Description of Transactions	Rupees in thousand
1)	Maple Leaf Cement Factory Limited	Subsidiary Company	Purchase of goods and services	114,281
			Dividend income	163,918
			Investment made	3,343,934
			Loan given	870,000
			Receipts against loan	870,000
			Mark up charged on loans	21,297
2)	Maple Leaf Capital Limited	Subsidiary Company	Loan obtained	1,250,000
			Loan repaid	804,784
			Mark-up on loans	80,308
3)	Provident Fund	Post-employment benefit plan	Contribution	57,896

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, 2020. 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, 2021.**

The Company shall be conducting transactions

with its related parties during the year ending on June 30, 2021 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, 2021, 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, 2020 to our valued shareholders. Significant aspects of performance of your Company have been shared with you during the course of the financial year 2019-20. 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, 2019, 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 2020 and I am pleased to report that the overall performance benchmarked on the basis of criteria set for the year 2020, 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 of production facilities to ensure continued growth in the bottom line which should hopefully result in improved results.

## DILIGENCE:

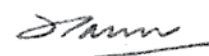
The Board reviews the quality and appropriateness of financial statements of the Company, reporting and transparency of disclosures, Company's accounting policies, corporate objective plans, budgets and other reports. The meetings of the Board are held at required frequencies and agenda alongwith working 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 behavior and has been disseminated throughout the Company, alongwith 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  
11 September 2020

(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 52nd Annual Report along with audited financial statements and Auditors' Report thereon for the year ended 30 June 2020.



## PRINCIPAL ACTIVITIES

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, stitching and trade of textile products.

## REVIEW OF OPERATIONS

The final quarter of the year under review witnessed complete closure of Pakistan's industrial sector in order to mitigate the spread of the Coronavirus pandemic. Most customers suspended shipments due to closure of retail stores worldwide. The situation was handled swiftly and intelligently by our Government in allowing exporting industries to resume operations if they followed strictly applied SOPs to reduce risks of transmission of the virus at their sites and in local communities, These measures went a long way towards helping reduce the losses suffered and the quarter ended up in a small profit.

In spite of the prevailing pandemic, the Company has had a strong result this year, one that was on track to beat the previous year before the shutdown of the retailing sectors in Europe and North America. The recovery however, was quick and the coming quarter should see a return to strong profitability across all divisions. Full utilization in all divisions has been achieved and we hope to achieve a strong result in the coming year.

The Company continues its investments in sustainability and renewable energy, with the commencement of a large-scale rain water harvesting project at its main manufacturing site in Rawalpindi. The first phase of solar energy project has been completed at the Rawalpindi site and the next project is planned for the Gujar Khan site which should be off the ground within the year.

The Company is continuing with its policy of renewal of plant, machinery and equipment, with emphasis on improving quality and increasing output in its Spinning divisions. Greater emphasis is being placed on increasing our value-added production in the Home Textiles division so increase in exports can be achieved in the coming years.

The Company intends to begin its raw material procurement as per its usual policy to secure necessary inputs at acceptable cost and quality levels.

It is hoped that the Government will ensure provision of natural gas and electricity in the coming months so the export initiatives may have their maximum impact. All indications are that the coming year will be a strong one for the Company and for the textile industry as a whole.

The Financial year under review has observed a volatile range of monetary policy rates by the State Bank of Pakistan (SBP). However, as part of measures to mitigate the adverse impacts of COVID-19 on Pakistan's economy and to ensure liquidity in the market, SBP in the span of just three months issued five monetary Policy statements and reduced the rate by 6.25% to the current level of 7%. This considerable reduction in policy rate will significantly improve the bottom line of Company in forthcoming financial year.

By the grace of Allah, the Company has come through the Coronavirus pandemic with no serious illnesses or loss of life and Pakistan as a whole has suffered some tragic loss of life but fortunately there has been a relatively small number of casualties. We pray that the world remains safe from a resurgence of the virus and this can only be achieved if we take care, maintain social distancing and follow government mandated SOPs for the safety of our people.

## FINANCIAL REVIEW

During the year under review, Company's sales increased by 3% to Rupees 21,845 million (2019: Rupees 21,220 million), while cost of sales increased by 1.00% to Rupees 17,855 million (2019: Rupees 17,659 million). This resulted in gross profit of Rupees 3,990 million (2019: Rupees 3,561 million). Operating profit for the year under review stood at Rupees 2,681 million (2019: Rupees 2,692 million). The Company recorded after tax profit of Rupees 1,528 million (2019: Rupees 1,751 million). Earnings per share for the year ended 30 June 2020 stood at Rupees 5.11 against Rupees 5.85 for the last year.

## GROUP FINANCIAL REVIEW

During the year under review, Company's consolidated revenue increased to Rupees 50,848 million (2019: Rupees 47,118 million), while cost of sales increased to Rupees 45,977 million (2019: Rupees 37,196 million). This resulted in gross profit of Rupees 4,871 million (2019: Rupees 9,922 million). (Loss)/Earnings per share for the year ended 30 June 2020 were at Rupees (3.32) against Rupees 10.45 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, 2020 at Re. 1/- per share (10%). This is in addition to interim cash dividend already paid at Re. 1/- per share (10%), thus making a total cash dividend at Rs. 2/- per share (20%) for the year. Future prospects of dividend are dependent on future economic conditions.

The Directors recommend as under:

Description	Rs "000"
Profit before taxation	1,878,201
Provision for taxation	(350,158)
Profit after taxation	1,528,043
Final dividend declared for the year ended 30 June 2019	(224,472)
Interim dividend declared during the year ended 30 June 2020	(299,296)
Accumulated profit brought forward	7,694,239
<b>Accumulated profit carried forward</b>	<b>8,698,514</b>

## 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. Furthermore, no payment on account of taxes, duties and levies is overdue or outstanding at financial year end.

## PRINCIPAL RISKS AND UNCERTAINTIES

The major risks and challenges faced by the Company are as follows: -

- i- Declining export sales due to increased competition at global as well as regional levels.
- ii. Rupee devaluation causing escalation in prices of imported raw cotton, packaging and dyes, which truncating profit margins.
- iii. Increased energy cost due to rising fuel and power prices.
- iv. Overall inflationary increase in operating

expenses.

- v. Head on competition amongst textile manufacturers on price as well as on sales.

The Organization is effectively equipped to face challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, Management is always aware of internal and external developments. The Company has formulated unique specialised cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to stiff competition and low margins in export markets, marketing team under the guidance of Management launched an effective market penetration strategy to increase presence in previously untapped markets. To cater to overall inflation an efficient procurement plan is in place.

## 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.

## NON-FINANCIAL PERFORMANCE

Quality, customer's satisfaction, employee's development and professional standards are Company's key areas where management has taken necessary measures to improve them. The Company is currently producing and supplying

high-quality products which ensure maximum satisfaction to the customers. During the year, the Company has conducted various performance appraisals for the development of existing human capital. The Company is maintaining a highly satisfactory relationship with all stakeholders. The Company has formed various committees which are responsible for the effective monitoring of key areas.

#### 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, the Company's Board of Directors decided to donate towards construction of Admin Block at Al-Aleem Medical College in Gulab Devi Chest Hospital (GDCH), Lahore. Total cost to complete this project is expected to be Rupees 182 million. A committee of the members of the 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 "8th Corporate Social Responsibility National Excellence Award" 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 its 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.

#### AUDITORS

The existing auditors of the Company M/s. Riaz Ahmad & Co., 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.

The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Co., Chartered Accountants, the retiring auditors who being eligible, have offered themselves for re-appointment for the ensuing year, subject to



approval of the members in the forthcoming Annual General Meeting.

#### LEADERSHIP STRUCTURE

#### COMPOSITION OF THE BOARD OF DIRECTORS & COMMITTEES:

Total Number of Directors:

a) Male	8
b) Female	1

#### Composition:

Independent Directors	02
Non-Executive Directors	03
Executive Directors (including CEO)	03
Female Director (Non-Executive)	01

#### NAME OF DIRECTORS

By virtue of election of Directors held during the year and pursuant to requirement of the Companies Act, 2017, and Listed Companies (Code of Corporate Governance) Regulations, 2019, the following Board of Directors was re-constituted: -

Category	Names
Independent Directors	Mr. Shafiq Ahmed Khan Mr. Zulfikar Monnoo
Other Non-Executive Directors	Mr. Tariq Sayeed Saigol - <i>Chairman</i> Mr. Sayeed Tariq Saigol Mr. Waleed Tariq Saigol
Executive Directors	Mr. Taufique Sayeed Saigol <i>Chief Executive Officer</i> Mr. Danial Taufique Saigol Syed Mohsin Raza Naqvi
Female Director <i>Non-Executive Director</i>	Ms. Jahanara Saigol

During the year, Mr. Arif Ijaz was Director on the Board. No meeting of Directors was held outside Pakistan.

By virtue of election of Directors held during the year and pursuant to requirement of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the following committees were re-constituted: -



## AUDIT COMMITTEE

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

Mr. Arif Ijaz was Member of the Audit Committee during the year.

## HUMAN RESOURCE & REMUNERATION COMMITTEE

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

Mr. Arif Ijaz was Member of the HR & R Committee during the year.

### 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.

- The details of the remuneration paid to the Chief Executive and Directors of the Company are disclosed in Note 33 of the Standalone Financial Statements.

### PATTERN OF SHAREHOLDING

Pattern of shareholding of the Company in accordance with the Companies Act, 2017 as at June 30, 2020 is annexed.

### FUTURE OUTLOOK

Company achieved swift recovery and the coming quarter should see a return to strong profitability across all divisions. Full utilization in all divisions has already been achieved and we hope to achieve a strong result in the coming year. Reduced policy rate by 6.25% to the current level of 7% will significantly improve the bottom line of Company in forthcoming financial year. Strategy to maintain investment in sustainability and renewable energy projects shall remain continue. The first phase of solar energy project has been completed at the Rawalpindi site and the next project is planned for the Gujar Khan site which should be off the ground within the year.





To further mitigate the adverse impacts of COVID-19 on Pakistan's economy, SBP has been active in its policy formulation. A number of facilitation measures have been taken to support businesses by improving liquidity. The Company can benefit from these favourable schemes which include reduction in monetary policy rate, deferment of principal and Mark-up payments, subsidized refinance scheme to support employment by financing Company's payroll bill and subsidized refinance scheme to stimulate new investments.

To ensure a safe and healthy work environment, the Company is adapting its health and safety practices in line with WHO guidelines to deal with the pandemic. Measures include categorization of staff essential to be present in office for uninterrupted operations, whereas non-essential staff is shifted to work-from-home. Technological developments have made the minimal physical interaction possible by adhering to virtual meetings. Employees have also been strictly instructed to maintain social distancing, whereas pandemic related SOP's have been stringently drafted and adhered to. All sites are routinely sanitized and floor marked.

#### 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

(Syed Mohsin Raza Naqvi)  
Director

(Taufique Sayeed Saigol)  
Chief Executive

Lahore  
11 September 2020

# STATEMENT OF COMPLIANCE

## with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the “Regulations”)

Name of Company: Kohinoor Textile Mills Limited  
 Year Ended: June 30, 2020

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

1. The total number of Directors are Nine (9) as per the following composition:

Male: 8  
 Female: 1

2. The Composition of the Board is as follows: -

i.	Independent Directors	02
ii.	Non-Executive Directors	03
iii.	Executive Directors (including CEO)	03
iv.	Female Director (Non-Executive)	01

Determination of number of independent Directors comes to 2.66 (rounded to 2) which is based on Eight Elected Directors, excluding CEO who is considered as deemed director. The fraction contrived in one-third number is not rounded up as the two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted. Further, at the time of election of directors duly held during the year, no one as per procedure intended to contest election as director representing minority shareholders;

3. The Directors have confirmed that none of them is serving as a Director on more than seven 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. The Board has ensured that complete record of

particulars of the significant policies along with their date of approval or updating is maintained by the Company. Although these are well circulated among the relevant employees and directors, the Board shall if mandatorily required consider posting such policies and synopsis of terms of reference of the Board's Committees on its website in near future;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / Shareholders as empowered by the relevant provisions of the Companies Act, 2017 (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 the Act and the Regulations with respect to frequency, recording and circulating minutes of meetings of the Board;

8. The Board has a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations;

9. Three Directors have obtained certificate for Directors’ Training Program and Five Directors are exempt from this due to 14 years of education and 15 years of experience on the Boards of listed companies as under: -;



no  
LINE



Sr. No.	NAME OF DIRECTORS	YEARS OF EXPERIENCE
1.	Mr. Tariq Sayeed Saigol	Exempted from Directors' Training Program
2.	Mr. Sayeed Tariq Saigol	Director of the Company since 1998
3.	Mr. Taufique Sayeed Saigol	Exempted from Directors' Training Program
4.	Mr. Waleed Tariq Saigol	Director in Maple Leaf Cement Factory Limited (MLCF) since 2004
5.	Mr. Danial Taufique Saigol	Certificate obtained for Directors' Training Program
6.	Ms. Jahanara Saigol	Appointed on the Board of the Company on April 23, 2020 and Director in MLCF since December 31, 2019.
7.	Mr. Shafiq Ahmed Khan	Director in Trust Investment Bank Limited from 1997 to 2009 and Director of the Company since 2014
8.	Mr. Zulfikar Monnoo	Director in Rafhan Maize Product Co. Limited since 1990 and certificate obtained for Directors' Training Program
9.	Syed Mohsin Raza Naqvi	Certificate obtained for Directors' Training Program

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

a) Audit Committee

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

b) Human Resource & Remuneration Committee

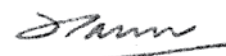
NAME	DESIGNATION
Mr. Shafiq Ahmed Khan	Chairman (Independent Director)
Mr. Zulfikar Monnoo	Member (Independent Director)
Mr. Sayeed Tariq Saigol	Member (Non-Executive Director)
Mr. Danial Taufique Saigol	Member (Executive Director)



- c) **Nomination Committee:** Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee after next election of directors;
- d) **Risk Management Committee:** Currently, the Board has not constituted a risk management committee and senior officers of the Company perform the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee after next election of directors;
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 ended June 30, 2020.
Human Resource and Remuneration Committee	One meeting was held during the financial year ended June 30, 2020.

15. The Board has set up an effective internal audit function which is considered to be 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 Institute of Chartered Accountants of Pakistan (ICAP) and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the Company;
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; and
18. We confirm that all requirements of the regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with



(TARIQ SAYEED SAIGOL)  
CHAIRMAN

Lahore: 11 September, 2020



## 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, 2019


We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Kohinoor Textile Mills Limited (the Company) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2020.



RIAZ AHMAD & COMPANY  
Chartered Accountants

Islamabad  
Date: 11 September, 2020

# REPORT OF THE AUDIT COMMITTEE



The Audit Committee comprises of two Independent Directors and two 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, 2019. Four meetings of the Audit Committee were held during the year 2019-2020. 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 2020-2021.

On behalf of the Audit Committee



(Shafiq Ahmed Khan)  
Chairman, Audit Committee  
11 September 2020



# BRIEF PROFILE OF DIRECTORS

**MR. TARIQ SAYEED SAIGOL**  
(CHAIRMAN / DIRECTOR)

## OTHER ENGAGEMENTS

**CHAIRMAN / DIRECTOR**  
Maple Leaf Cement Factory Limited  
Maple Leaf Power 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

**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

Mr. Waleed Tariq Saigol is the Director in all KMLG companies and the Chief Executive Officer in Maple Leaf 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.

**MS. JAHANARA SAIGOL**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**

Maple Leaf Cement Factory Limited  
Maple Leaf Capital Limited

Ms. Jahanara Saigol is daughter of renowned industrialist, Mr. Tariq Sayeed Saigol who is the Chairman of Kohinoor Maple Leaf Group. She is currently completing PhD in Islamic Art and Architecture at SOAS, University of London. She has also completed degrees in MA, SOAS, University of London and M. St, University of Oxford.

**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. He spent a period of five years in Fidelity Investment Bank Limited, Lahore, as first President & 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. He also served on the Board of Trust Investment Bank Limited from 1997 to 2009. 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 the Chairman of Audit Committee as well as Human Resource and Remuneration Committee of Kohinoor Maple Leaf Group's listed companies.

**MR. ZULFIKAR MONNOO**  
(DIRECTOR)

**OTHER ENGAGEMENTS**

**DIRECTOR**  
Maple Leaf Cement Factory Limited  
Unilever Pakistan Foods Limited,  
Rafhan Maize Products Co. Limited

**DIRECTOR / CHIEF EXECUTIVE**  
Pakwest Industries (Pvt.) Limited

Mr. Zulfiqar Monnoo joined the Board of Unilever Pakistan Foods Limited when the company was formed. He is past Chairman and now a member of both the Audit and the HR& R Committees.

He is also Director of Rafhan Maize Products Co. Limited since 1990 and a member of both the Audit and the HR& R Committees.

He is the Chief Executive of Pakwest Industries (Pvt.) Ltd., Lahore. He is an alumni of The Wharton School, University of Pennsylvania and Aitchison College, Lahore.

He is a businessman with experience of 29 years as a director having degree of bachelor in science in economics with a major in finance. He obtained directors training certification from Pakistan Institute of Corporate Governance in 2012. His special expertise/specialized skills are Finance & Accounting, Human Resource, sales and has industrial experience in food & textile ingredient manufacturing as well as artificial leather (coated fabrics).

**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 31 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.





## 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 Listed Companies (Code of Corporate Governance) Regulations, 2019.

## 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.

### CHAIRMAN'S SIGNIFICANT COMMITMENTS

List of companies in which the chairman holds directorship has been separately disclosed in the Director Profile section of the Annual Report.

### FORMAL ORIENTATION TRAINING PROGRAM FOR DIRECTORS / DIRECTORS TRAINING PROGRAM

All the Directors are suitably qualified and experienced and most of them are exempt from Directors' training program due to 14 years of education and 15 years of experience on the Boards of listed companies.

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.

#### IMPLEMENTATION OF GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT / BEYOND BCR CRITERIA

The management of Kohinoor Textile Mills Limited 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 governance rules and practices 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 5S policy to create a healthy and work friendly environment together with efficiency and effectiveness.
- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounding community.

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

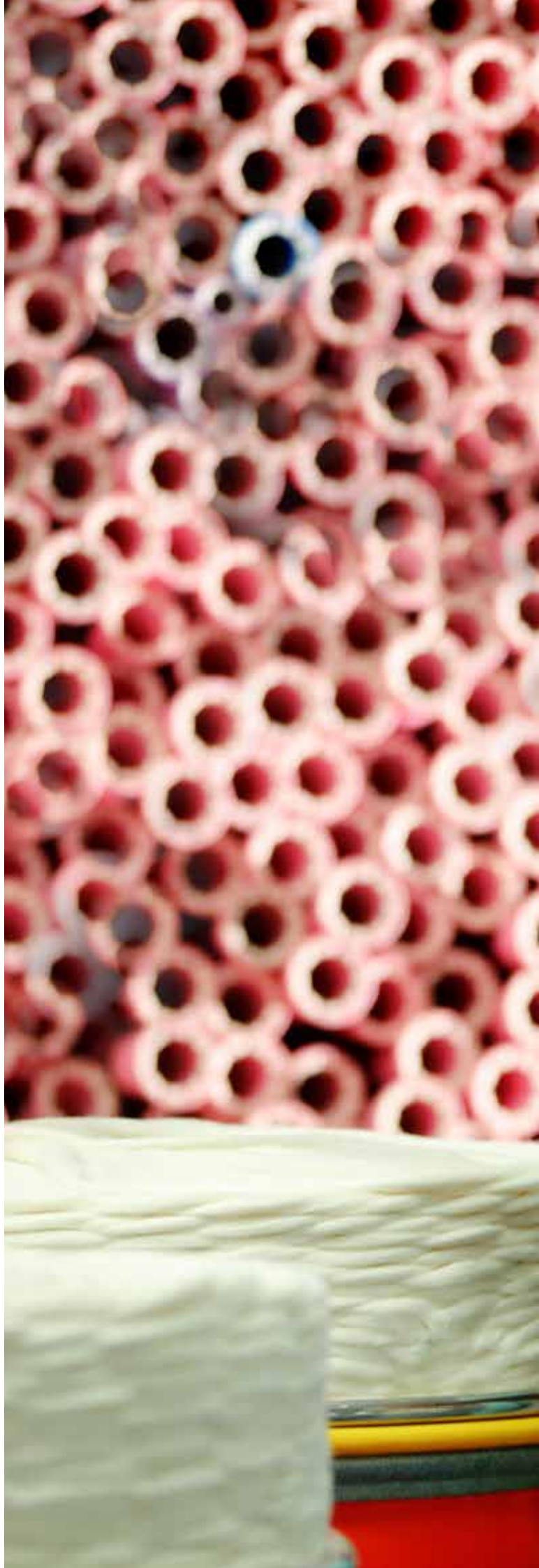


# TERMS OF REFERENCE OF BOARD COMMITTEES

## AUDIT COMMITTEE

The Main Terms of Reference of the Audit Committee are as under: -

- (i) Determination of appropriate measures to safeguard the Company's assets;
- (ii) Review of annual and interim financial statements of the Company, prior to their approval by the Board of Directors, focusing on:
  - (a) major judgmental areas;
  - (b) significant adjustments resulting from the audit;
  - (c) going concern assumption;
  - (d) any changes in accounting policies and practices;
  - (e) compliance with applicable accounting standards;
  - (f) compliance with these regulations and other statutory and regulatory requirements; and
  - (g) all related party transactions.
- (iii) Review of preliminary announcements of results prior to external communication and publication;
- (iv) 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);
- (v) Review of management letter issued by external auditors and management's response thereto;







- (vi) Ensuring coordination between the internal and external auditors of the Company;
- (vii) 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;
- (viii) Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (ix) 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;
- (x) Review of the Company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- (xi) 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;
- (xii) Determination of compliance with relevant statutory requirements;
- (xiii) Monitoring compliance with these regulations and identification of significant violations thereof;
- (xiv) 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;
- (xv) 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, measures for redressal and rectification of non-compliances with the Regulations. 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.

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

#### HUMAN RESOURCE & REMUNERATION COMMITTEE (THE 'HR & R COMMITTEE')

The Main Terms of Reference of the HR&R Committee are as under: -

- 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: 30

## BUSINESS PROCESS REENGINEERING 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: 20

## 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: 24

#### 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: 20

#### 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: 20





# 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: -

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

1. Financial policies reviewed and updated;

2. Capital and operating budgets approved annually;
3. Board receives regular financial reports;
4. Procedure for annual audit;
5. Board approves annual business plan;
6. Board focuses on goals and results;
7. Availability of Board's guideline to management;
8. Regular follow up to measure the impact of Board's decisions;
9. 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:

- 1) To develop and maintain a formal plan that is responsive to the Company's current business needs and operating environment.
- 2) To ensure that a Business Continuity Recovery Team includes representatives from all business units.
- 3) To provide ongoing business continuity training to all employees, including executive management and the Board.
- 4) Ensure that thorough current business impact analysis and risk assessments are maintained.
- 5) 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:

1. Identify areas of risk.
2. Develop strategies and responses for risky areas.
3. Educate all employees about the conflict of interest policy.
4. Communicate with stakeholders to provide the platform for proper disclosure.
5. 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.

Further to note no.38 of standalone Financials of the company for year ended 30 June 2020, factory employees are as follows.

2020	2019
<u>5,138</u>	<u>4,495</u>







## 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:

1. Emotional Intelligence
2. Effective Communication Skills
3. Project Management
4. Supply chain management
5. Simatic Program Logic Controllers
6. Situational Leadership II

7. Building Impactful Brands
8. Benchmarking Session
9. Management Development Program
10. HSE Emergency Response Training
11. 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:

1. All Protected Disclosures should be addressed to the nominated Ombudsperson of the Company.
2. 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.
3. The Protected Disclosure should be forwarded under a covering letter which shall bear the identity of the Whistle Blower.
4. 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.
5. Anonymous disclosures will not be entertained by the Ombudsperson as it would not be possible for it to interview the Whistle Blowers.
6. 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.
7. 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.

## PANDEMIC RECOVERY PLAN BY THE MANAGEMENT AND POLICY STATEMENT

The emergence of the COVID-19 pandemic placed a serious challenge for the nation and national economy, Management took early proactive steps to educate employees and staff members about the nature of the disease and what effective preventive measures they can take to curb the spread and stay healthy. The solemn essence of the situation was emphasized early on and the concept of social distancing was introduced.

As the situation developed, Management drafted a separate set of comprehensive rules and SOP's in the light of the guidelines issued by WHO and National Institute of Health as a means to alternatively conduct business in compliance with Government instructions and the welfare of our employees.

The salient features of the policy include:

1. Thermal scan of all individuals entering the Companies' premises.
2. Barring entry of all employees who exhibit symptoms and encouraging them to undertake tests and check-ups.
3. Installing hand sanitizers at all entry points and the mandatory washing of hands.
4. Face mask made Compulsory.
5. Disinfecting all surfaces, corridors and rooms.
6. Ensuring physical distancing and adopting the practice of cyclic rotation and working from home.
7. Online attendance marking and introducing a system of live communication and data sharing amongst employees via internet.







8. Preventing unnecessary gatherings and discouraging physical contact amongst personal.
9. Improving air flow and proper ventilation in closed spaces.
10. Label the Business premises with floor marks.
11. Categorization of staff and adopting alternative work shift schedules to reduce physical presence at office.

Despite the prevalence of the nationwide lockdown in the last quarter of the financial year, after a week worth of shutdown on the orders of the Government, business activities resumed in the light of adherence to strict guidelines and SOPs.

## GOVERNANCE PRACTICES EXCEEDING LEGAL REQUIREMENT

The management of Kohinoor Textile Mills Limited 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 governance rules and practices 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 5S policy to create a healthy and work friendly environment together with efficiency and effectiveness.
- Implementation of Health, Safety and Environment Policy for better and safe work place environment for employees, workers and surrounding community.

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

## RELATED PARTY TRANSACTIONS

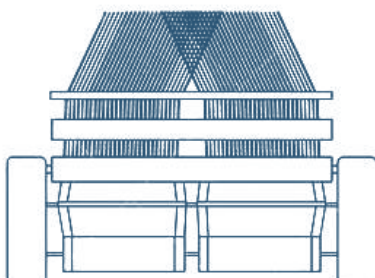
The Company has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards.

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

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# 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

Chairman of the audit committee was present in last Annual General Meeting held on October 26, 2019 at the registered office of the Company. No issue was raised for operational / audit committee activities by the valued shareholders. However, queries raised were explained to the satisfaction of the Members.

#### SIGNIFICANT CORPORATE BRIEFING SESSIONS

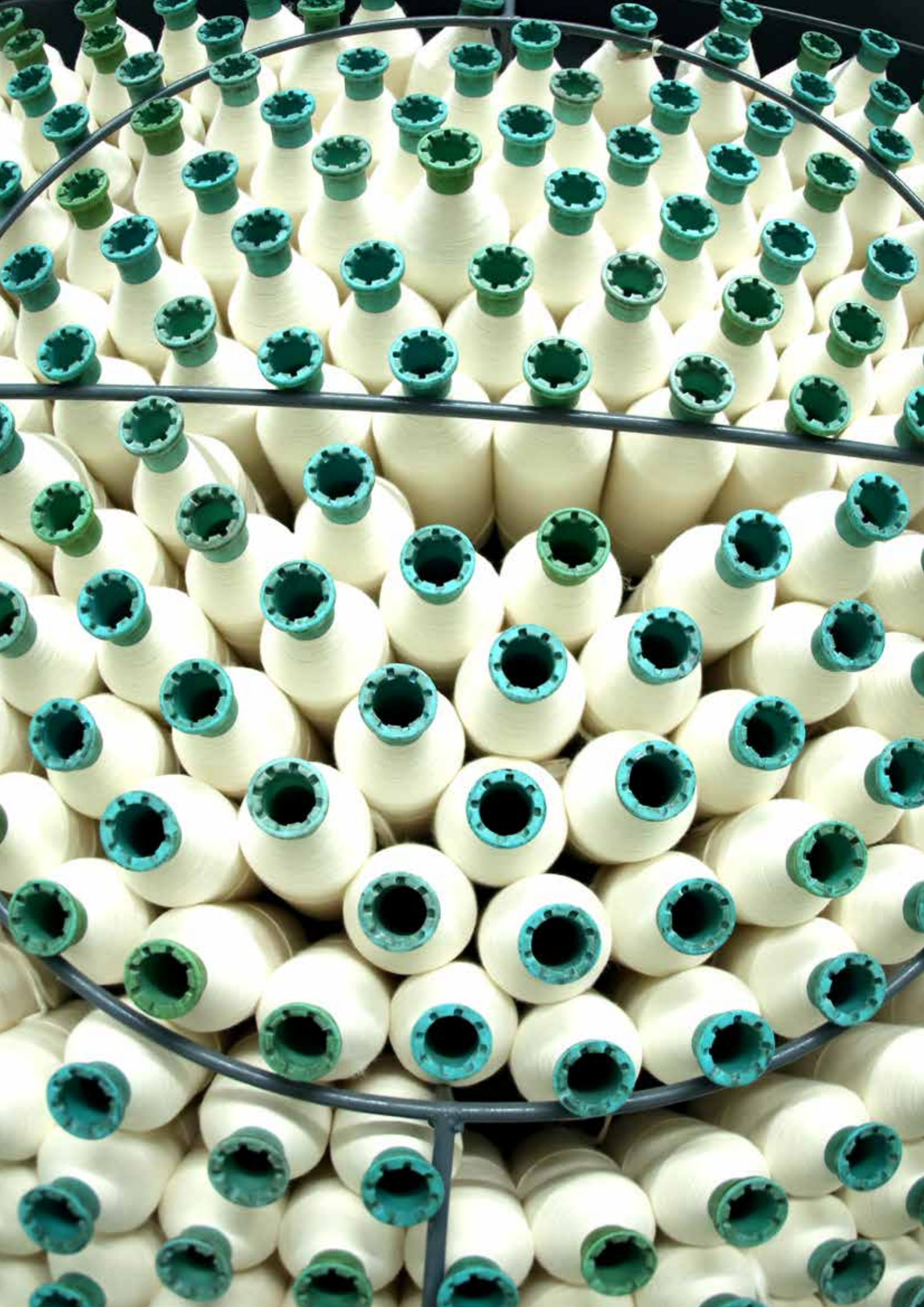
The interactive sessions include the annual general meeting, extra ordinary general meetings, corporate briefings/road shows, responding to investor queries either raised on email, website or on telephone. During the year, following major international and local road shows/corporate briefings sessions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

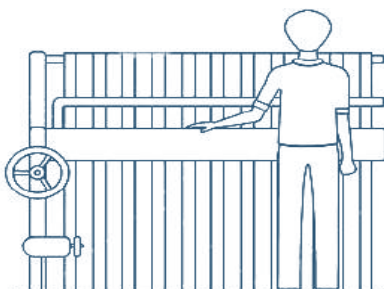












## **CORPORATE SUSTAINABILITY**

Calendar of Corporate Events	<b>108</b>
Calendar of Other Notable Events	<b>110</b>

# 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, its 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. The Company remains committed to explore sustainable alternative energy sources which is evident from installation of 3MW Solar based power project in Rawalpindi Division.

## 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.

## NATIONAL CAUSE DONATIONS

During the year, Company has contributed Rs. 16.046 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. 3,090.900 million (2019: 423.422 Million) in respect of taxes, levies and duties. Moreover, we have also contributed (USD) 58.250 million (2019: 51.468 Million) to the national treasury by way of export sales.

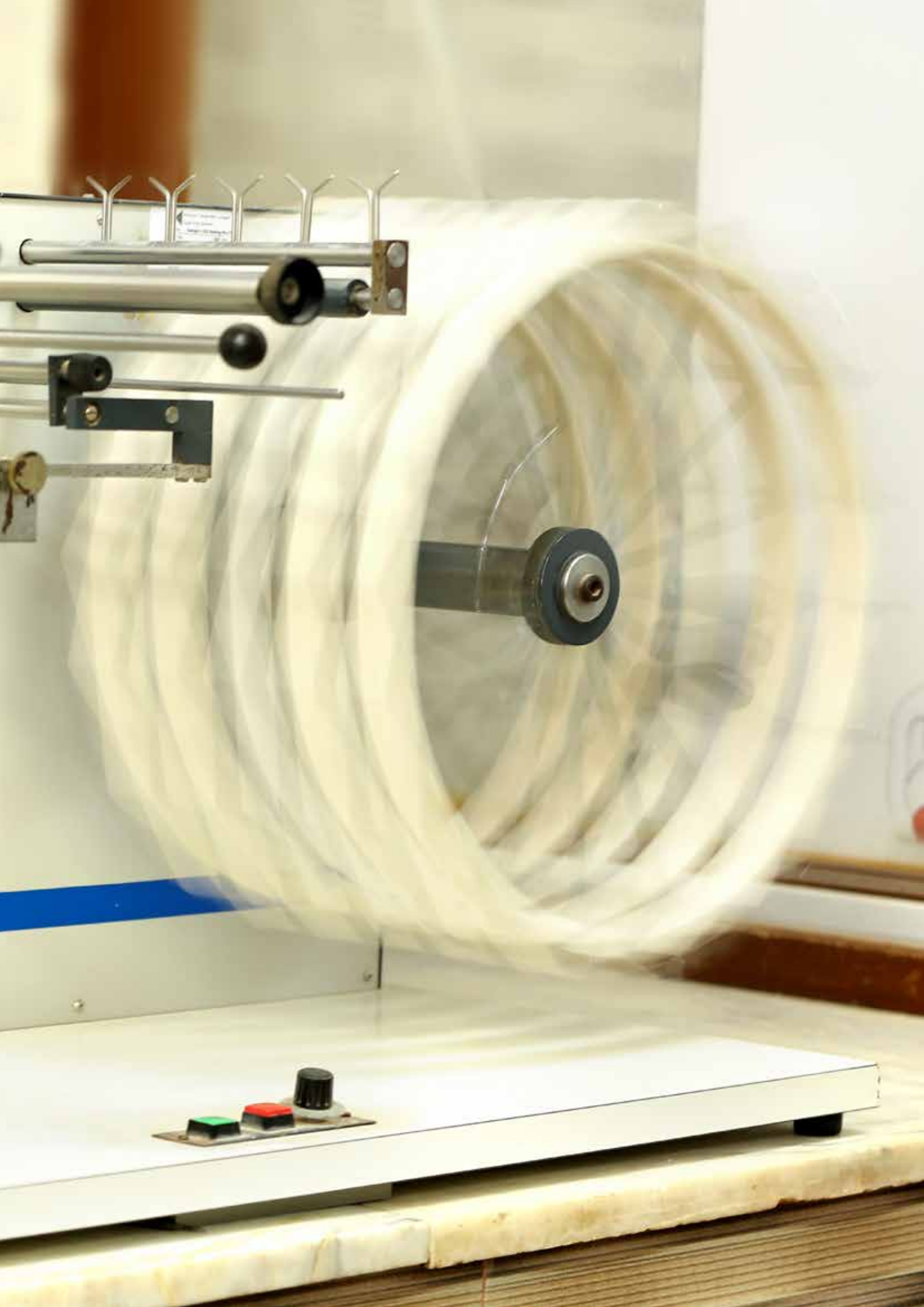
## EMPLOYMENT OF SPECIAL PERSONS

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.

## 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.

## 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.

## MITIGATING EFFORTS TO CONTROL INDUSTRY EFFLUENTS

Traditionally, dyeing 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

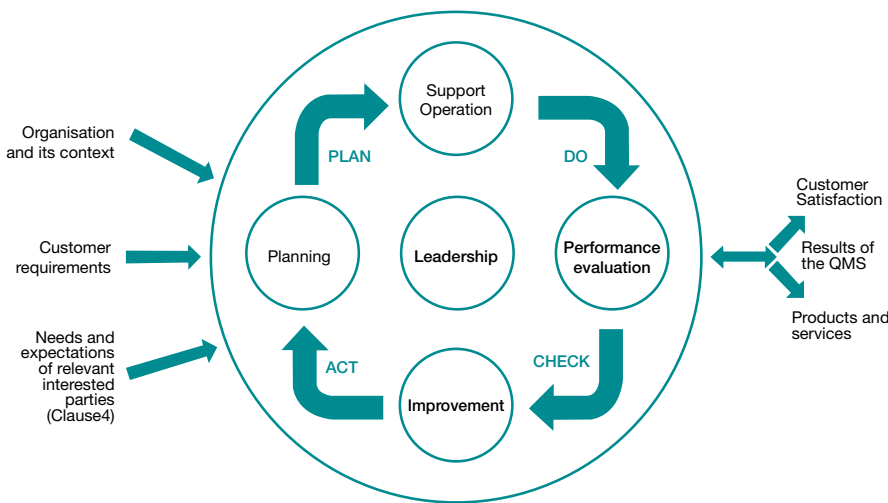
Company has maintained its history of delivering best user friendly financial reports and bagged award for “Best Corporate Report 2018” in the ceremony jointly hosted by Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Cost and Management Accountants of Pakistan (ICMAP) in Textile 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.



# MANAGEMENT SYSTEM & PRODUCT COMPLIANCE CERTIFICATIONS

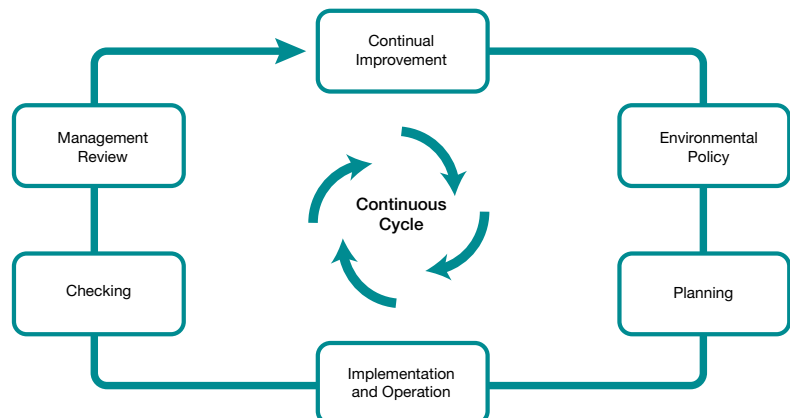
## QUALITY MANAGEMENT SYSTEM (ISO 9001:2015)

ISO 9001 : 2015 is based on the plan-do-check-act methodology and provides a process-oriented approach to documenting and reviewing the structure, responsibilities, and procedures required to achieve effective quality management in an organization.



## ENVIRONMENT MANAGEMENT SYSTEM (ISO 14001:2015)

EMS serves as a tool, or process, to improve environmental performance and information mainly “design, pollution control and waste minimization, training, reporting to top management, and the setting of goals.



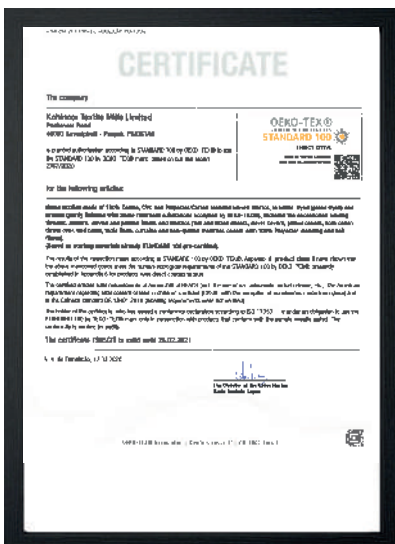
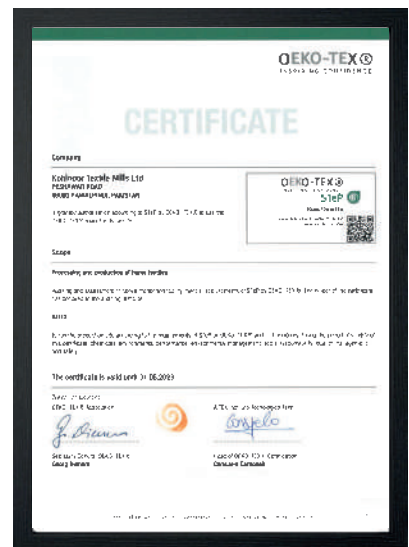
## SOCIAL ACCOUNTABILITY (SA 8000:2014)

SA8000 is based on the principles of international human rights norms as described in International Labour Organization conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. It also requires compliance with eight performance criteria:



## STEP BY OEKO-TEX®

StEP by OEKO-TEX® is an independent certification system for brands, retailers and manufacturers from the textile and leather industry. It is suitable for production facilities at all processing stages who want to communicate their environmental measures externally in a credible and transparent way.



## OEKO-TEX -100 (APPENDIX 6 - CLASS II)

Textile products can only be certified according to the Standard 100 by Oeko-Tex if all components comply with the required criteria. – for an item of clothing, in addition to the outer fabric, this might include threads, linings, prints as well as non-textile accessories such as buttons, zip fasteners, rivets or any other accessory parts.

## GLOBAL ORGANIC TEXTILE STANDARD (GOTS) AND ORGANIC CONTENT STANDARD (OCS)

The orders for GOTS and OCS are prepared with 100% or at least 95% organic cotton using only organically approved chemicals. Requirements vary from country to country, and generally involve a set of production standards for growing, storage, processing, packaging and shipping.



## EU- ECOLABEL

Eco-label is a labeling systems for consumer products. EU Ecolabel ensures that the product produced is environmental friendly under control conditions. There is a close relationship between the Eco labeling process and the eco-innovation because it promotes the emergence of new green products and it improves the organizations environmental management strategy.

## HIGG INDEX

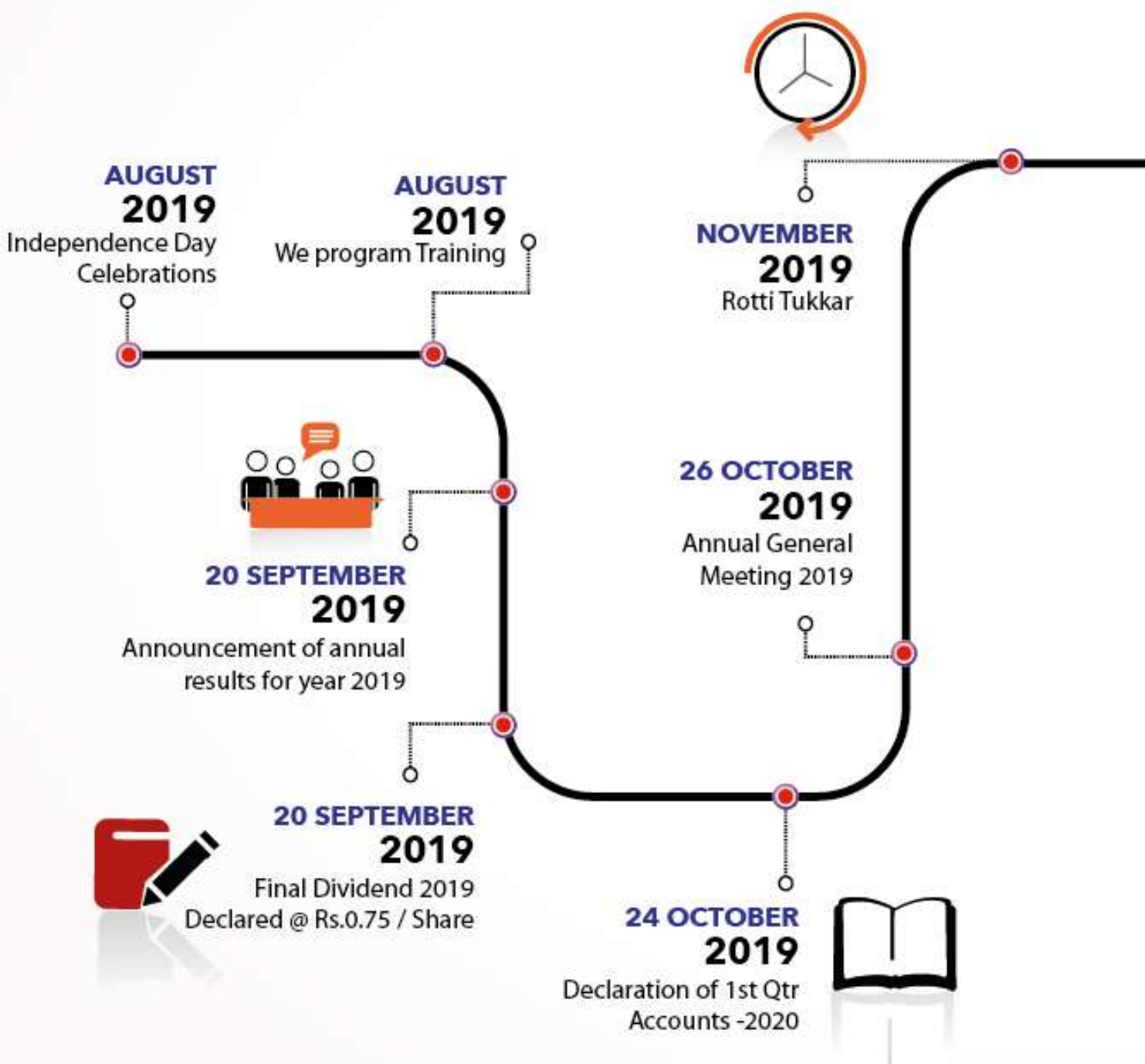
Higg Index is a suite of tools that enables brands, retailers, and facilities of all sizes — at every stage in their sustainability journey — to accurately measure and score a company or product’s sustainability performance. The Higg Index delivers a holistic overview that empowers businesses to make meaningful improvements that protect the well-being of factory workers, local communities, and the environment





# CALENDAR OF CORPORATE AND NOTABLE EVENTS

## JULY 2019- JUNE 2020





**FEBRUARY  
2020**  
Franklin Covey  
Training



**MARCH  
2020**  
Women's day  
celebrations



**NOVEMBER  
2019**  
Mehfil e Milad

**26 FEBRUARY  
2020**  
Interim Dividend  
2019-20 Declared @  
Rs. 1 / Share

**24 APRIL  
2020**  
Declaration of  
3rd Quarter  
Accounts-2020

**DECEMBER  
2019**  
Christmas Day

**26 FEBRUARY  
2020**  
Declaration of Half  
Yearly Accounts-2019



**DECEMBER  
2019**  
Special Employees  
Event



From March 2020 onwards, various planned events got on hold due to Covid-19 out-break. Management is committed to strictly adhere with SOP's formulated to maintain social distancing in order to provide a safe and healthy working environment to all employees.

# NOTABLE EVENTS 2020



Inauguration - Card Section



Christmas Celebrations



Employees Birthday Party



Mahfil-E-Milad



Breast Cancer Awareness Session





Autocoro Unit-3 Inauguration



Franklin Covey Training

Rotti Tukar @ WELLNESS CLUB



"We" Program



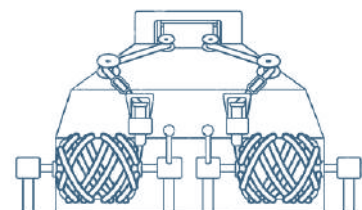
Special Employee Event





## OUTLOOK

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# FORWARD LOOKING STATEMENT

During the year, amid Covid-19 Government has taken active steps to support the business through massive cut in interest rates and re-finance facilities to pay salaries & wages. We expect that Government will also make necessary amendments in relevant laws & regulations for 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 DTLT approved cases. This will result in reduction of financial cost of the company and will improve profit margins. 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.

We envisage that coming quarter should see a return to strong profitability across all divisions. Full utilization in all divisions has already been achieved and we hope to achieve a strong result in the coming year.

The Company is continuously monitoring all of its cost factors to keep them at the lowest possible levels. The production costs have increased due to non-controllable factors like rising energy cost, Pak Rupee devaluation and inflation, but, the Company stands committed under the guidance of its Board of Directors, Key management personals and valued input from all stakeholder groups to its constant drive to be a progressive and profitable Company as per its Vision and Core values.

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 2020-21 Rs. in Million
Revenue	26,858
Gross Profit	4,936
Profit from operations	3,115

## 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:
  - a. optimizing power generation mix
  - b. 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.

## RESPONSE TOWARDS CHALLENGES & UNCERTANITIES

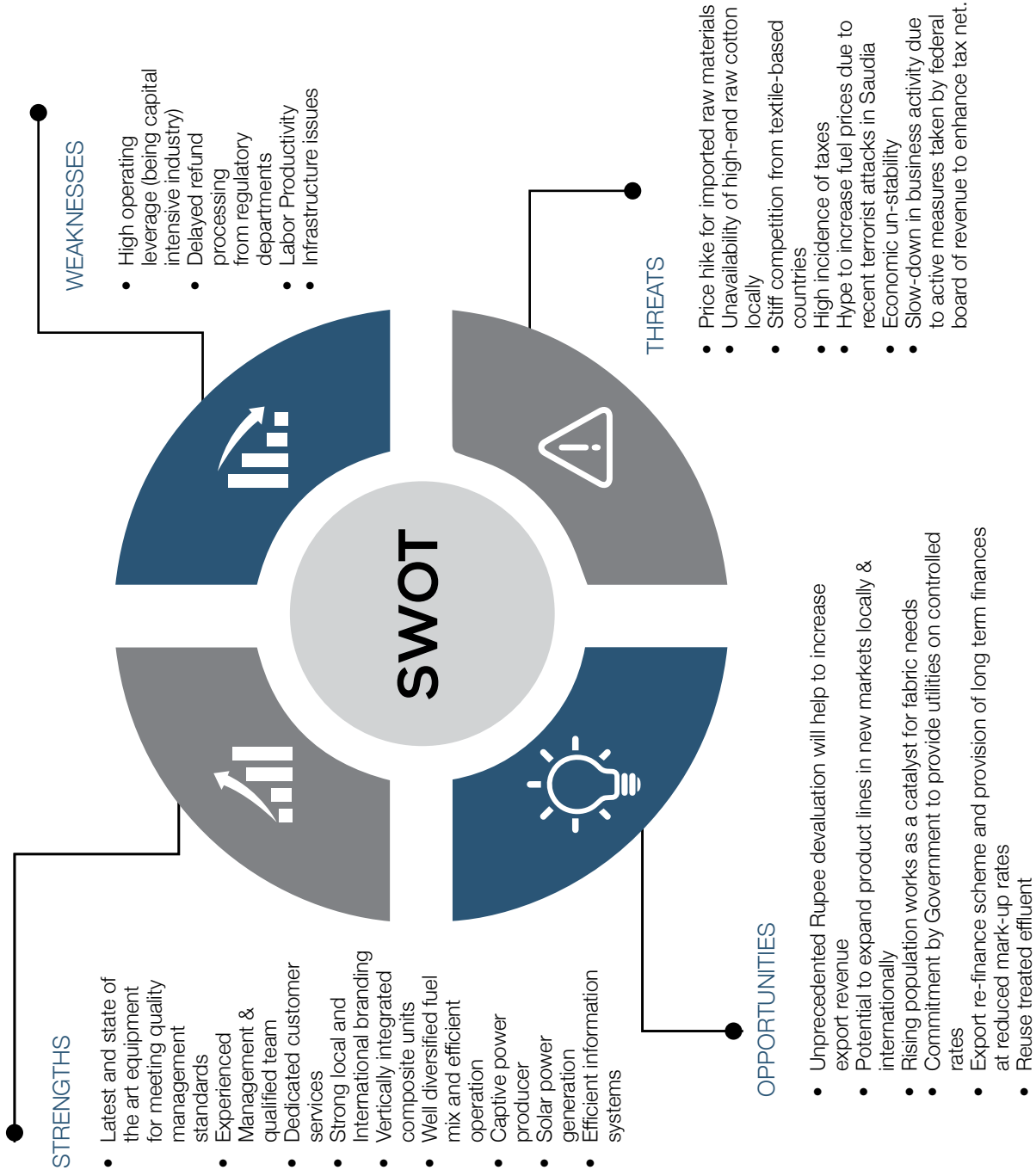
The Organization is effectively equipped to face challenges and uncertainties that are likely to arise. Through combined experience, skill and effective business reporting, management is always aware of internal and external developments. The Company has formulated unique specialized cross functional teams that routinely discuss key issues and risks to come up with the most forward approach. In response to stiff competition and low margins in export markets, marketing team under has launched an effective market penetration strategy to increase presence in previously untapped markets. To cater to overall inflation an efficient procurement plan is in place.



# 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:



## 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

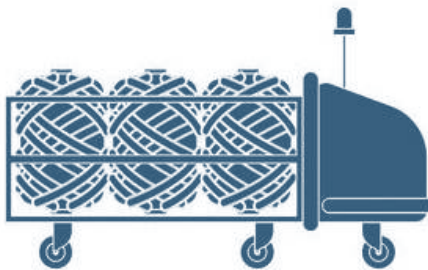
The first phase of solar energy project has been completed at the Rawalpindi site and the next project is planned for the Gujar Khan site which should be off the ground within the year. The Company is continuing with its policy of renewal of plant, machinery and equipment, with emphasis on improving quality and increasing output in its Spinning divisions. Greater emphasis is being placed on increasing our value-added production in the Home Textiles division so increase in exports can be achieved in the coming years.

## ANALYSIS OF PRIOR YEAR FORWARD LOOKING DISCLOSURE

Your Company has achieved a new milestone of Rs.22 Billion Sales Revenue (2019: 21 billion). Significant increase was witnessed in the export sales. In spite of the prevailing pandemic, the Company has had a strong result this year, one that was on track to beat the previous year before the shutdown of the retailing sectors in Europe and North America. Gross profits increased mainly due to 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



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## 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.

The Report has been prepared in compliance of:-

- The International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB).
- Islamic Financial Accounting standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP)
- Provisions and directives of Companies Act , 2017
- Code of Corporate Governance Regulations, 2019
- Core guidelines of the Integrated Reporting Framework issued by the IIRC

# INTEGRATED REPORTING FRAMEWORK (IR)

## BASIS OF PREPARATION AND PRESENTATION

Kohinoor Textile Mills Limited is engaged in the production and sale of 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 annually reviews the IR Framework to continuously improve the quality of information produced, and communicates its operations, brand, and financial structure to the stakeholders. Furthermore, the Company is prepared to manage any risk that may affect the long-term sustainability of the business and has progressed ahead in this Report to incorporate all 8 core Content Elements of IR Framework:-

- Organizational overview and external environment
- Governance
- Business model
- Risks and opportunities
- Strategy and resource allocation
- Performance
- Outlook
- Basis of preparation and presentation

Management acknowledges its responsibility of the integrity of this Report and have applied their collective mind and effort in its preparation and presentation. Full efforts have been made to disclose all material information to its stakeholders unless Management is of the view that its disclosure would cause significant competitive harm, however, it stands to note that there is a certain degree of challenge to objectively quantify certain qualitative factors that add value in the wake of disruption caused by the global COVID – 19 pandemic.

Even so, we are 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

## FINANCIAL RESULTS: CURRENT VS PREVIOUS YEAR

Financial highlights of key operating results for the year 2019-20 are as follows:

Particulars	2020	2019
(Rs. In Million)		
Equity	17,971	16,967
Capital Employed	21,383	19,096
Revenue	21,845	21,220
Gross Profit	3,990	3,561
Profit from operations	2,681	2,692
Net Profit before Tax	1,878	2,281
Operating Cash Flows	(390)	2,494
Investing Cash Flows	(4,481)	(573)
Financing Cash Flows	4,841	(1,866)

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

- Equity increased by 6% from Rs. 16,967 million (2019) to Rs. 17,971 (2020) due to increased profits during the year.
- Sales increased as compared with previous year due to rigorous efforts made by marketing teams by soliciting new customers and unlocking new avenues to grab extra revenue despite extra ordinary tough business conditions amid covid-19.
- Gross profits increased due to better profit margins and efficient controls over 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 disturbed due to lesser recoveries from debtors in 3rd and 4th quarter of current financial year due to prevalent lock down situation across target markets.

## FINANCIAL RESULTS:

### ACTUAL VS BUDGET

Sales and profitability of the company for the year ended 30 June 2020 compared with the projections / budget is as under.

Particulars	Actual	Budget
	2020	2020
(Rs. In Million)		
Revenue	21,845	25,219
Gross Profit	3,990	3,552
Profit from operations	2,681	2,120

Sales dropped mainly due to suspended business activities in both national / international markets in 3rd and 4th quarter due to covid-19.

Gross profit and Profit from operations improved due to better margins despite unprecedented hike in prices of raw materials and tough business conditions.

## SEGMENTAL REVIEW OF BUSINESS PERFORMANCE

Segment wise profits before taxation and unallocated income and expenses for the year ended 30 June 2020 are as under:

Particulars	Actual	
	2020	2019
(Rs. In Million)		
Spinning	1,644	1,765
Weaving	292	207
Processing and		
Home Textile	631	476

Operating profits of Weaving and Processing & Home Textile Divisions improved during the year due to increased sales volume and better selling margins as compared with preceding year. However, Spinning divisions faced stiff conditions in start of financial year due to reforms announced by FBR to document the economy and later in the year due to lock down conditions that remained enforced in 3rd and 4th quarter.

### TAXATION: PROVISION AND ASSESSMENT

A comparison of provision for taxation against the assessed tax for last three years is as follows:

	2019	2018	2017
	(Rs. in Million)		
Provision	450	454	488
Assessment	266	142	460

Management is confident that the provision for taxation made in financial statement is sufficient.



## COMPOSITION OF LOCAL VERSUS IMPORTED COMPONENTS AND SENSITIVITY ANALYSIS

	2020		2019	
	Rs. '000	%	Rs. '000	%
<b>Local Materials:</b>				
Raw materials	8,355,897	44%	9,675,074	57%
Stores and spares	2,461,347	13%	1,716,613	10%
Fuel and power	2,400,944	13%	2,383,419	14%
	13,218,188	70%	13,775,106	82%
<b>Imported materials</b>				
Raw materials	3,984,798	21%	2,763,722	16%
Stores and spares	1,674,517	9%	355,272	2%
	5,659,315	30%	3,118,994	18%
	18,877,503	100%	16,894,100	100%

## SENSITIVITY ANALYSIS

For each percent change in value of foreign currency, cost of imported materials will change by Rs 56.593 million (2019: 31.190 million).

	2020 Rs. '000	2019 Rs. '000
Appreciation of PKR	(56,593)	(31,190)
Depreciation of PKR	56,593	31,190
Percentage of COS	0.32	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	628,069	2,975,165
Capital expenditures	(1,396,465)	(880,261)
Free Cash Flows	(768,396)	2,094,904

**Free Cash Flow** (FCF) is the Cash a Company produces through its operations, less the cost of expenditures on assets. 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. During the year due to COVID-19, cash recoveries affected adversely. However, from Jul-20 onwards business has been resumed and ample cash flows shall be available to the Company to meet its financial obligations amicably.

## ECONOMIC VALUE ADDED

Net Profit after Tax	1,528,043	1,750,644
Less: Cost of capital	(578,803)	(642,262)
Economic Value Added	949,240	1,108,382

**Economic value added** (EVAD) is a measure of a Company's operating profit after tax generated in excess of cost of funds deployed. Ample EVAD 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	2020 Number of shares	2019
Weighted average number of shares outstanding at beginning of the year	299,296,456	299,296,456
Weighted average number of shares outstanding at the end of the year	299,296,456	299,296,456

### FAIR VALUE OF PROPERTY, PLANT AND EQUIPMENT

Market value of the Company's property, plant and equipment is around Rs. 15.72 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.

#### Sensitivity Analysis of Change in Market Capitalization

Share Price as of 30 June 2020	Rs.35.51
Market Capitalization as of 30.06.2020	Rs. 10,628,017,153
Change in Share Price by	Change in Market Capitalization
+10%	Rs. 11,690,818,868
-10%	Rs. (11,690,818,868)

Due to increased interest rates, stocks remained under performed during majority of the period in current financial year. However, from April 2020, due to COVID-19 pandemic, Govt. of Pakistan has decided to drastically reduced the interest rates to support the economy, resultantly an extra ordinary movement has been witnessed in stock market activity. We are hopeful that interest rates shall remain on current levels hence stocks will perform well in forthcoming financial year as well.

# STATEMENT OF CASH FLOWS (DIRECT METHOD)

FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	20,915,588	21,434,385
Cash paid to suppliers and employees	(20,287,519)	(18,459,220)
Cash generated from operations	628,069	2,975,165
Finance cost paid	(680,070)	(400,647)
Income tax paid	(337,845)	(77,854)
Net increase in long term deposits	(369)	(2,965)
Net cash (used in) / generated from operating activities	(390,215)	2,493,699
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment	(1,396,465)	(880,261)
Proceeds from disposal of property, plant and equipment	46,230	41,752
Long term investments made	(3,343,934)	(24,819)
Proceeds from disposal of long term investments	24,800	-
Short term investments made	(193,544)	(1,103,118)
Proceeds from disposal of Short term investments	162,188	1,051,322
Interest received	55,683	14,355
Dividend received	163,918	327,839
Net cash used in investing activities	(4,481,124)	(572,930)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	1,414,291	596,883
Repayment of long term financing	(392,726)	(373,565)
Short term borrowings - net	4,337,604	(1,493,861)
Dividend paid	(517,583)	(595,765)
Net cash from / (used in) financing activities	4,841,586	(1,866,308)
Net (decrease) / increase in cash and cash equivalents	(29,753)	54,461
Cash and cash equivalents at the beginning of the year	216,366	161,905
Cash and cash equivalents at the end of the year	186,613	216,366

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



# RESULTS REPORTED IN INTERIM FINANCIAL STATEMENTS AND FINAL ACCOUNTS

Particulars	Interim Reports Results						Annual	
	3 Months Period Ended 30-09-2019		6 Months Period Ended 31-12-2019		9 Months Period Ended 31-03-2020		Full Year Ended 30-06-2020	
	Rupees '000	%	Rupees '000	%	Rupees '000	%	Rupees '000	%
Net Turnover	5,404,197		11,934,010		18,152,708		21,844,810	
Gross Profit	935,883	17.32%	2,164,644	18.14%	3,370,743	18.57%	3,990,180	18.27%
Operating Profit	594,153	10.99%	1,540,090	12.91%	2,355,960	12.98%	2,681,070	12.27%
Profit before tax	489,315	9.05%	1,184,653	9.93%	1,742,894	9.60%	1,878,201	8.60%
Profit after tax	420,133	7.77%	1,028,934	8.62%	1,468,862	8.09%	1,528,043	6.99%
Equity	17,386,948		17,771,277		17,911,909		17,971,090	
Current ratio (in time)	1.12		0.94		0.91		0.89	

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

### 3 Months Ended 30 September 2019

Gross Profit was 17.32% as compared with annual GP of 18.27% due to slightly squeezed profit margins in 1st quarter.

Operating profit was 10.99% as compared with annual operating profit of 12.27%.

Net profit before tax was 9.05% as compared with annual net profit before tax of 8.60% due to year-end adjustments in last quarter.

Net Profit after tax was 7.77% as compared with annual net profit after tax of 6.99% due to reasons aforementioned.

Shareholders' equity was Rupees. 17,387 million as compared with annual equity of Rupees. 17,971 million.

Current ratio was 1.12 times.

### 6 Months Ended 31 December 2019

Gross Profit was 18.14% as compared with annual GP of 18.27% due to squeezed profit margins in 2nd quarter of the year.

Operating profit for the first half year was 12.91% as compared with annual operating profit of 12.27% mainly due to dividend income from subsidiary Company in 2nd quarter.

Net profit before tax was 9.93% as compared with annual net profit before tax of 8.60% due to aforementioned reasons.

Shareholders' equity was Rupees. 17,771 million as compared with annual equity of Rupees. 17,971 million due to dividend from subsidiary Company.

Current ratio was 0.94 times as compared with annual ratio of 0.89. Ratio declined due to increase in borrowings to meet working capital requirements.

### 9 Months Ended 31 March 2020

Gross profit was 18.57% as compared with annual GP of 18.27% due to better utilizations, selling margins in first 9 months.

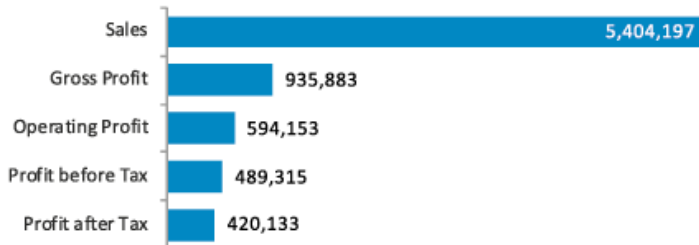
Operating profit for the first 9 months was 12.98% as compared with annual operating profit of 12.27%.

Shareholders' equity was Rupees. 17,912 million as compared with annual equity of Rupees. 17,971 million.

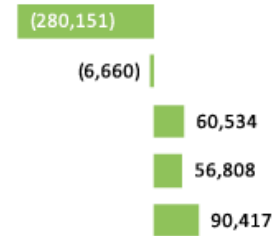
Current ratio was 0.91 times as compared with annual current ratio of 0.89. Ratio declined due to borrowings for working capital requirements.

# GRAPHICAL PRESENTATION

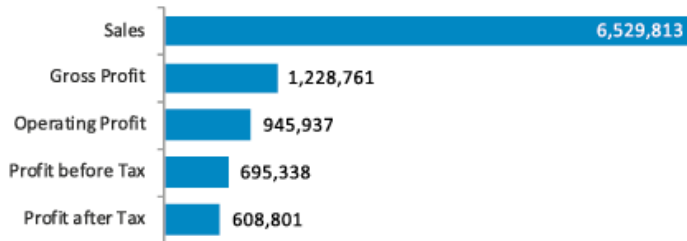
## 1st Quarter FY 2020



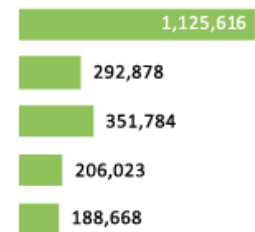
## Variance from previous quarter



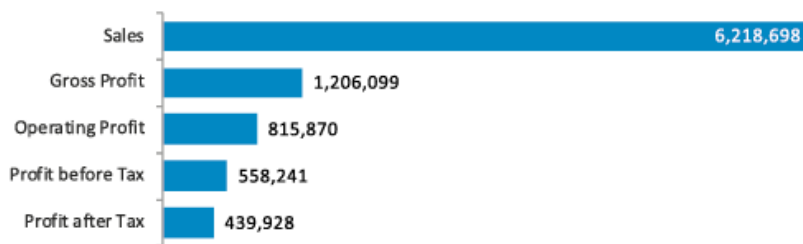
## 2nd Quarter FY 2020



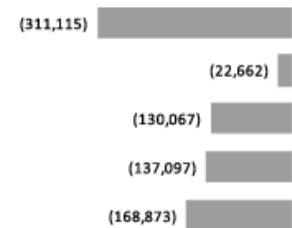
## Variance from previous quarter



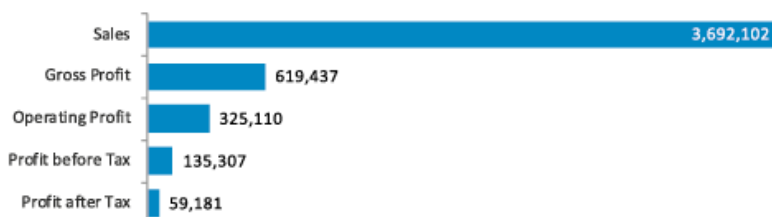
## 3rd Quarter FY 2020



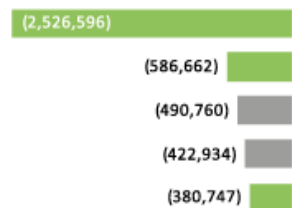
## Variance from previous quarter



## 4th Quarter FY 2020



## Variance from previous quarter



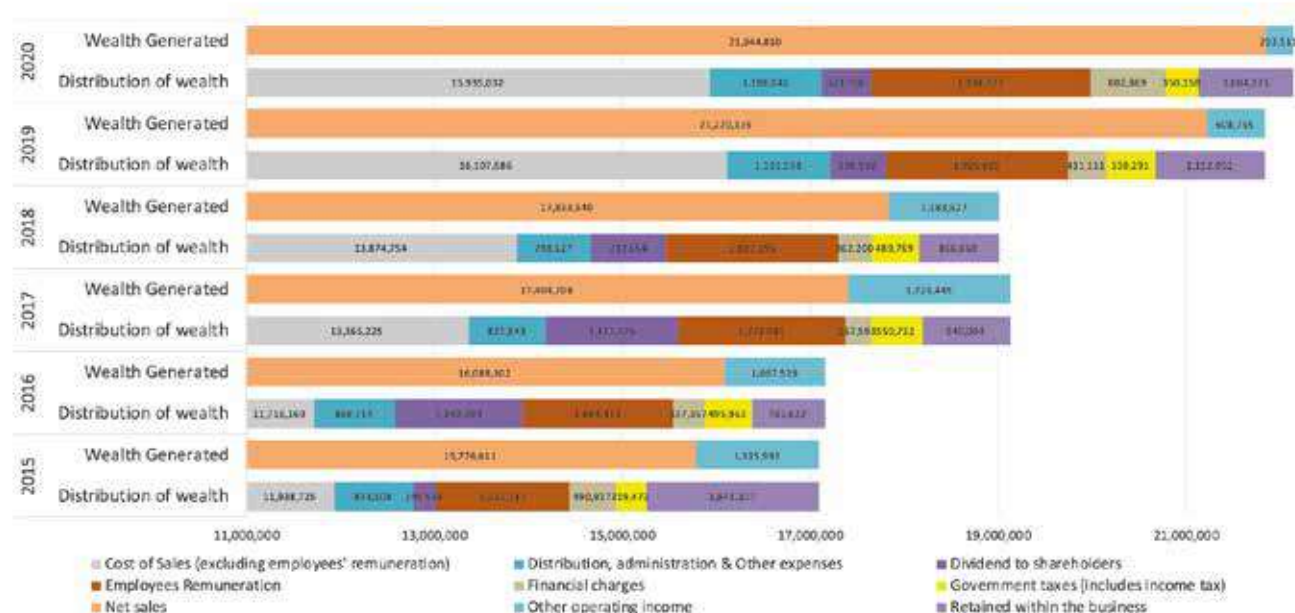
# VALUE ADDITION AND DISTRIBUTION

	2020		2019		2018		2017		2016		2015	
	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age	Rs "000"	% age
<b>Wealth Generated</b>												
Net sales	21,844,810	98.67%	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%
Other operating income	293,511	1.33%	608,755	2.79%	1,183,527	6.22%	1,725,445	9.02%	1,067,529	6.22%	1,315,992	7.70%
	22,138,321	100.00%	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%

## Distribution of wealth

Cost of Sales (excluding employees' remuneration)	15,935,032	71.98%	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%
Distribution, administration & Other expenses	1,188,042	5.37%	1,103,538	5.06%	798,627	4.20%	821,843	4.30%	869,714	5.07%	834,508	4.88%
Employees Remuneration	2,334,177	10.54%	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%
Financial charges	802,869	3.63%	411,111	1.88%	362,200	1.90%	267,593	1.40%	337,357	1.97%	490,917	2.87%
Government taxes (includes income tax)	350,158	1.58%	530,291	2.43%	489,769	2.58%	550,732	2.88%	495,963	2.89%	319,473	1.87%
Dividend to shareholders	523,768	2.37%	598,592	2.74%	797,654	4.19%	1,411,775	7.38%	1,350,393	7.87%	245,526	1.44%
Retained within the business	1,004,275	4.54%	1,152,052	5.28%	866,668	4.56%	940,004	4.91%	781,822	4.56%	1,841,307	10.77%
	22,138,321	100.00%	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%

# GRAPHICAL PRESENTATION





# HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

	2020		2019		2018		2017		2016		2015	
	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%
<b>BALANCE SHEET</b>												
Total Equity	17,971,090	5.92	16,966,815	7.24	15,820,626	13.63	13,922,796	7.43	12,959,673	10.92	11,684,053	
Total non-current liabilities	3,411,551	60.24	2,129,031	15.04	1,850,676	4.20	1,776,007	47.37	1,205,135	62.03	743,794	
Total current liabilities	11,321,125	75.50	6,450,732	(10.41)	7,200,654	42.70	5,046,039	1.10	4,990,909	(3.76)	5,185,753	
<b>Total equity and liabilities</b>	<b>32,703,766</b>	<b>28.02</b>	<b>25,546,578</b>	<b>2.71</b>	<b>24,871,956</b>	<b>19.89</b>	<b>20,744,842</b>	<b>8.30</b>	<b>19,155,717</b>	<b>8.76</b>	<b>17,613,600</b>	
<b>Total non-current assets</b>	<b>22,623,930</b>	<b>22.21</b>	<b>18,512,532</b>	<b>1.96</b>	<b>18,155,891</b>	<b>17.53</b>	<b>15,447,434</b>	<b>17.40</b>	<b>13,158,134</b>	<b>7.19</b>	<b>12,275,578</b>	
<b>Total current assets</b>	<b>10,079,836</b>	<b>43.30</b>	<b>7,034,046</b>	<b>4.73</b>	<b>6,716,065</b>	<b>26.78</b>	<b>5,297,408</b>	<b>(11.67)</b>	<b>5,997,583</b>	<b>12.36</b>	<b>5,338,022</b>	
<b>Total assets</b>	<b>32,703,766</b>	<b>28.02</b>	<b>25,546,578</b>	<b>2.71</b>	<b>24,871,956</b>	<b>19.89</b>	<b>20,744,842</b>	<b>8.30</b>	<b>19,155,717</b>	<b>8.76</b>	<b>17,613,600</b>	

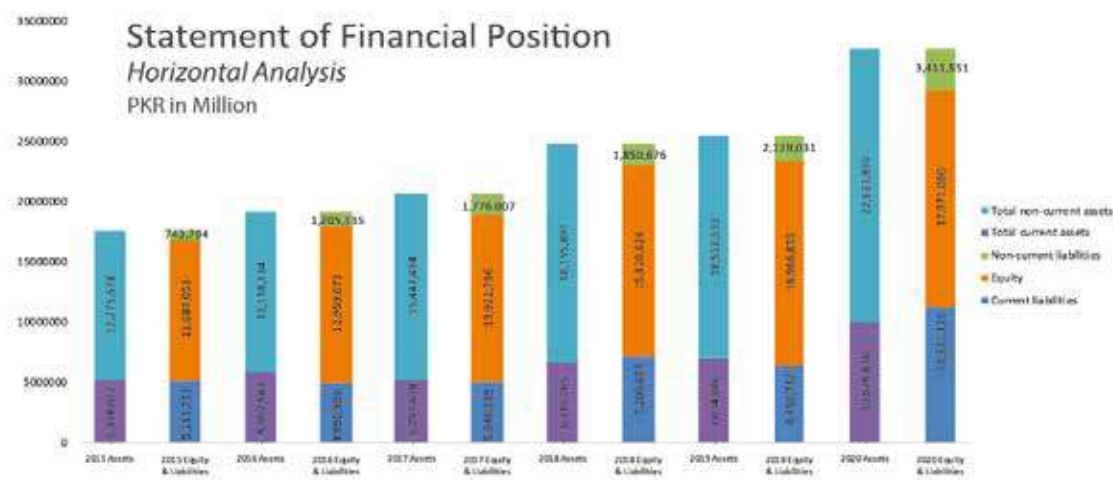
## HORIZONTAL ANALYSIS OF FINANCIAL PERFORMANCE

Net sales	21,844,810	2.94	21,220,135	18.99	17,833,540	2.46	17,404,708	8.18	16,088,302	1.98	15,776,611	
Cost of sales	17,854,630	1.11	17,659,063	15.00	15,355,788	3.59	14,823,393	13.60	13,048,866	(0.64)	13,132,754	
Gross profit	3,990,180	12.05	3,561,072	43.72	2,477,752	(4.01)	2,581,315	(15.07)	3,039,436	14.96	2,643,857	
Selling and distribution expenses	821,609	46.41	561,181	13.19	495,766	(7.90)	538,294	(6.26)	574,226	(7.42)	620,281	
Administrative expenses	602,467	9.10	552,220	11.67	494,532	7.35	460,681	14.85	401,099	9.36	366,754	
Other operating expenses	178,545	(51.00)	364,380	135.55	154,690	12.35	137,681	(17.11)	166,105	119.74	75,591	
Other operating income	293,511	(51.79)	608,755	(48.56)	1,183,527	(31.41)	1,725,445	61.63	1,067,529	(18.88)	1,315,992	
Profit from operations	2,681,070	(0.41)	2,692,046	6.98	2,516,291	(20.62)	3,170,104	6.90	2,965,535	2.36	2,897,223	
Finance cost	802,869	95.29	411,111	13.50	362,200	35.35	267,593	(20.68)	337,357	(31.28)	490,917	
Profit before taxation	1,878,201	(17.66)	2,280,935	5.89	2,154,091	(25.79)	2,902,511	10.44	2,628,178	9.22	2,406,306	
Provision for taxation	350,158	(33.97)	530,291	8.27	489,769	(11.07)	550,732	11.04	495,963	55.24	319,473	
Profit after taxation	1,528,043	(12.72)	1,750,644	5.19	1,664,322	(29.23)	2,351,779	10.30	2,132,215	2.17	2,086,833	

## GRAPHICAL PRESENTATION AND COMMENTS ON HORIZONTAL ANALYSIS OF FINANCIAL STATEMENT

### Balance Sheet

Continuous increase in shareholder's equity is primarily because of profitable operations of the Company. Non-current liabilities have been increased 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 due to modernization 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.

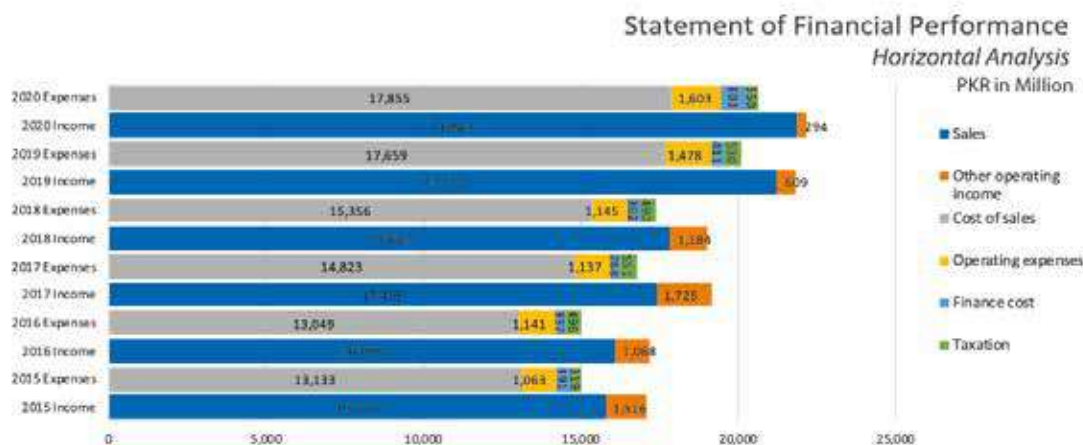


### Profit and Loss Account

Company's overall sales are being increased by 3%. Home textile division has performed extra ordinarily however spinning and weaving divisions remained under stress due to various factors, i.e., moves taken by FBR to document the economy due to which local markets remained closed and thereafter COVID-19 impact augmented it further.

Gross profit has been increased by 12% due to selection of high yield orders and stringent controls over critical contemporary areas of performance.

Finance cost increased due to higher interest rates in the nine months of financial year and increased financing requirements to meet working capital requirements.



# VERTICAL ANALYSIS OF FINANCIAL STATEMENT

	2020	%	2019	%	2018	%	2017	%	2016	%	2015	%
.....Rupees in thousand.....												
<b>BALANCE SHEET</b>												
Total Equity	17,971,090	54.95	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
Total non-current liabilities	3,411,551	10.43	2,129,031	8.33	1,850,676	7.44	1,776,007	8.56	1,205,135	6.29	743,794	4.22
Total current liabilities	11,321,125	34.62	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
<b>Total equity and liabilities</b>	<b>32,703,766</b>	<b>100.00</b>	<b>25,546,578</b>	<b>100.00</b>	<b>24,871,956</b>	<b>100.00</b>	<b>20,744,842</b>	<b>100.00</b>	<b>19,155,717</b>	<b>100.00</b>	<b>17,613,600</b>	<b>100.00</b>
Total non-current assets	22,623,930	69.18	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
Total current assets	10,079,836	30.82	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
<b>Total assets</b>	<b>32,703,766</b>	<b>100.00</b>	<b>25,546,578</b>	<b>100.00</b>	<b>24,871,956</b>	<b>100.00</b>	<b>20,744,842</b>	<b>100.00</b>	<b>19,155,717</b>	<b>100.00</b>	<b>17,613,600</b>	<b>100.00</b>

## VERTICAL ANALYSIS OF FINANCIAL PERFORMANCE

Net sales	21,844,810	100.00	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
Cost of sales	17,854,630	81.73	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
Gross profit	3,990,180	18.80	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
Selling and distribution expenses	821,609	3.76	561,181	2.64	495,766	2.78	538,294	3.09	574,226	3.57	620,281	3.93
Administrative expenses	602,467	2.76	552,220	2.60	494,532	2.77	460,681	2.65	401,099	2.49	366,754	2.32
Other operating expenses	178,545	0.82	364,390	1.72	154,690	0.87	137,681	0.79	166,105	1.03	75,591	0.48
Other operating income	293,511	1.34	608,755	2.87	1,183,527	6.64	1,725,445	9.91	1,067,529	6.64	1,315,992	8.34
Profit from operations	2,681,070	12.27	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
Finance cost	802,869	3.68	411,111	1.94	362,200	2.03	267,593	1.54	337,357	2.10	490,917	3.11
Profit before taxation	1,878,201	8.60	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
Provision for taxation	350,158	1.60	530,291	2.50	489,769	2.75	550,732	3.16	495,963	3.08	319,473	2.02
Profit after taxation	1,528,043	6.99	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



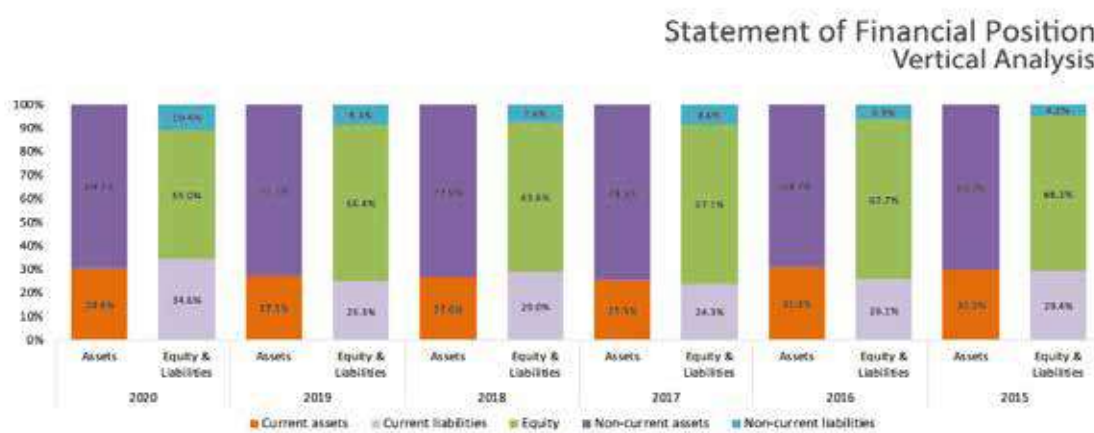
## GRAPHICAL PRESENTATION AND COMMENTS ON VERTICAL ANALYSIS OF FINANCIAL STATEMENT

### Balance Sheet

Equity component is 55% 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 10.43% of the balance sheet footing as compared to 8% for the preceding year, this increase is primarily because of expansion and modernization of production facilities.

Non-current assets has been increased from Rs. 18,512 Million in 2019 to Rs. 22,623 Million in 2020. Such increase is due to capital expenditure for production facilities and solar based power project.

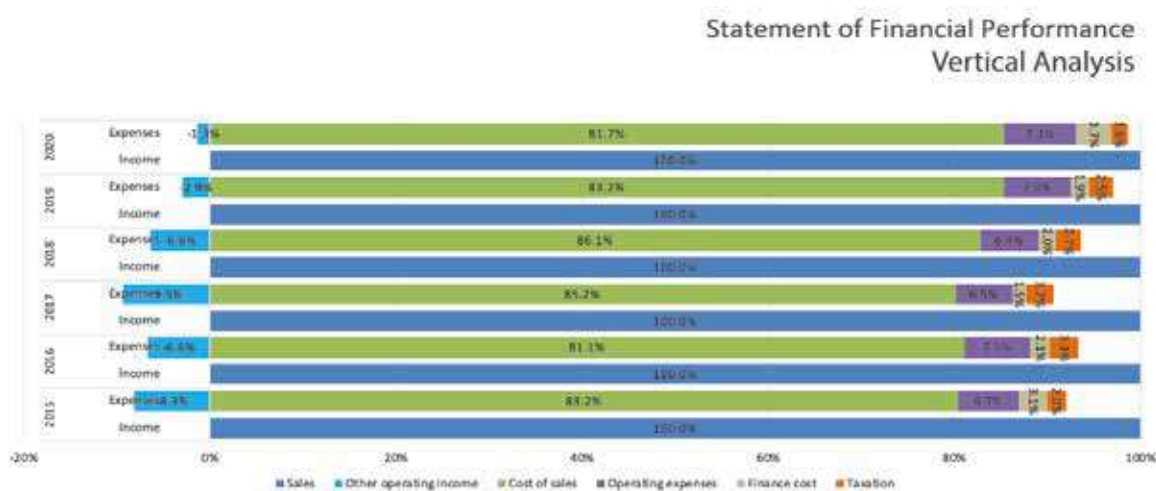


### Profit & Loss Account

Cost of sales is 81.73% in (2020) as compared to 83.22% in (2019), 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 is due to increase in interest rates and new finances obtained for modernization of plant & machinery and working capital requirements.

Other operating income decreased mainly due to decrease in dividend from subsidiary company.



# KEY OPERATING AND FINANCIAL DATA

## Six Years Summary

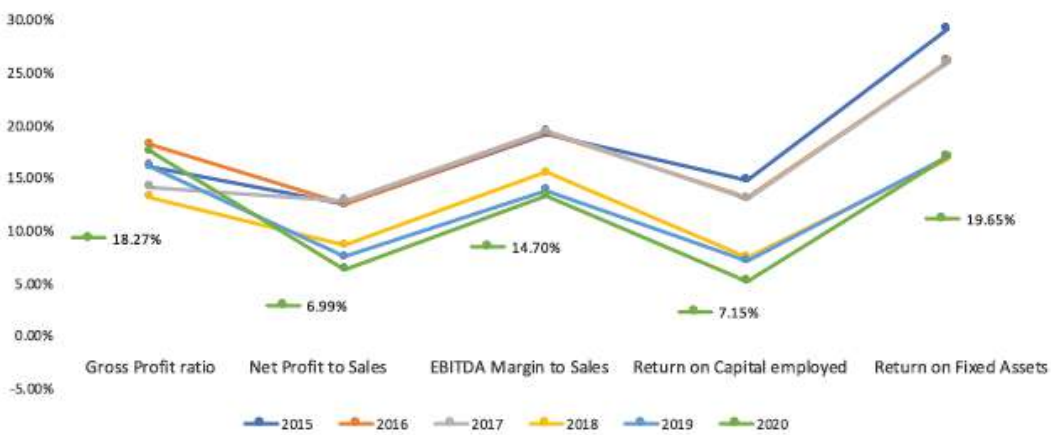
Financial Highlights	2020	2019	2018	2017	2016	2015
						PKR '000'
<b>FINANCIAL POSITION</b>						
Tangible fixed assets-net	9,699,484	8,907,570	8,578,713	8,222,022	7,437,640	6,565,198
Intangible assets	-	-	-	11,974	9,305	-
Investment & Other assets	12,924,446	9,604,962	9,577,178	7,213,438	5,711,189	5,710,380
	22,623,930	18,512,532	18,155,891	15,447,434	13,158,134	12,275,578
Current assets	10,079,836	7,034,046	6,716,065	5,297,408	5,997,583	5,338,022
Current liabilities	11,321,125	6,450,732	7,200,654	5,046,039	4,990,909	5,185,753
Net working capital	(1,241,289)	583,314	(484,589)	251,369	1,006,674	152,269
Capital employed	21,382,641	19,095,846	17,671,302	15,698,803	14,164,808	12,427,847
Less: Long term loan & other liabilities	3,411,551	2,129,031	1,850,676	1,776,007	1,205,135	743,794
Share holders Equity	17,971,090	16,966,815	15,820,626	13,922,796	12,959,673	11,684,053
Represented By:						
Share capital	2,992,964	2,992,964	2,992,964	2,823,551	2,823,551	2,455,262
Reserves & unappropriated profit	14,978,126	13,973,851	12,827,662	11,099,245	10,136,122	9,228,791
	17,971,090	16,966,815	15,820,626	13,922,796	12,959,673	11,684,053
<b>PROFIT AND LOSS ACCOUNT</b>						
Net sale	21,844,810	21,220,135	17,833,540	17,404,708	16,088,302	15,776,611
Gross Profit	3,990,180	3,561,072	2,477,752	2,581,315	3,039,436	2,643,857
Operating profit	2,681,070	2,692,046	2,516,291	3,170,104	2,965,535	2,897,223
Profit before tax	1,878,201	2,280,935	2,154,091	2,902,511	2,628,178	2,406,306
Provision for income tax	350,158	530,291	489,769	550,732	495,963	319,473
Profit after tax	1,528,043	1,750,644	1,664,322	2,351,779	2,132,215	2,086,833
<b>Key Financial Ratios:</b>						
<b>Profitability Ratios:</b>						
Gross Profit to sales (%age)	18.27	16.78	13.89	14.83	18.89	16.76
Net Profit to sales (%age)	6.99	8.25	9.33	13.51	13.25	13.23
EBITDA (%age)	14.86	15.19	16.92	20.76	20.70	20.45
Operating leverage ratio	(0.14)	0.37	(10.50)	0.88	1.00	18.67
Return on equity (%age)	8.50	10.32	10.52	16.89	16.45	17.86
Return on capital employed (%age)	7.15	9.17	9.42	14.98	15.05	16.79
Profit before tax ratio (%age)	8.60	10.75	12.08	16.68	16.34	15.25
Effective tax rate (%age)	18.64	23.25	22.74	18.97	18.87	13.28
Cost / Revenue ratio (%age)	81.73	83.22	86.11	85.17	81.11	83.24
<b>Liquidity Ratios:</b>						
Current ratio	0.89	1.09	0.93	1.05	1.20	1.03
Acid test ratio	0.35	0.41	0.50	0.54	0.66	0.56
Cash to current liabilities	0.02	0.03	0.02	0.03	0.05	0.02
Cash flow from operations to sales %	(1.79)	11.75	2.21	6.73	6.23	8.31
<b>Activity / Turnover Ratios:</b>						
No. of days in Inventory	94	66	54	52	59	54
No. of days in receivables	32	27	31	25	25	24
No. of days in creditors	50	41	39	35	39	36
Operating cycle	76	52	46	41	45	42
Inventory turnover	4	6	7	7	6	7
Debtors turnover ratio	11	13	12	15	15	16
Creditors turnover ratio	7	9	9	10	9	10
Total assets turn over / return on investment ratio	0.75	0.84	0.78	0.87	0.88	0.94
Fixed assets turn over ratio	1.97	2.01	1.75	1.81	1.83	1.97

Financial Highlights	2020	2019	2018	2017	2016	2015
<b>Investment / Market Ratios:</b>						
Earning per share - Basic - (Rupees)	5.11	5.85	5.64	8.25	7.48	7.32
Earning per share - Diluted - (Rupees)	5.11	5.85	5.64	8.25	7.48	7.32
Price earning ratio	6.96	4.28	9.75	12.75	10.70	8.88
Price to book ratio	35.51 : 60.04	25.05 : 56.69	54.99 : 52.86	105.13 : 49.31	80.03 : 45.90	64.96 : 47.59
Dividend yield ratio	20%	18%	28%	50%	40%	10%
Dividend payout ratio (%age)	39.17	29.92	48.76	60.63	53.50	13.67
Dividend cover ratio - (Times)	2.55	3.34	2.05	1.65	1.87	7.32
Cash dividend per share - (Rupees)	2	1.75	2.75	5	4	1
Stock dividend per share	-	-	-	-	15%	-
<b>Breakup value per share - (Rupees):</b>						
- without revaluation surplus	47.20	43.85	40.02	35.77	32.44	32.62
- with revaluation surplus	60.04	56.69	52.86	49.31	45.90	47.59
- with revaluation surplus and investments at fair value	87.95	72.26	95.83	158.50	145.35	129.61
Market value per share at the end of the year - (Rupees)	35.51	25.05	54.99	105.13	80.03	64.96
Share Price - High during the year - (Rupees)	45	57.25	106.00	128.50	82.34	68.28
Share Price - Low during the year - (Rupees)	19.28	25.05	54.99	78.95	60.94	21.68
Earning assets to total assets ratio (%age)	69.02	72.26	72.8	74.19	68.38	69.35
<b>Capital Structure Ratios:</b>						
Financial leverage ratio	0.58	0.30	0.40	0.49	0.48	0.51
Weighted average cost of debt (%age)	5.90	5.40	4.94	4.16	5.35	9.87
Debt to equity ratio (as per book)	14 : 86	10 : 90	10 : 90	10 : 90	7 : 93	4 : 96
Debt to equity ratio (as per market value)	22:78	21:79	9:91	5:95	4:96	3:97
Interest cover ratio	3.34	6.55	6.95	11.85	8.79	5.90
Average operating working capital to sales ratio	0.23	0.19	0.22	0.20	0.20	0.19
Net borrowing to EBITDA ratio	3.16	1.51	2.05	1.28	1.25	1.23
\Net cash flow from operating activities	(390,215)	2,493,699	394,884	1,171,639	1,002,347	1,310,771
Net cash used in investing activities	(4,481,124)	(572,930)	(2,202,943)	(196,570)	(247,653)	(314,592)
Net cash from / (used in) financing activities	4,841,586	(1,866,308)	1,815,029	(1,049,146)	(640,497)	(982,301)
Net change in cash and cash equivalents	(29,753)	54,461	6,970	(74,077)	114,197	13,878
<b>Yarn (Kgs "000") :</b>						
<b>Production (cont. into 20s)</b>						
KTM Division	39,810	41,751	41,331	39,574	38,473	38,270
KGM Division	34,382	36,994	36,603	34,816	33,299	30,524
	74,192	78,745	77,934	74,390	71,772	68,794
<b>Sales / Tran.for wvg.(actual count)</b>						
KTM Division	16,118	16,699	16,483	12,356	11,017	9,597
KGM Division	6,071	5,858	5,724	5,284	5,106	4,533
	22,189	22,557	22,207	17,640	16,123	14,130
<b>Cloth (Linear meters "000") :</b>						
<b>Processing (Rawalpindi Division)</b>						
Production	18,468	14,757	14,613	17,986	19,168	19,747
Sales	15,067	12,967	13,809	17,641	18,355	18,890
<b>Weaving (Raiwind Division)</b>						
Production	27,919	32,447	29,857	27,533	26,204	21,280
Sales	26,654	32,299	29,817	27,021	26,614	20,501

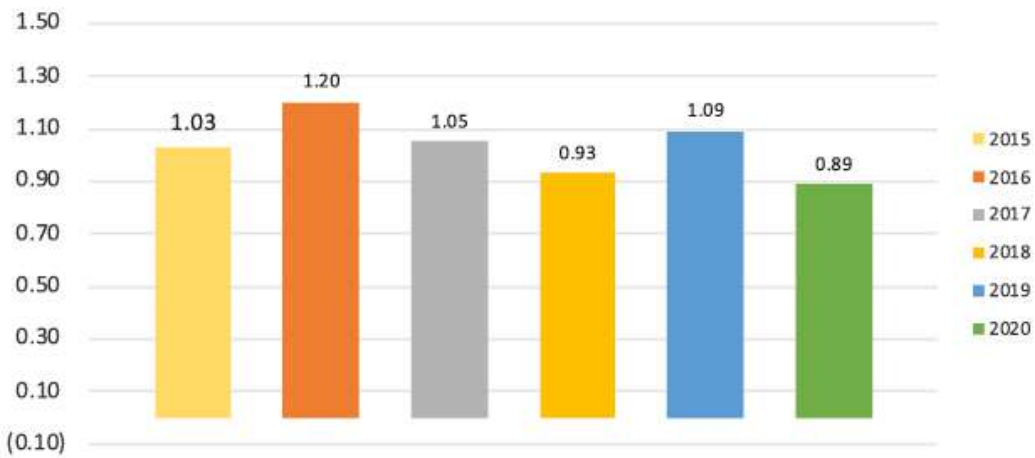


# KEY FINANCIAL RATIOS GRAPHICAL PRESENTATION

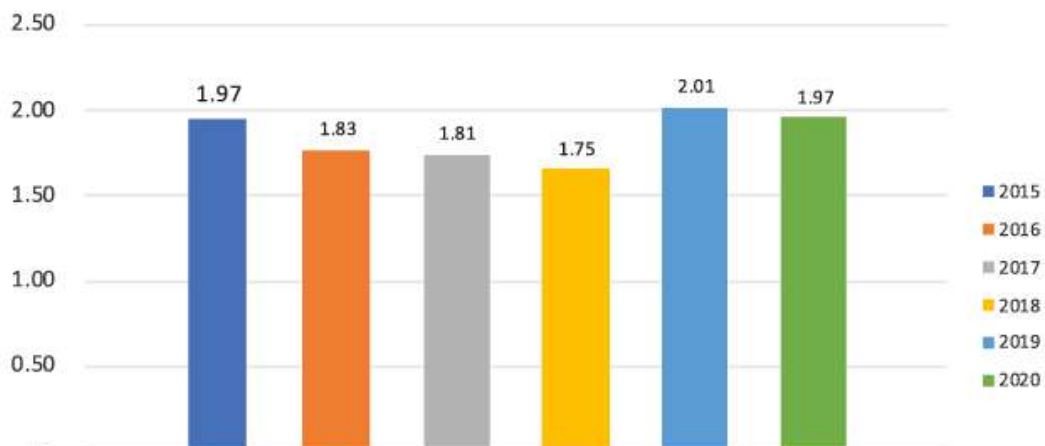
## Profitability Ratios



## Current Ratio

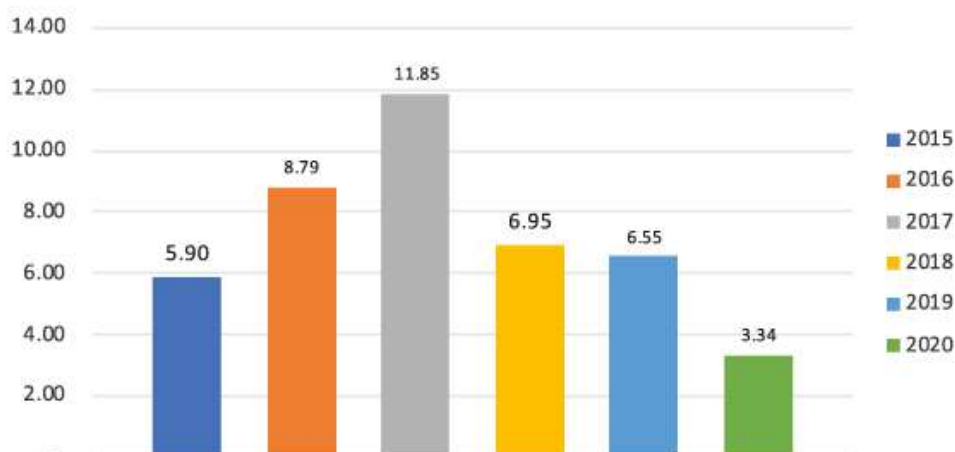


## Fixed Asset Turnover

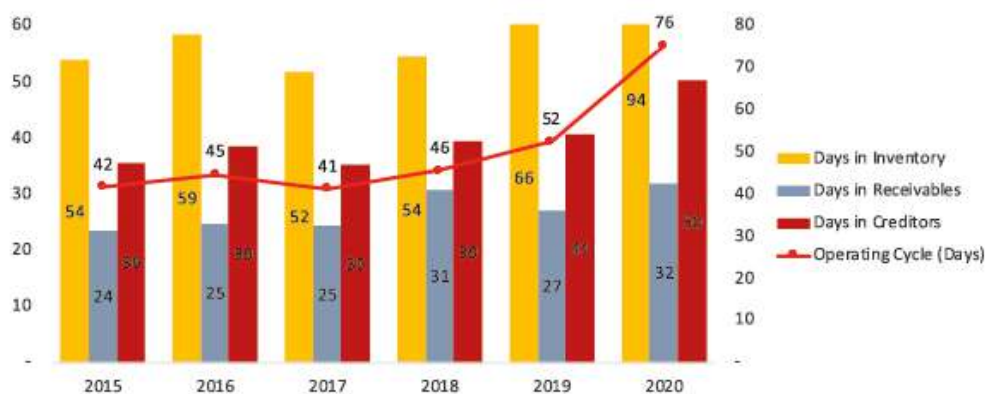


# KEY FINANCIAL RATIOS GRAPHICAL PRESENTATION

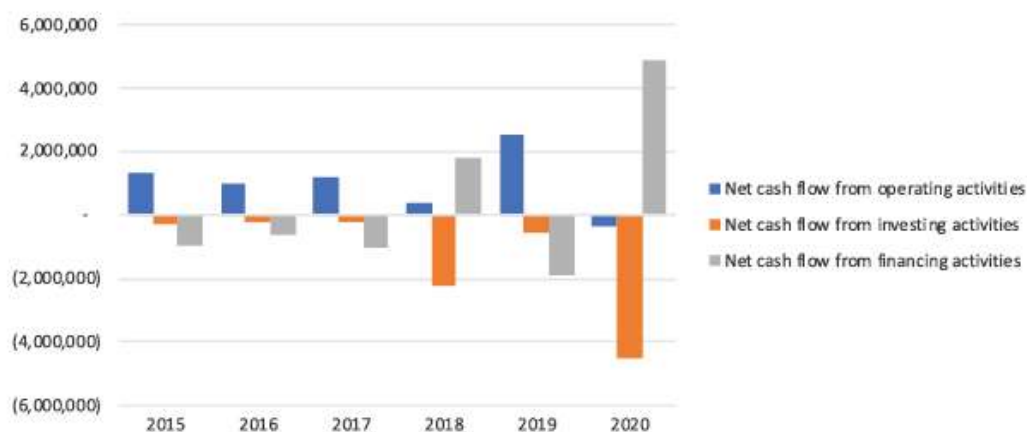
## Interest Cover



## Operating Cycle (Days)

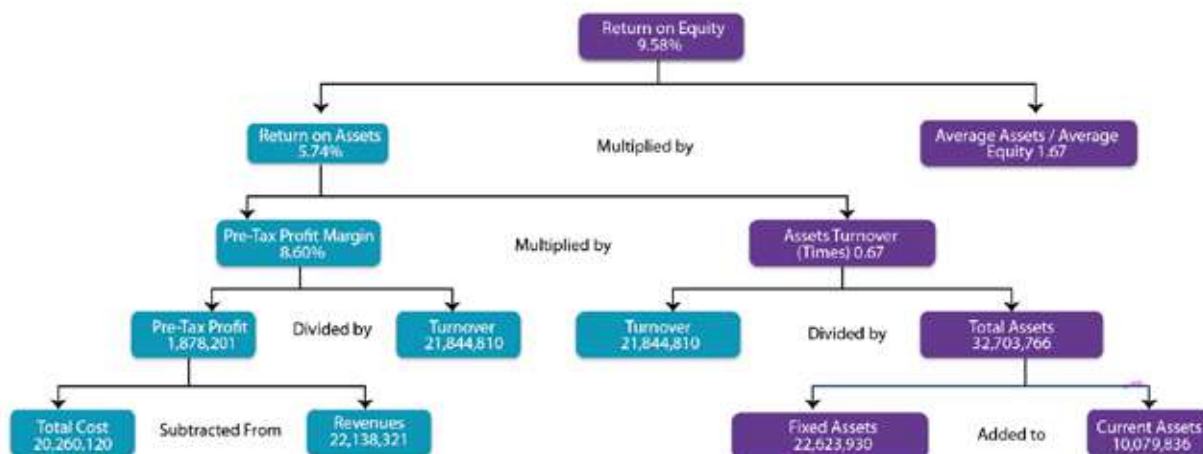


## Cashflows



# RETURN ON EQUITY (ROE)

## DuPont Analysis

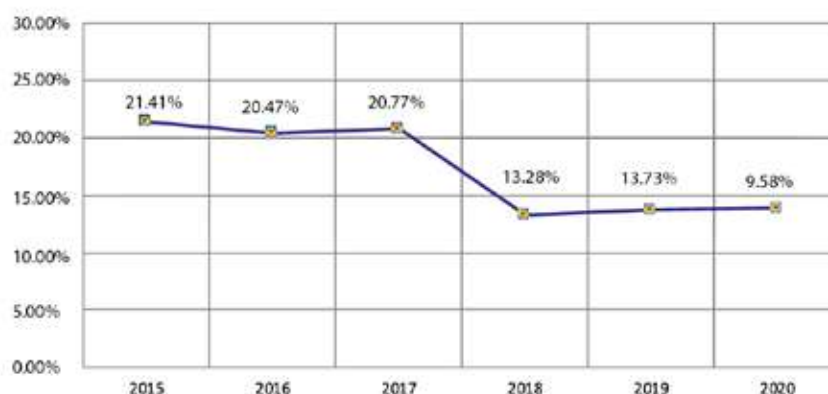


### Comments:

- 1 DuPont equation indicates drop in ROE over the period. Key driving factors in decreased ROE are profit margin and total asset turnover.
- 2 Profit margin decreased because of stiff market conditions and lesser dividend income from subsidiary as compared with previous year.
- 3 Despite increase in equity multiplier, assets turnover decreased as compared with previous year due to restricted business conditions in 3rd and 4th quarter amid covid-19.

## Return on Equity (ROE)

DuPont analysis examines the return on equity (ROE) by analyzing profit margin, total asset turnover, and equity multiplier.





## HOW THE INDICATORS AND PERFORMANCE MEASURES HAVE CHANGED OVER THE PERIOD

Kohinoor Textile Mills Limited has an established mechanism of performance appraisal. Key Performance Indicators (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 assess 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 cast 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.

### Free Cash Flow:

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:

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

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\*Mobile apps are also available for download for android and ios devices

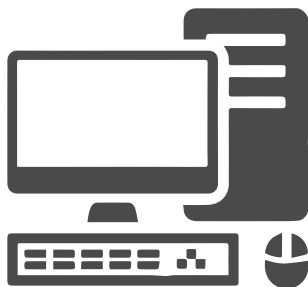
This disclosure is being added as per requirements of Securities and Exchange Commission of Pakistan vide SRO 924(1) / 2015, dated 09 September 2015.





## FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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## 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 2020, 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 2020 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.

Sr. No.	Key audit matters	How the matters were addressed in our audit
1	<p><b>Inventory existence and valuation:</b></p> <p>Inventory as at 30 June 2020 amounted to Rupees 6,068.464 million, break up of which is as follows:</p> <ul style="list-style-type: none"> <li>- Stores, spare parts and loose tools Rupees 705.750 million</li> <li>- Stock-in-trade Rupees 5,362.714 million</li> </ul> <p>Inventory is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 18.56% of the total assets of the Company as at 30 June 2020, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.16 to the financial statements.</li> <li>- Stores, spare parts and loose tools note 16 and Stock-in-trade note 17 to the financial statements.</li> </ul>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets;</li> <li>• 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;</li> <li>• 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;</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory;</li> <li>• 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; and</li> <li>• 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.</li> </ul>



<p>2</p>	<p><b>Capital expenditures</b></p> <p>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.</p> <p>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.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Property, plant, equipment and depreciation note 2.7 to the financial statements.</li> <li>- Property, plant and equipment note 12 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates;</li> <li>• We performed tests of details on costs capitalized; and</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>
<p>3</p>	<p><b>Revenue recognition</b></p> <p>The Company recognized net revenue of Rupees 21,844.810 million for the year ended 30 June 2020.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers note 2.23 to the financial statements.</li> <li>- Revenue note 23 to the financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• 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;</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';</li> <li>• 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; and</li> <li>• We also considered the appropriateness of disclosures in the financial statements.</li> </ul>

# Riaz Ahmad & Company

Chartered Accountants

## 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

# Riaz Ahmad & Company

Chartered Accountants

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: 11 September 2020



# STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 370,000,000 (2019: 370,000,000) ordinary shares of Rupees 10 each 30,000,000 (2019: 30,000,000) preference shares of Rupees 10 each		3,700,000 300,000 4,000,000	3,700,000 300,000 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		8,698,514	7,694,239
		10,149,005	9,144,730
Total equity		17,971,090	16,966,815
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	5	2,860,987	1,535,299
Deferred income tax liability	6	550,564	593,732
		3,411,551	2,129,031
<b>CURRENT LIABILITIES</b>			
Trade and other payables	7	2,785,824	2,133,377
Accrued mark-up	8	196,614	73,815
Short term borrowings	9	7,479,127	3,141,523
Current portion of long term financing	5	107,296	411,419
Unclaimed dividend	10	29,769	23,584
Taxation - net		722,495	667,014
		11,321,125	6,450,732
TOTAL LIABILITIES		14,732,676	8,579,763
CONTINGENCIES AND COMMITMENTS	11		
TOTAL EQUITY AND LIABILITIES		32,703,766	25,546,578

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

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

	Note	2020 (Rupees in thousand)	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	12	9,699,484	8,907,570
Investment properties	13	1,792,755	1,792,755
Long term investments	14	11,078,733	7,759,618
Long term deposits	15	52,958	52,589
		<u>22,623,930</u>	<u>18,512,532</u>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	16	705,750	565,437
Stock-in-trade	17	5,362,714	3,814,347
Trade debts	18	2,360,050	1,455,119
Advances	19	306,325	370,271
Short term prepayments		10,803	24,078
Other receivables	20	1,064,784	536,987
Short term investments	21	82,797	51,441
Cash and bank balances	22	186,613	216,366
		<u>10,079,836</u>	<u>7,034,046</u>
<b>TOTAL ASSETS</b>		<u><u>32,703,766</u></u>	<u><u>25,546,578</u></u>

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

# STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
REVENUE	23	21,844,810	21,220,135
COST OF SALES	24	(17,854,630)	(17,659,063)
GROSS PROFIT		3,990,180	3,561,072
DISTRIBUTION COST	25	(821,609)	(561,181)
ADMINISTRATIVE EXPENSES	26	(602,467)	(552,220)
OTHER EXPENSES	27	(178,545)	(364,380)
		(1,602,621)	(1,477,781)
OTHER INCOME	28	2,387,559 293,511	2,083,291 608,755
PROFIT FROM OPERATIONS		2,681,070	2,692,046
FINANCE COST	29	(802,869)	(411,111)
PROFIT BEFORE TAXATION		1,878,201	2,280,935
TAXATION	30	(350,158)	(530,291)
PROFIT AFTER TAXATION		1,528,043	1,750,644
		2020	2019
		-----Rupees-----	
EARNINGS PER SHARE - BASIC AND DILUTED	31	5.11	5.85

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, 2020

	2020 (Rupees in thousand)	2019
PROFIT AFTER TAXATION	1,528,043	1,750,644
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified to profit or loss	-	-
Items that may be reclassified subsequently to profit or loss	-	-
	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,528,043</b>	<b>1,750,644</b>

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

  
CHIEF EXECUTIVE OFFICER

  
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# STATEMENT OF CHANGES IN EQUITY

For the year ended June 30, 2020

	Reserves							Total equity	
	Capital reserves			Revenue reserves			Total reserves		
	Share capital	Share premium	Surplus on revaluation of freehold land and investment properties	Sub - Total	General reserve	Unappropriated profit			Sub - Total
Balance 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)
Profit for the year	-	-	-	-	-	-	(598,592)	(598,592)	(598,592)
Other comprehensive income for the year	-	-	-	-	-	1,750,644	1,750,644	1,750,644	1,750,644
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
Transactions with owners:									
- final dividend for the year ended 30 June 2019 @ Rupee 0.75 per share	-	-	-	-	-	(224,472)	(224,472)	(224,472)	(224,472)
- interim dividend for the year ended 30 June 2020 @ Rupee 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)
Profit for the year	-	-	-	-	-	-	(523,768)	(523,768)	(523,768)
Other comprehensive income for the year	-	-	-	-	-	1,528,043	1,528,043	1,528,043	1,528,043
Total comprehensive income for the year	-	-	-	-	-	1,528,043	1,528,043	1,528,043	1,528,043
Balance as at 30 June 2020	2,992,964	986,077	3,843,044	4,829,121	1,450,491	8,698,514	10,149,005	14,978,126	17,971,090

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, 2020

	Note	2020 (Rupees in thousand)	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	32	628,069	2,975,165
Finance cost paid		(680,070)	(400,647)
Income tax paid		(337,845)	(77,854)
Net increase in long term deposits		(369)	(2,965)
<b>Net cash (used in) / generated from operating activities</b>		<b>(390,215)</b>	<b>2,493,699</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(1,396,465)	(880,261)
Proceeds from disposal of property, plant and equipment		46,230	41,752
Long term investments made		(3,343,934)	(24,819)
Proceeds from disposal of long term investments		24,800	-
Short term investments made		(193,544)	(1,103,118)
Proceeds from disposal of Short term investments		162,188	1,051,322
Interest received		55,683	14,355
Dividend received		163,918	327,839
<b>Net cash used in investing activities</b>		<b>(4,481,124)</b>	<b>(572,930)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing		1,414,291	596,883
Repayment of long term financing		(392,726)	(373,565)
Short term borrowings - net		4,337,604	(1,493,861)
Dividend paid		(517,583)	(595,765)
<b>Net cash from / (used in) financing activities</b>		<b>4,841,586</b>	<b>(1,866,308)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>(29,753)</b>	<b>54,461</b>
Cash and cash equivalents at the beginning of the year		216,366	161,905
<b>Cash and cash equivalents at the end of the year</b>		<b>186,613</b>	<b>216,366</b>

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, 2020

## 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 14.1 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 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 impairment

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

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

#### 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.

#### Provisions

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

#### 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) Standard, interpretations and amendments to published approved accounting standards that are effective in current year and are relevant to the Company

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

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 - 2017 Cycle

The above mentioned accounting standards 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) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are other standard and amendments to published standards that are mandatory for accounting period 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.

- f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2020 or later periods:

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 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.



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.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are

brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the financial statements.

g) [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 2020 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.



## 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 12.1. 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 de-recognized. 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 statement of profit or loss in the year the asset is de-recognized.

## 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 16 "Leases"

The Company has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 'Leases' and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of IFRS 16 has no financial impact on the financial statements of the Company.

### Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

#### Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

### 2.10 Investments and other financial assets

#### a) Classification

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 (FVTPL)

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.

#### 2.11 Financial liabilities - 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.

#### 2.12 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortized cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

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

#### 2.13 De-recognition of financial assets and financial liabilities

##### 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.

#### 2.14 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.

#### 2.15 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'.



## 2.16 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.

## 2.17 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.

## 2.18 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.

## 2.19 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.

## 2.20 Trade and other payables

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

## 2.21 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.

## 2.22 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.

## 2.23 Revenue from contracts with customers

### i) Revenue recognition

#### 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.

## 2.24 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.

## 2.25 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.

## 2.26 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.

## 2.27 Government grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

## 2.28 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.



## 2.29 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.

## 2.30 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.

## 2.31 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

2020 (Number of Shares)	2019 (Number of Shares)		2020 (Rupees in thousand)	2019 (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
<u>299,296,456</u>	<u>299,296,456</u>		<u>2,992,964</u>	<u>2,992,964</u>

	Note	2020 (Rupees in thousand)	2019 (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	2,579,452
Increase due to revaluation to fair value		-	-
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		8,698,514	7,694,239
		10,149,005	9,144,730
		14,978,126	13,973,851

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

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
5. LONG TERM FINANCING			
Long term loans:			
From banking companies and other financial institutions - secured	5.1	2,968,283	1,946,718
Less: Current portion shown under current liabilities		107,296	411,419
		2,860,987	1,535,299

LENDER	2020	2019	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
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.....Rupees in thousand.....

#### 5.1 Long term loans

Askari Bank Limited	-	25,000	150,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments commenced from 28 February 2017 and ended 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	129,004	277,310	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 2000 Million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company
The Bank of Punjab	356,330	391,915	400,000	SBP LTFF rate + 1%	Thirty six equal quarterly installments commenced from 31 January 2018 and ending on 12 December 2027.	-	Quarterly	Joint pari passu charge amounting to Rupees 2000 Million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company
The Bank of Punjab	492,588	54,006	500,000	SBP LTFF rate + 1%	Twenty four equal quarterly installments commenced from 26 February 2019 and ending on 10 February 2028.	-	Quarterly	Joint pari passu charge amounting to Rupees 2000 Million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company
MCB Islamic Bank Limited	78,804	131,928	317,679	SBP LTFF rate + 2.5%	Twenty eight equal quarterly installments 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	452,750	452,772	500,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments commenced from 30 June 2018 and ending on 10 February 2025.	-	Half yearly	Joint pari passu charge amounting to Rupees 1,624 million (inclusive of 25 % Margin) over plant and machinery of the Company.
National Bank of Pakistan	217,530	163,500	218,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments commenced from 27 June 2020 and ending on 24 June 2026.	-	Half yearly	Joint pari passu charge amounting to Rupees 1,624 million (inclusive of 25 % Margin) over plant and machinery of the Company.
National Bank of Pakistan	373,466	-	500,000	SBP LTFF rate + 1.00%	Twelve equal half yearly installments after expiry of 18 months from the date of first disbursement.	-	Half yearly	Joint pari passu charge amounting to Rupees 1,624 million (inclusive of 25 % Margin) over plant and machinery of the Company.
PAIR Investment Company Limited	180,484	214,973	300,000	SBP LTFF rate + 2%	Twenty four equal quarterly installments 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 Gujjar Khan Division and personal guarantees of the sponsor directors .
Askari Bank Limited (Note 5.1.1)	211,781	235,314	350,000	SBP LTFF rate + 1.25%	Thirty six equal quarterly installments commenced from 28 January 2018 and ending on 31 October 2027.	-	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.
Allied Bank Limited	132,641	-	500,000	SBP LTFF rate + 1.00%	Twenty four equal quarterly installments after expiry of 15 months from the date of first disbursement.	-	Quarterly	Ranking charge over all present and future plant and machinery of the Company.
Allied Bank Limited (Note 5.1.2)	342,905	-	500,000	3 months KIBOR+ 0.5%	Eight equal quarterly installments commencing from 31 January 2021 and ending on 31 October 2022.	-	Quarterly	Ranking charge over all present and future plant and machinery of the Company.
	<u>2,968,283</u>	<u>1,946,718</u>	<u>4,835,679</u>					

5.1.1 Repayment period includes deferment of repayment of principal loan amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

5.1.2 During the year this long term finance did not carry rate of interest of State Bank of Pakistan refinance scheme for payment of wages and salaries, hence does not contain any element of Government grant.

	Note	2020 (Rupees in thousand)	2019
<b>6. DEFERRED INCOME TAX LIABILITY</b>			
This comprises of following:			
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		568,432	603,816
Deferred tax asset on deductible temporary differences in respect of:			
Allowance for expected credit losses		(15,642)	(8,598)
Provision against obsolete stock in trade		(1,132)	(1,132)
Provision against slow moving stores, spare parts and loose tools		(1,094)	(354)
		(17,868)	(10,084)
	6.1	550,564	593,732
<b>6.1 Movement in deferred tax balances is as follows:</b>			
At beginning of the year		593,732	515,577
Adjustment on adoption of IFRS 9		-	(2,395)
		593,732	513,182
Recognized in statement of profit or loss:			
- accelerated tax depreciation on operating fixed assets		(35,384)	86,587
- surplus on revaluation of investments		-	(203)
- allowance for expected credit losses		(7,044)	(5,932)
- provision against doubtful advances		-	1,230
- provision against obsolete stock in trade		-	(1,132)
- provision against slow moving stores, spare parts and loose tools		(740)	-
	30	(43,168)	80,550
		550,564	593,732
<b>7. TRADE AND OTHER PAYABLES</b>			
Creditors		1,437,382	914,956
Accrued liabilities		918,450	875,727
Advances from customers		148,422	88,617
Workers' profits participation fund	7.1	193,553	197,365
Workers' welfare fund		38,330	20,489
Payable to subsidiary company - Maple Leaf Cement Factory Limited - net		-	2,761
Withholding income tax payable		7,918	6,614
Payable to employees' provident fund trust		10,725	8,718
Others		31,044	18,130
		2,785,824	2,133,377



	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
7.1 Workers' profits participation fund			
Balance as on 01 July		197,365	183,593
Interest for the period	29	14,524	9,896
Provision for the year	27	92,622	114,371
		304,511	307,860
Less: Payments during the year		(110,958)	(110,495)
		193,553	197,365

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	2020 (Rupees in thousand)	2019 (Rupees in thousand)
8. ACCRUED MARK-UP			
Long term loans:			
From banking companies		26,398	20,120
Short term borrowings:			
From banking companies		146,985	51,079
From Maple Leaf Capital Limited - subsidiary company		23,231	2,616
		170,216	53,695
		196,614	73,815
9 SHORT TERM BORROWINGS			
From banking companies - secured			
Short term running finances	9.1 & 9.2	1,501,348	640,023
Other short term finances	9.1 & 9.3	1,961,738	-
State Bank of Pakistan (SBP) refinances	9.1 & 9.4	3,538,802	2,501,500
Temporary overdraft	9.5	32,023	-
		7,033,911	3,141,523
From subsidiary company - unsecured			
Maple Leaf Capital Limited	9.6	445,216	-
		7,479,127	3,141,523

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 and book debts. These form part of total credit facilities of Rupees 12,046 million (2019: Rupees 13,630 million).

- 9.2 The rates of mark-up range from 3.46% to 20% (2019: 7.16% to 21.90% ) per annum on balance outstanding.
- 9.3 The rates of mark-up range from 2.97% to 15.41% (2019: 7.92 % to 13.99%) per annum on balance outstanding.
- 9.4 The rate of mark-up is 3.0% (2019: 3.0%) per annum on balance outstanding.
- 9.5 This represents temporary overdraft due to cheques issued by the Company at the statement of financial position date.
- 9.6 During the year the Company entered into a loan / advance agreement with Maple Leaf Capital Limited to meet working capital requirements of the Company carrying mark up at the rate of 2% above 3 month KIBOR. The maximum aggregate amount outstanding at the end of any month during the year was Rupees 1,250 million (2019: Rupees 434 million).

## 10. UNCLAIMED DIVIDEND

As at the reporting date, the Company is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

## 11. CONTINGENCIES AND COMMITMENTS

### 11.1 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 income tax return for the tax year 2011 having tax loss amounting to Rupees 721.390 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.

c) 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.

d) 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 87.996 million (2019: Rupees 184.700 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

e) The Company filed recovery suits in Civil Courts amounting to Rupees 14.683 million (2019: Rupees 14.683 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.

f) 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 72.811 million. No provision has been made in these financial statements, since the Company is confident about favorable outcome.

g) 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.

h) 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 331.011 million (2019: Rupees 299.257 million).

#### 11.2 Commitments in respect of:

- a) Contracts for capital expenditure amounting to Rupees 12.035 million (2019: Rupees 54.550 million).
- b) Letters of credit for capital expenditure amounting to Rupees 116.522 million (2019: Rupees 91.627 million).
- c) Letters of credit other than for capital expenditure amounting to Rupees 424.041 million (2019: Rupees 707.031 million).

	2020 (Rupees in thousand)	2019
<b>12. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets (Note 12.1)	9,260,304	8,831,769
Capital work-in-progress (Note 12.2)	439,180	75,801
	<u>9,699,484</u>	<u>8,907,570</u>

## 12.1 Operating fixed 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
----- (Rupees in thousand) -----											
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
Depreciation charge	-	(340)	(59,062)	(3,100)	(16,644)	(1,608)	(8,413)	(2,310)	(2,074)	(4,067)	(20,858)
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
Year ended 30 June 2020											
Opening 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
Additions	-	1,288	122,539	11,119	833,437	400	19,260	4,791	6,899	33,353	1,033,086
Disposals:											
Cost	-	-	-	-	(138,073)	-	(291)	-	-	(14,286)	(152,650)
Accumulated depreciation	-	-	-	-	101,835	-	203	-	-	10,712	112,750
Depreciation charge	-	(358)	(61,917)	(3,749)	(36,238)	(1,516)	(7,499)	(2,457)	(2,406)	(3,574)	(39,900)
Closing net book value	2,739,557	29,741	789,389	63,769	5,407,861	11,771	33,668	24,834	26,387	133,327	9,260,304
At 30 June 2020											
Cost / revalued amount	2,739,557	39,088	1,647,829	137,471	10,645,327	49,758	134,599	85,542	60,546	264,894	15,804,611
Accumulated depreciation	-	(9,347)	(858,440)	(73,702)	(5,237,466)	(37,987)	(100,931)	(60,708)	(34,159)	(131,567)	(6,544,307)
Net book value	2,739,557	29,741	789,389	63,769	5,407,861	11,771	33,668	24,834	26,387	133,327	9,260,304
Depreciation rate (%)	-	5	5 - 10	5 - 10	10	10	30	10	10	20	

12.1.1 Freehold land was revalued by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2020. Book value of freehold land on cost basis is Rupees 160.105 million (2019: Rupees 160.105 million) as at 30 June 2020. Had there been no revaluation, the value of freehold land would have been lower by Rupees 2,579,452 million (2019: Rupees 2,579,452 million). Forced sale value of freehold land is Rupees 2,328.623 million (2019: Rupees 2,328.623 million).



12.1.2 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							
Sanforizing Machine	5,773	5,000	773	889	116	Negotiation	Bashir Printing Industries (Private) Limited, Faisalabad
Machine Comber Reiter E-60.	2,203	697	1,506	1,770	264	Negotiation	AN Textile Mills Limited, Faisalabad
Machine Carding Crosrol	2,768	1,968	800	1,085	285	Negotiation	Shahbaz Garments (Private) Limited, Karachi
Machine Savio Orion-m	7,923	5,941	1,982	800	(1,182)	Negotiation	MKM Textile International, Faisalabad
Machine-Blow Room	1,693	1,106	587	668	81	Negotiation	Babri Cotton Mills Limited, Kohat
Comber Rieter	2,202	719	1,483	1,791	308	Negotiation	AN Textile Mills Limited, Faisalabad
Machine Carding Crosrol	11,071	7,891	3,180	4,310	1,130	Negotiation	Masood Spinning Mills Limited, Kabinwala
Autocone Winder-Savio Orion-m	16,990	12,526	4,464	1,700	(2,764)	Negotiation	H-K Textiles (Private) Limited, Lahore
Machine Carding Crosrol	10,949	7,794	3,155	2,136	(1,019)	Negotiation	Multan Spinning Mills Limited, Multan
Rieter Draw Frame RSB-D35	5,300	4,764	536	3,419	2,883	Negotiation	Classic Impex, Sialkot
Machine Carding Crosrol MK-6	10,582	5,076	5,506	2,136	(3,370)	Negotiation	Multan Spinning Mills Limited, Multan
Machine Dyh-500 c / dx-500	5,013	4,250	763	545	(218)	Negotiation	Ejaz Shabbir Textile Mills Limited, Multan
Schlafhorst Winder 338	22,855	16,867	5,988	3,550	(2,438)	Negotiation	H.A.R Fibers (Private) Limited, Faisalabad
Machine Carding Crosrol MK-6.	8,904	6,737	2,167	6,000	3,833	Negotiation	H.A.R Fibers (Private) Limited, Faisalabad
Air Compressor	5,662	4,832	830	375	(455)	Negotiation	Bismillah Engineering Works, Lahore
Air Compressor	5,662	4,832	830	333	(497)	Negotiation	Bismillah Engineering Works, Lahore
	125,550	91,000	34,550	31,507	(3,043)		
Vehicles							
Toyota Camry (LZE - 6000)	2,976	2,379	597	1,500	903	Negotiation	Miss Shahnaz Shaukat, Lahore
Honda Civic (LEE-13-199)	2,536	1,692	844	1,213	369	Negotiation	Mr. Zeeshan Ahmed Siddiqui, Lahore
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000	5,512	4,071	1,441	2,713	1,272		
	21,588	17,679	3,909	12,010	8,101		
	152,650	112,750	39,900	46,230	6,330		

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
12.1.3 Depreciation charged during the year has been allocated as follows:			
Cost of sales	24	524,447	492,390
Administrative expenses	26	40,204	38,156
		<u>564,651</u>	<u>530,546</u>

12.1.4 Particulars of immovable properties (i.e. land and buildings) are as follows:

Location	Usage of Immovable Property	Total Area (Acres)	Covered Area ("000" Sqr meters)
Peshawar Road, Rawalpindi	Manufacturing facilities	64.68	1,147.55
	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	-
		<u>204.51</u>	<u>2,840.27</u>

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
12.2 Capital work in progress			
Civil works and buildings		142,104	75,150
Plant and machinery		297,076	651
		<u>439,180</u>	<u>75,801</u>

### 13. INVESTMENT PROPERTIES

Year ended 30 June

Opening net book value  
Fair value gain

Closing net book value

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
Opening net book value		1,792,755	1,792,755
Fair value gain		-	-
Closing net book value		<u>1,792,755</u>	<u>1,792,755</u>

13.1 The fair value of investment properties comprising land situated at Rawalpindi and Lahore have been determined by an independent valuer, Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2020.

13.2 Forced sale value of these properties as at 30 June 2020 was Rupees 1,523.843 million (2019: Rupees 1,523.843 million).

13.3 Particulars of investment properties are as follows:

Description	Address	Total Area (Acres)	Covered Area (Sqr feet)
Land	Peshawar Road, Rawalpindi	43.95	-
Land & building	42-Lawrence Road, Lahore	4.95	26,059
		<u>48.90</u>	<u>26,059</u>

	Note	2020 (Rupees in thousand)	2019
<b>14. LONG TERM INVESTMENTS</b>			
Equity instruments	14.1	11,078,733	7,734,799
Debt instrument	14.2	-	24,819
		<u>11,078,733</u>	<u>7,759,618</u>
<b>14.1 Equity instruments</b>			
<b>Subsidiary companies</b>			
Maple Leaf Cement Factory Limited - Quoted	14.1.1	8,578,733	5,234,799
Maple Leaf Capital Limited - Un-quoted	14.1.2	2,500,000	2,500,000
		<u>11,078,733</u>	<u>7,734,799</u>

14.1.1 The Company holds 606,497,944 (2019: 327,836,727) ordinary shares of Rupees 10 each of Maple Leaf Cement Factory Limited. Equity held 55.22% (2019: 55.22%). During the year, the Company purchased 278,661,217 ordinary right shares of Rupees 10 each at a price of Rupees 12 per share (inclusive of premium of Rupees 2 per share). Right shares were allotted to the Company on 03 January 2020.

14.1.2 The Company holds 250,000,000 (2019: 250,000,000) ordinary shares of Rupees 10 each of Maple Leaf Capital Limited. Equity held 82.92% (2019: 82.92%).

	Note	2020 (Rupees in thousand)	2019
<b>14.2 Debt instrument</b>			
<b>Sales tax refund bonds - at amortized cost</b>			
Nil (2019: 248) bonds of Rupees 100,000 each		-	24,800
Add: Accrued interest		-	19
		<u>-</u>	<u>24,819</u>
<b>15. LONG TERM DEPOSITS</b>			
Security deposits		<u>52,958</u>	<u>52,589</u>
<b>16. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	16.1	667,422	526,077
Spare parts and loose tools		42,100	43,132
		<u>709,522</u>	<u>569,209</u>
Less: Provision against slow moving stores, spare parts and loose tools		(3,772)	(3,772)
		<u>705,750</u>	<u>565,437</u>

16.1 This includes stores in transit of Rupees 26.045 million (2019: Rupees Nil).

	Note	2020 (Rupees in thousand)	2019
<b>17. STOCK-IN-TRADE</b>			
Raw materials	17.1 & 17.2	2,676,123	2,358,873
Work-in-process		1,000,429	800,016
Finished goods	17.3 & 17.4	1,690,066	659,362
		5,366,618	3,818,251
Less: Provision against obsolete stock in trade	17.6	3,904	3,904
		5,362,714	3,814,347

17.1 Raw materials include stock in transit of Rupees 7.060 million (2019: Rupees 22.631 million).

17.2 Stock in trade includes stock of Rupees 112.354 million (2019: Rupees 75.628 million) with external parties for processing.

17.3 Stock in trade of Rupees 68.273 million (2019: Rupees 78.675 million) is being carried at net realizable value.

17.4 Finished goods include stock in transit of Rupees 9.720 million (2019: Rupees 36.272 million).

17.5 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 3.417 million (2019: Rupees 0.945 million).

	Note	2020 (Rupees in thousand)	2019
<b>17.6 Provision against obsolete stock in trade</b>			
As at 01 July		3,904	-
Add: Provision for the year	27	-	3,904
As at 30 June		3,904	3,904
<b>18. TRADE DEBTS</b>			
Considered good:			
Secured (against letters of credit)		817,449	478,253
Unsecured		1,596,538	1,006,512
		2,413,987	1,484,765
Less: Allowance for expected credit losses	18.1	(53,937)	(29,646)
		2,360,050	1,455,119



	Note	2020 (Rupees in thousand)	2019
18.1 Allowance for expected credit losses			
Opening balance		29,646	932
Recognized as on 01 July 2018		-	8,258
Recognized during the year	27	24,291	21,388
Bad debts written off during the year		-	(932)
Balance at end of year		53,937	29,646

18.2 As at 30 June 2020, trade debts of Rupees 859.924 million (2019: Rupees 626.130 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	2020 (Rupees in thousand)	2019
Upto 1 month		249,682	284,857
1 to 6 months		598,507	337,964
More than 6 months		11,735	3,309
		859,924	626,130
19. ADVANCES			
Considered good:			
Employees - interest free	19.1		
- Executives		629	3,244
- Other employees		3,141	2,836
		3,770	6,080
Advances to suppliers		280,171	345,265
Letters of credit		22,384	18,926
		306,325	370,271

19.1 These advances are not carried at amortized cost as the impact was considered immaterial.

	Note	2020 (Rupees in thousand)	2019
<b>20. OTHER RECEIVABLES</b>			
Considered good:			
Sales tax refundable		733,211	260,931
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		33,529	68,850
Insurance claims		73	-
Accrued interest		216	1,915
Duty draw back receivable		235,640	180,520
Due from subsidiary company - Maple Leaf Cement Factory Limited	20.1	35,528	-
Others		6,961	5,145
		<b>1,064,784</b>	<b>536,987</b>

20.1 This represents receivable against pool expenses shared with Maple Leaf Cement Factory Limited. The maximum aggregate amount outstanding at the end of any month during the year was Rupees 35.528 million (2019: Rupees Nil). As at 30 June 2020, due from subsidiary company was neither past due nor impaired. The age analysis is 1 to 6 months.

## 21. SHORT TERM INVESTMENTS

This represents term deposit receipt of United Bank Limited having maturity period of one year and carrying profit at effective rate of 6.25% (2019: 10.40%). It is under lien with the bank against guarantees given on behalf of the Company.

	Note	2020 (Rupees in thousand)	2019
<b>22. CASH AND BANK BALANCES</b>			
Cash in hand		3,447	15,237
Cash at bank:			
- On current accounts		110,627	67,932
- On saving accounts	22.1	72,539	133,197
		183,166	201,129
		<b>186,613</b>	<b>216,366</b>

22.1 The balances in saving accounts carry rate of profit ranging from 2.79% to 15.30% (2019: 0.16% to 5.85 %) per annum.

22.2 The balances in current and saving accounts include USD 60,606 (2019: USD 58,222).

22.3 The balances in saving accounts include an amount of Rupees 15.155 million (2019: Rupees 15.155 million) held under lien against guarantees issued by the bank on behalf of the Company.

	Note	2020 (Rupees in thousand)	2019
<b>23. REVENUE</b>			
Export sales		9,182,133	6,954,870
Local sales	23.1	12,491,415	14,127,004
Export rebate		54,503	46,550
Duty draw back		116,759	91,711
		<u>21,844,810</u>	<u>21,220,135</u>
23.1 Local sales		14,626,088	14,176,460
Less: Sales tax		2,134,673	49,456
		<u>12,491,415</u>	<u>14,127,004</u>
<b>24. COST OF SALES</b>			
Raw materials consumed	24.1	12,023,445	11,510,678
Salaries, wages and other benefits	24.2	1,919,598	1,551,377
Processing charges		61,487	37,113
Stores, spare parts and loose tools consumed		1,353,285	1,241,406
Packing materials consumed		576,704	503,698
Fuel and power		2,400,944	2,383,419
Repair and maintenance		172,136	160,200
Insurance		32,495	32,102
Other factory overheads		21,206	61,975
Depreciation	12.1.3	524,447	492,390
		<u>19,085,747</u>	<u>17,974,358</u>
<b>Work-in-process</b>			
Opening stock		800,016	597,872
Closing stock		(1,000,429)	(800,016)
		<u>(200,413)</u>	<u>(202,144)</u>
Cost of goods manufactured		<u>18,885,334</u>	<u>17,772,214</u>
<b>Finished goods</b>			
Opening stock		659,362	546,211
Closing stock		(1,690,066)	(659,362)
		<u>(1,030,704)</u>	<u>(113,151)</u>
Cost of sales		<u>17,854,630</u>	<u>17,659,063</u>
<b>24.1 Raw materials consumed</b>			
Opening stock		2,358,873	1,430,755
Add: Purchased during the year		12,340,695	12,438,796
		<u>14,699,568</u>	<u>13,869,551</u>
Less: Closing stock		(2,676,123)	(2,358,873)
		<u>12,023,445</u>	<u>11,510,678</u>

24.2 Salaries, wages and other benefits include provident fund contribution of Rupees 45.967 million (2019: Rupees 40.170 million) by the Company.

	Note	2020 (Rupees in thousand)	2019
<b>25. DISTRIBUTION COST</b>			
Salaries and other benefits	25.1	87,822	71,998
Outward freight and handling		30,975	27,207
Clearing and forwarding		427,315	292,723
Commission to selling agents		209,315	111,114
Travelling and conveyance		9,116	13,767
Insurance		5,094	530
Vehicles' running		3,187	2,836
Electricity, gas and water		2,458	2,132
Postage, telephone and fax		4,185	2,895
Sales promotion and advertisement		32,033	28,442
Miscellaneous		10,109	7,537
		<b>821,609</b>	<b>561,181</b>

25.1 Salaries and other benefits include provident fund contribution of Rupees 3.607 million (2019: Rupees 2.952 million) by the Company.

	Note	2020 (Rupees in thousand)	2019
<b>26. ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	26.1	326,757	302,245
Travelling and conveyance		21,141	25,276
Repair and maintenance		43,947	23,943
Rent, rates and taxes		5,738	5,844
Insurance		11,899	6,631
Vehicles' running		17,182	17,774
Printing, stationery and periodicals		7,229	7,733
Electricity, gas and water		8,563	6,797
Postage, telephone and fax		8,930	8,579
Legal and professional		24,495	38,984
Security, gardening and sanitation		40,835	38,396
Depreciation	12.1.3	40,204	38,156
Miscellaneous		45,547	31,862
		<b>602,467</b>	<b>552,220</b>

26.1 Salaries and other benefits include provident fund contribution of Rupees 8.322 million (2019: Rupees 9.909 million) by the Company.

26.2 The Company has shared expenses aggregating to Rupees 22.152 million (2019: Rupees 30.064 million) on account of combined offices with the subsidiary company. These expenses have been recorded in respective accounts.



	Note	2020 (Rupees in thousand)	2019
<b>27. OTHER EXPENSES</b>			
Auditor's remuneration	27.1	2,385	2,200
Donations	27.2 & 27.3	16,046	33,868
Loss on disposal of short term investments - net		-	8,397
Allowance for expected credit losses	18.1	24,291	21,388
Impact of de-recognition of financial instrument carried at amortized cost		19	-
Provision against obsolete stock in trade	17.6	-	3,904
Sales tax on packing material written off		-	154,311
Workers' profits participation fund	7.1	92,622	114,371
Workers' welfare fund		38,330	20,489
Loss on sale of stores and spares		-	5,452
Exchange loss - net		4,852	-
		<b>178,545</b>	<b>364,380</b>
<b>27.1 Auditors' remuneration</b>			
Audit fee		1,900	1,900
Reimbursable expenses		335	300
Certifications		150	-
		<b>2,385</b>	<b>2,200</b>

27.2 It represents donation amounting to Rupees 15.546 million (2019: Rupees 33.868 million) to Gulab Devi Chest Hospital, Lahore and Rupees 0.5 million (2019: Rupees Nil) to Prime Minister's Corona Relief Fund.

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

	Note	2020 (Rupees in thousand)	2019
<b>28. OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Exchange gain - net		-	194,788
Interest income on sales tax refund bonds		-	19
Return on bank deposits		47,152	12,196
Return on term deposit receipts		6,832	3,349
Interest income on loans and advances to Maple Leaf Cement Factory Limited - subsidiary company	28.1	21,297	2,116
Dividend income from Maple Leaf Cement Factory Limited - subsidiary company		163,918	327,836
Dividend income from others		-	3
		<b>239,199</b>	<b>540,307</b>
<b>Income from non-financial assets:</b>			
Scrap sales		47,168	47,061
Gain on disposal of operating fixed assets	12.1.2	6,330	20,894
Gain on sale of stores and spares		814	-
Long outstanding liabilities written back		-	493
		<b>54,312</b>	<b>68,448</b>
		<b>293,511</b>	<b>608,755</b>

28.1 This represents interest income on advance given to Maple Leaf Cement Factory Limited - subsidiary company 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 325 million (2019: Rupees 259.192 million).

	Note	2020 (Rupees in thousand)	2019
<b>29. FINANCE COST</b>			
Mark-up / finance charges / interest on:			
Long term financing		97,358	80,884
Short term borrowings from banking companies		557,865	265,557
Short term borrowing from Maple Leaf Capital Limited - subsidiary company		80,308	14,495
Workers' profits participation fund	7.1	14,524	9,896
		<u>750,055</u>	<u>370,832</u>
Bank charges and commission		52,814	40,279
		<u>802,869</u>	<u>411,111</u>
<b>30. TAXATION</b>			
For the year			
Current tax		393,326	449,741
Deferred tax	6.1	(43,168)	80,550
	30.1	<u>350,158</u>	<u>530,291</u>
<b>30.1 Reconciliation of tax charge for the year</b>			
Profit before tax		1,878,201	2,280,935
Tax on profit @ 29% (2019: 29%)		544,678	661,471
Tax effect of lower rate on certain income / expenses		(205,245)	(149,718)
Tax effect of super tax		-	34,076
Others		10,725	(15,538)
		<u>350,158</u>	<u>530,291</u>

### 31. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2020	2019
Profit attributable to ordinary shares	RUPEES IN THOUSAND	1,528,043	1,750,644
Weighted average number of ordinary shares	NUMBERS	299,296,456	299,296,456
Earnings per share	RUPEES	5.11	5.85

	Note	2020 (Rupees in thousand)	2019
<b>32. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		1,878,201	2,280,935
<i>Adjustment for non-cash charges and other items:</i>			
Depreciation		564,651	530,546
Finance cost		802,869	411,111
Gain on disposal of operating fixed assets		(6,330)	(20,894)
Return on term deposit receipts		(6,832)	(3,349)
Loss on disposal of short term investments		-	8,397
Dividend income from Maple Leaf Cement Factory Limited - subsidiary company		(163,918)	(327,836)
Dividend income from others		-	(3)
Return on bank deposits		(47,152)	(12,196)
Allowance for expected credit losses		24,291	21,388
Provision against obsolete stock in trade		-	(3,904)
Impact of de-recognition of financial instrument carried at amortized cost		19	-
Sales tax on packing material written off		-	154,311
Working capital changes	32.1	(2,417,730)	(63,341)
		<b>628,069</b>	<b>2,975,165</b>
<b>32.1 Working capital changes</b>			
<i>(Increase) / decrease in current assets:</i>			
Stores, spare parts and loose tools		(140,313)	(34,870)
Stock-in-trade		(1,548,367)	(1,235,605)
Trade debts		(929,222)	214,250
Advances		63,946	348,083
Short term prepayments		13,275	(14,514)
Other receivables		(529,496)	323,672
		<b>(3,070,177)</b>	<b>(398,984)</b>
Increase in trade and other payables		652,447	335,643
		<b>(2,417,730)</b>	<b>(63,341)</b>

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

	2020			
	Liabilities from financing activities			
	Long term financing	Short term borrowings	Unclaimed dividend	Total
----- (Rupees in thousand) -----				
Balance as at 01 July 2019	1,946,718	3,141,523	23,584	5,111,825
Proceeds from long term financing	1,414,291	-	-	1,414,291
Repayment of long term financing	(392,726)	-	-	(392,726)
Short term borrowings - net	-	4,337,604	-	4,337,604
Dividend declared	-	-	523,768	523,768
Dividend paid	-	-	(517,583)	(517,583)
Balance as at 30 June 2020	<b>2,968,283</b>	<b>7,479,127</b>	<b>29,769</b>	<b>10,477,179</b>

2019			
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	
	2020	2019	2020	2019	2020	2019

----- (Rupees in Thousand) -----

Managerial remuneration	19,800	19,800	20,093	18,463	90,600	68,920
Allowances						
House rent	3,960	3,960	1,980	1,980	19,415	14,330
Medical	-	-	1,019	856	8,887	6,781
Utilities	6,393	6,430	6,844	3,421	18,974	19,679
Special allowance	5,940	5,940	6,597	6,046	24,760	18,762
Contribution to provident fund	1,649	1,649	1,674	1,538	7,468	5,734
	37,742	37,779	38,207	32,304	170,104	134,206

Number of persons	1	1	2	2	40	31
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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 (2019: 1) non-executive director was Rupees 111,110 (2019: Rupees 76,666).

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:

	2020 (Rupees in thousand)	2019
<b>Subsidiary companies</b>		
<b>Maple Leaf Cement Factory Limited</b>		
Purchase of goods and services	114,281	107,894
Dividend income	163,918	327,836
Investment made	3,343,934	-
Loan given	870,000	-
Receipts against loan	870,000	259,192
Mark up charged on loans	21,297	2,116
<b>Maple Leaf Capital Limited</b>		
Loan obtained	1,250,000	100,000
Loan repaid	804,784	531,530
Mark-up on loans	80,308	14,495
<b>Post employment benefit plan</b>		
Contribution to provident fund	57,896	53,031

34.2 The related party status of outstanding balances as at 30 June 2020 are included in short term borrowings (note 9), Long term investments (note 14) 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
		2020	2019	
Maple Leaf Capital Limited	Subsidiary	Yes	Yes	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

#### SPINNING:

##### - Rawalpindi Division

Spindles (average) installed / worked

2020 2019

(Numbers)

85,680	85,680
--------	--------

(Kilograms in thousand)

100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)

46,185	46,185
--------	--------

Actual production converted into 20s count based on 3 shifts per day for 1,056 shifts (2019: 1,095 shifts)

36,324	41,751
--------	--------

(Numbers)

Rotors (average) installed / worked

2,712	1,848
-------	-------

(Kilograms in thousand)

100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)

4,514	3,702
-------	-------

Actual production converted into 20s count based on 3 shifts per day for 1,056 shifts (2019: 1,095 shifts)

3,486	3,192
-------	-------

(Numbers)

##### - Gujjar Khan Division

Spindles (average) installed / worked

72,864	71,808
--------	--------

(Kilograms in thousand)

100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)

41,449	41,221
--------	--------

Actual production converted into 20s count based on 3 shifts per day for 1,050 shifts (2019: 1,095 shifts)

34,382	36,994
--------	--------

#### WEAVING:

##### - Raiwind Division

Looms installed / worked

(Numbers)

288	288
-----	-----

(Square meters in thousand)

100% plant capacity at 60 picks based on 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)

104,909	104,909
---------	---------

Actual production converted to 60 picks based on 3 shifts per day for 939 shifts (2019: 1,095 shifts)

85,439	96,355
--------	--------

	2020	2019
PROCESSING OF CLOTH :		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)	42,090	42,090
Actual production at 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)	18,468	14,757

#### POWER PLANT:

- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 366 days (2019: 365 days)	224,186	224,186
Actual generation		
Main engines	35,476	29,556
Gas engines	18,355	18,190
Solar	2,995	1,937
- Raiwind Division		
Annual rated capacity based on 366 days (2019: 365 days)	96,360	96,360
Actual generation	37,340	42,122

#### 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.
- Due to stoppage because of COVID-19 and lockdown situation.
- Cloth processing units working capacity was limited to actual export / local orders in hand.
- The generation of power was limited to actual demand.





## 36.2 Geographical Information

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

	2020 (Rupees in thousand)	2019
Europe	5,175,029	1,762,049
United States of America and Canada	3,158,376	4,714,368
Asia, Africa, Australia	1,019,990	616,714
Pakistan	12,491,415	14,127,004
	<u>21,844,810</u>	<u>21,220,135</u>

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 1,109 million (2019: Rupees Nil ) whereas in the Processing and Home Textile segment was Rupees 2,696 million (2019: Rupees 3,091 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.

	2020	2019
38. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	<u>5,392</u>	<u>4,725</u>
Average number of employees during the year	<u>5,267</u>	<u>4,740</u>

## 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:

	2020	2019
Cash at banks - USD	60,606	58,222
Trade debts - USD	3,998,000	4,120,525
Trade and other payables - USD	-	29,000
Net exposure - USD	4,058,606	4,149,747
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	157.03	135.96
Reporting date rate	168.75	164.00

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 32.195 million (2019: Rupees 31.989 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. As at 30 June 2020 the Company is not exposed to commodity price risk.

(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:

	2020 (Rupees in thousand)	2019
Fixed rate instruments		
Financial assets		
Sales tax refund bonds	-	24,819
Term deposit receipts	82,797	51,441
Financial liabilities		
Long term financing	2,625,378	1,921,718
Short term borrowings	3,538,802	2,501,500
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	72,539	133,197
Financial liabilities		
Long term financing	342,905	25,000
Short term borrowings	3,908,302	640,023

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 31.195 million (2019: Rupees 3.234 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:

	2020 (Rupees in thousand)	2019
Investments	82,797	76,260
Deposits	52,958	52,589
Trade debts	2,360,050	1,455,119
Advances	3,770	6,080
Other receivables	42,778	7,060
Bank balances	183,166	201,129
	<u>2,725,519</u>	<u>1,798,237</u>

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			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	14,820	19,230
Allied Bank Limited	A1+	AAA	PACRA	675	1,628
Askari Bank Limited	A1+	AA+	PACRA	5,251	5,821
Bank Alfalah Limited	A1+	AA+	PACRA	8,592	4,998
Bank Al-Habib Limited	A1+	AA+	PACRA	21,962	49,545
Bank Islami Pakistan Limited	A1	A+	PACRA	30	29
Faysal Bank Limited	A1+	AA	PACRA	259	13,626
Habib Bank Limited	A-1+	AAA	JCR-VIS	11,275	9,221
MCB Bank Limited	A1+	AAA	PACRA	66,262	47,708
Meezan Bank Limited	A-1+	AA+	JCR-VIS	11,313	30,801
National Bank of Pakistan	A1+	AAA	PACRA	10,391	2,283
MCB Islamic Bank Limited	A1	A	PACRA	25,595	2,739
Silkbank Limited	A-2	A-	JCR-VIS	-	48
The Bank of Punjab	A1+	AA	PACRA	2,031	6,517
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	2,196	3,114
United Bank Limited	A-1+	AAA	JCR-VIS	2,514	3,821
				<u>183,166</u>	<u>201,129</u>
<b>Investments</b>					
Sales tax refund bonds		Unknown		-	24,819
United Bank Limited - term deposit receipt	A-1+	AAA	JCR-VIS	82,797	51,441
				<u>82,797</u>	<u>76,260</u>

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 18.1.

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 2020, the Company had Rupees 15,350 million (2019: Rupees 10,489 million) available borrowing limits from financial institutions and Rupees 186.613 million (2019: Rupees 216.366 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 2020.

	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	2,968,283	3,235,415	42,652	142,875	731,403	2,318,485
Trade and other payables	2,386,876	2,386,876	2,386,876	-	-	-
Accrued mark-up	196,614	196,614	196,614	-	-	-
Short term borrowings	7,479,127	7,664,417	7,432,566	231,851	-	-
Unclaimed dividend	29,769	29,769	29,769	-	-	-
	<u>13,060,669</u>	<u>13,513,091</u>	<u>10,088,477</u>	<u>374,726</u>	<u>731,403</u>	<u>2,318,485</u>

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	-	-	-
	<u>6,997,214</u>	<u>7,268,368</u>	<u>5,346,413</u>	<u>225,610</u>	<u>454,437</u>	<u>1,241,908</u>

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 2020. 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 (Rupees in thousand)
As at 30 June 2020	
Assets as per statement of financial position	
Investments	82,797
Deposits	52,958
Trade debts	2,360,050
Advances	3,770
Other receivables	42,778
Cash and bank balances	186,613
	<u>2,728,966</u>
Liabilities as per statement of financial position	
Long term financing	2,968,283
Trade and other payables	2,386,876
Accrued mark-up	196,614
Short term borrowings	7,479,127
Unclaimed dividend	29,769
	<u>13,060,669</u>
As at 30 June 2019	
Assets as per statement of financial position	
Investments	76,260
Deposits	52,589
Trade debts	1,455,119
Advances	6,080
Other receivables	7,060
Cash and bank balances	216,366
	<u>1,813,474</u>
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
	<u>6,997,214</u>

### 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 Company's strategy, remain unchanged from the last year. In accordance with the terms of the agreement with the lenders of long term finances in connection with deferment of principal amount for 12 months, there is restriction on distribution of dividends, repayment of any loans or service interest on loans given by its directors, associated undertakings and related parties, further all existing and future related parties / directors loans to be subordinated to the bank, during the relief period.

	2020 (Rupees in thousand)	2019
Borrowings	10,447,410	5,088,241
Total equity	17,971,090	16,966,815
Total capital employed	28,418,500	22,055,056
Gearing ratio	36.76%	23.07%

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

## 40. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

### (i) Fair value hierarchy

Certain financial assets and financial liabilities are 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. Judgements and estimates are made in determining the fair values of the financial instruments that are recognised 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 classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

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

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which 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.

#### 41. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

##### (i) Fair value hierarchy

Judgments and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these 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 2020	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
<b>Total non-financial assets</b>	<b>-</b>	<b>4,532,312</b>	<b>-</b>	<b>4,532,312</b>

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
<b>Total non-financial assets</b>	<b>-</b>	<b>4,532,312</b>	<b>-</b>	<b>4,532,312</b>

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. At the end of each reporting period, 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 2020, the fair values of the investment properties and freehold land have been determined by Anderson Consulting (Private) Limited (an approved valuer).

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	2020 (Rupees in thousand)	2019
Loans / advances obtained as per Islamic mode:			
Advances	7	148,422	88,617
Shariah compliant bank deposits / bank balances:			
Bank balances	22	51,758	52,799
Profit earned from shariah compliant bank deposits / bank balances		7,580	3,906
Revenue earned from shariah compliant business	23	21,844,810	21,220,135
Gain / (loss) or dividend earned from shariah compliant investments:			
Dividend income	28	163,918	327,839
Realized loss on disposal of short term investments	27	-	(3,117)
Exchange gain earned	28	-	194,788
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
Interest income on loans and advances to Maple Leaf Cement Factory Limited - subsidiary company		21,297	2,116
Profit earned on deposits with banks		39,572	8,290
Interest paid on loans		655,223	346,441
Short term borrowing from Maple Leaf Capital Limited - subsidiary company		80,308	14,495
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. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from 23 March 2020.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in growth of sales. Due to this, the management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- Expected credit losses under International Financial Reporting Standard 9, 'Financial Instruments;
- The impairment of tangible assets under International Accounting Standard 36, 'Impairment of assets;
- The net realisable value of inventory under International Accounting Standard 2, 'Inventories; and
- Going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

#### 44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on 11 September 2020 by the Board of Directors of the Company.

#### 45. NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Company in their meeting held on 11 September 2020 has proposed a final cash dividend of Rupees 1 per share (10%) amounting to Rupees 299.296 million (2019: Rupees 224.472 million) for the year ended 30 June 2020 for approval of the members at the Annual General Meeting to be held on 27 October 2020. The financial statements for the year ended 30 June 2020 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2021.

#### 46. CORRESPONDING FIGURES

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

#### 47. 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	30.06.2020

2.2				
No. of Shareholders	From	Shareholdings		Total Shares Held
		To		
2,601	1	-	100	68,851
957	101	-	500	271,824
385	501	-	1,000	277,878
556	1,001	-	5,000	1,420,821
123	5,001	-	10,000	893,324
65	10,001	-	15,000	821,601
28	15,001	-	20,000	511,437
21	20,001	-	25,000	488,606
16	25,001	-	30,000	443,630
10	30,001	-	35,000	320,170
6	35,001	-	40,000	229,709
11	40,001	-	45,000	465,394
5	45,001	-	50,000	243,714
7	50,001	-	55,000	366,183
5	55,001	-	60,000	287,429
6	60,001	-	65,000	378,069
5	65,001	-	70,000	337,667
5	70,001	-	75,000	357,223
1	80,001	-	85,000	80,965
3	85,001	-	90,000	266,300
2	90,001	-	95,000	182,400
2	95,001	-	100,000	199,227
2	105,001	-	110,000	214,970
2	110,001	-	115,000	225,500
2	135,001	-	140,000	275,324
1	140,001	-	145,000	143,000
2	145,001	-	150,000	296,670
1	150,001	-	155,000	153,800
1	155,001	-	160,000	156,851
2	160,001	-	165,000	321,904
1	165,001	-	170,000	169,850
3	170,001	-	175,000	520,516
1	185,001	-	190,000	189,231
2	190,001	-	195,000	384,800
2	195,001	-	200,000	400,000
2	200,001	-	205,000	406,500
1	230,001	-	235,000	233,500
3	240,001	-	245,000	728,105
3	245,001	-	250,000	746,065
1	270,001	-	275,000	275,000
1	290,001	-	295,000	292,006
1	295,001	-	300,000	300,000
1	305,001	-	310,000	308,500
1	315,001	-	320,000	316,743

2.2	Shareholdings			Total
No. of Shareholders	From	To	Shares Held	
1	320,001	-	325,000	325,000
1	335,001	-	340,000	337,673
1	360,001	-	365,000	364,000
1	380,001	-	385,000	381,464
1	385,001	-	390,000	385,016
1	395,001	-	400,000	396,500
1	400,001	-	405,000	400,500
1	410,001	-	415,000	410,731
1	425,001	-	430,000	426,721
1	510,001	-	515,000	510,500
1	520,001	-	525,000	525,000
1	580,001	-	585,000	584,000
1	585,001	-	590,000	587,000
1	595,001	-	600,000	599,163
1	620,001	-	625,000	624,000
1	670,001	-	675,000	672,000
1	675,001	-	680,000	680,000
1	685,001	-	690,000	689,501
1	745,001	-	750,000	747,300
1	765,001	-	770,000	766,749
1	795,001	-	800,000	799,900
1	810,001	-	815,000	814,525
1	820,001	-	825,000	824,760
1	935,001	-	940,000	939,238
1	995,001	-	1,000,000	998,500
1	1,000,001	-	1,005,000	1,003,500
1	1,035,001	-	1,040,000	1,038,978
1	1,360,001	-	1,365,000	1,361,665
1	1,375,001	-	1,380,000	1,379,500
1	1,465,001	-	1,470,000	1,470,000
1	1,490,001	-	1,495,000	1,494,710
1	1,505,001	-	1,510,000	1,507,500
1	1,755,001	-	1,760,000	1,756,500
1	1,835,001	-	1,840,000	1,836,718
1	1,875,001	-	1,880,000	1,876,169
1	1,970,001	-	1,975,000	1,970,500
1	4,150,001	-	4,155,000	4,154,018
1	4,380,001	-	4,385,000	4,380,100
1	4,435,001	-	4,440,000	4,439,000
1	4,765,001	-	4,770,000	4,769,540
1	11,310,001	-	11,315,000	11,312,990
1	12,645,001	-	12,650,000	12,648,322
1	13,300,001	-	13,305,000	13,302,658
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	73,385,001	-	73,395,000	73,390,896
<hr/> <hr/>				<hr/> <hr/>
				4,903
				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 and 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
Ms. Jahanara Saigol	2,500	0.001
Mr. Shafiq Ahmed Khan	3,046	0.001
Mr. Zulifikar Monnoo	3,000	0.001
Mrs. Shehla Tariq Saigol, Spouse of Mr. Tariq Sayeed Saigol	30,377,143	10.150
	86,880,603	29.029

#### 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.

14,387,442 4.807

#### 2.3.5 Insurance Companies

276,574 0.092

#### 2.3.6 Modarabas and Mutual Funds

26,968,773 9.011

#### 2.3.7 Share holders holding 10% refer to 2.3.1 & 2.3.8 b

#### 2.3.8 General Public

a) Local	40,073,923	13.389
b) Foreign	124,789,266	41.694

#### 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 AGIPF Equity Sub-Fund	7,500
CDC - Trustee AGPF Equity Sub-Fund	6,500
CDC - Trustee NAFA Pension Fund Equity Sub-Fund Account	32,500
CDC - Trustee Pakistan Pension Fund - Equity Sub Fund	190,800
CDC-Trustee Alhamra Islamic Pension Fund - Equity Sub Fund	105,470
Federal Board of Revenue	161,269
Fikree Development Corp (Pvt) Limited	50
Hajiani Hanifa Bai Memorial Society	766,749
HRSG Outsourcing (Pvt) Limited Employees Gratuity Fund	50,500
Hussain Trustees Limited	297
ICI Pakistan Management Staff Provident Fund	115,000
Official Assignee of Karachi	14,535
Pakistan Petroleum Executive Staff Pension Fund (DC Shariah)	325,000
Pakistan Stock Exchange Limited	70,178
Parazelsus Pakistan (Pvt) Limited Employees Provident Fund	6,000

2.3	Categories of Shareholders	Shares Held	Percentage of Capital
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### 2.3.9 Others

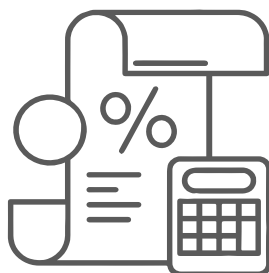
The Crescent Textile Mills Ltd Employees Provident Fund	3,307	
The Deputy Administrator Abandoned Properties	193	
The Ida Rieu Poor Welfare Association	405	
The Okhai Memon Madressah Association	1	
Trustee National Bank of Pakistan Employees Benevolent Fund Trust	11,848	
Trustee National Bank of Pakistan Employees Pension Fund	337,673	
Trustee of E A Consulting (Private) Limited - Employees Provident Fund	18,500	
Trustee of HRSG Outsourcing (Pvt) Limited Employees Provident Fund	110,500	
Trustee of BVA (Private) Limited Employees Provident Fund	10,500	
Trustee of Gatron (Industries) Limited Staff Provident Fund	30,500	
Trustee of Telenor Employees Gratuity Fund	109,500	
Trustee of Telenor Shared Services (Pvt) LTD Gratuity Fund	56,500	
Trustee Pakistan Petroleum Executive Staff Pension Fund	998,500	
Trustee Pakistan Petroleum Non Executive Staff Gratuity Fund	200,000	
Trustee Pakistan Petroleum Non Executive Staff Pension Fund	510,500	
Trustee Pakistan Petroleum Senior Provident Fund	584,000	
Trustee-ANPL Man Staff Defined Contribution Superannuation Fund	29,000	
Trustee-ANPL Management Staff Gratuity Fund	28,000	
Trustee-ANPL Management Staff Pension Fund	25,500	
Trustee-ANPL Management Staff Provident Fund	32,000	
Trustees Moosa Lawai Foundation	4,285	
Trustees of Philip Morris (Pakistan) Limited Employees GF Trust	51,000	
Trustees of Sulaimaniyah Trust	63,901	
Trustees of BSN Medical (Pvt) Limited EGF	8,000	
Trustees of BSN Medical Private Limited- Employees Provident Fund	15,000	
Trustees of NOVO Nordisk Pharma (Pvt) Ltd Staff Prov Fund	12,500	
Trustees of Pakistan Human Development Fund	67,500	
Trustees of Pakistan Human Development Fund	233,500	
Trustees of Philip Morris (Pakistan) Limited ECPF Trust	89,000	
Trustees of Telenor Pakistan Pvt Ltd Employees Provident Fund	26,500	
Trustees of Thal Limited Employees Provident Fund	43,000	
Trustees Pakistan Petroleum Executive Staff Gratuity Fund	13,000	
Trustees Telenor Employees Gratuity Fund	245,000	
Trustees UBL Fund Managers Ltd Employee Provident Fund	4,000	
Trustees UBL Fund Managers Ltd Employees Gratuity Fund	11,000	
United Executors & Trustee Company Limited	164	
University of Sindh	680	
Wellcome Pakistan Limited Provident Fund	28,500	
	5,895,378	1.969
Grand Total :	299,296,456	100.000





## CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020



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# 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%) and Maple Leaf Capital Limited (82.92%) (Together referred to as Group) for the year ended 30 June 2020.

## GROUP RESULTS

The Group has earned gross profit of Rupees 4,871 million as compared to Rupees 9,922 million of corresponding year. The group incurred pre-tax loss of Rupees 2,592 million this year as compared to pre-tax profit of Rupees 5,217 million during the last year. The overall group financial results are as follows:

	2020 (Rupees in million)	2019
Revenue	50,848	47,118
Gross profit	4,871	9,922
Profit from operations	1,006	6,846
Financial charges	3,598	1,629
Net (loss) / profit after taxation	(2,595)	4,376
	----- (Rupees) -----	
(Loss) / Earnings per share - Basic and diluted	(3.32)	10.45

## SUBSIDIARY COMPANIES

### Maple Leaf Cement Factory Limited (MLCFL)

It has recorded an increase of 11.96% in its sales over previous year and has incurred / shown gross (loss) / profit of (2.49%) (30 June 2019: 18.91%) amounting to Rupees (728) million (30 June 2019: 4,917 million).

It has incurred / earned after tax (loss) / profit of Rupees (4,843) million (30 June 2019: Rupees 1,465 million).

### Maple Leaf Power Limited (MLPL)

MLPL has earned after tax profit of Rupees 1,292 million (30 June 2019: Rupees 1,004 million).

### Maple Leaf Capital Limited (MLCL)

MLCL has (incurred) / earned after tax (loss) / profit of Rupees (614) million (30 June 2019: Rupees 267 million).

In compliance with the Companies Act, 2017, all relevant matters of Section 227 have been placed in our Standalone Directors' Report to the Shareholders.

## 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  
11 September 2020

  
Taufique Sayeed Saigol  
Chief Executive Officer

  
Syed Mohsin Raza Naqvi  
Director

## INDEPENDENT AUDITORS' 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 2020, 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 2020, 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 matters were addressed in our audit
1	<p><b>Inventory existence and valuation</b></p> <p>Inventory of the textile business of the Group as at 30 June 2020 represented a material position in the consolidated statement of financial position.</p> <p>Inventory is measured at the lower of cost and net realizable value.</p> <p>We identified existence and valuation of inventory as a key audit matter due to its size and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Inventories note 2.17 to the consolidated financial statements.</li> <li>- Stores, spare parts and loose tools note 21 and Stock-in-trade note 22 to the consolidated financial statements.</li> </ul>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets;</li> <li>• 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;</li> <li>• 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;</li> <li>• We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory;</li> <li>• 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;</li> <li>• 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.</li> </ul>



<p>2</p>	<p><b>Capital expenditures</b></p> <p>The textile business of 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 lives of the assets including the impact of changes in the Group's strategy.</p> <p>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 consolidated financial position for the Group. Therefore, considered as one of the key audit matters.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Property, plant, equipment and depreciation note 2.8 to the consolidated financial statements.</li> <li>- Property, plant and equipment note 16 to the consolidated financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We evaluated the appropriateness of capitalization policies and depreciation rates;</li> <li>• We performed tests of details on costs capitalized;</li> <li>• We verified the accuracy of management's calculation used for the impairment testing.</li> </ul>
<p>3</p>	<p><b>Revenue recognition</b></p> <p>The Group recognized net revenue of Rupees 50,848.263 million for the year ended 30 June 2020.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicators of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, Revenue from contracts with customers note 2.24 to the consolidated financial statements.</li> <li>- Revenue note 29 to the consolidated financial statements.</li> </ul>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> <li>• 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;</li> <li>• We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents;</li> <li>• 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;</li> <li>• We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers';</li> <li>• 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;</li> <li>• We also considered the appropriateness of disclosures in the consolidated financial statements.</li> </ul>

<p>4</p>	<p><b>Valuation of trade debts</b></p> <p>Trade debts of cement business of the Group as at 30 June 2020 represent a material position in the consolidated statement of financial position.</p> <p>The Group has applied simplified approach to determine expected credit losses (ECL) over debtors.</p> <p>We have identified valuation of trade debts as key audit matter because 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.</p> <p>For further information refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, note 2.14 and 2.18 to the consolidated financial statements.</li> <li>- Trade debts note 23 to the consolidated financial statements</li> </ul>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We reviewed and evaluated the appropriateness of the assumptions used (historical and forward looking) and judgments made by the management to assess ECL in respect trade debts;</li> <li>• We assessed on a sample basis, the accuracy of data used by the management for determining ECL in respect of trade debts;</li> <li>• We checked mathematical accuracy of ECL model by performing recalculations;</li> <li>• We reviewed appropriateness of the accounting policies and the adequacy of disclosures in the consolidated financial statements in accordance with requirements of the applicable accounting and reporting standards.</li> </ul>
<p>5</p>	<p><b>Recoverability of deferred tax asset</b></p> <p>The cement business of the Group has recognized deferred tax asset, amounting to Rupees 1,460.49 million on unused tax losses during the year ended 30 June 2020. The balance of this deferred tax asset of cement business of the Group as at 30 June 2020 amounted to Rupees 2,781.04 million.</p> <p>The recoverability of recognized deferred tax asset of cement business of the Group is dependent on the ability of cement business to generate future taxable profits sufficient to utilize deductible temporary differences and tax losses.</p> <p>We have determined this to be a key audit matter, due to uncertainty in forecasting the amount and timing of future taxable profits and the reversal of temporary differences.</p> <p>For further information refer to the following:</p> <ul style="list-style-type: none"> <li>- Summary of significant accounting policies, note 2.4 to the consolidated financial statements.</li> <li>- Deferred income tax liability note 10 to the consolidated financial statements.</li> </ul>	<p>Our audit procedures included but were not limited to the following:</p> <ul style="list-style-type: none"> <li>• We assessed the appropriateness of the Group's accounting policy for recognition of deferred tax asset and compliance of the policy with applicable accounting and reporting standards;</li> <li>• We evaluated the reasonableness of significant assumptions used in developing future taxable profits by evaluating historical forecasting accuracy and expected growth rates, future selling prices and production volumes;</li> <li>• We assessed recoverability of recognized unused tax losses on the basis of future taxable profits developed by the management;</li> <li>• We reviewed the adequacy of disclosure made in the consolidated financial statements in accordance with the requirements of the applicable accounting and reporting standards.</li> </ul>

## Information Other than the Consolidated 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 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

# Riaz Ahmad & Company

Chartered Accountants

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: 11 September 2020



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2020

	Note	2020 (Rupees in thousand)	2019
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital 370,000,000 (2019: 370,000,000) ordinary shares of Rupees 10 each 30,000,000 (2019: 30,000,000) preference shares of Rupees 10 each		3,700,000 300,000 4,000,000	3,700,000 300,000 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		4,041,716	4,036,717
		5,027,793	5,022,794
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		18,368,673	19,940,200
		19,819,164	21,390,691
		24,846,957	26,413,485
Equity attributable to equity holders of the Holding Company		27,839,921	29,406,449
Non-controlling interest	5	14,756,901	13,801,463
Total equity		42,596,822	43,207,912
<b>LIABILITIES</b>			
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	6	15,067,045	17,525,526
Long term deposits	7	8,664	8,664
Retirement benefits	8	214,952	205,354
Retention money payable	9	366,069	368,499
Deferred income tax liability	10	2,529,503	3,106,416
		18,186,233	21,214,459
<b>CURRENT LIABILITIES</b>			
Trade and other payables	11	10,890,994	9,618,449
Accrued mark-up	12	683,317	654,226
Short term borrowings	13	14,215,726	7,834,559
Current portion of long term financing	6	232,296	1,726,554
Unclaimed dividend	14	77,822	64,148
		26,100,155	19,897,936
TOTAL LIABILITIES		44,286,388	41,112,395
CONTINGENCIES AND COMMITMENTS	15		
TOTAL EQUITY AND LIABILITIES		86,883,210	84,320,307

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

	Note	2020 (Rupees in thousand)	2019
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	16	54,678,017	56,312,808
Investment properties	17	1,792,755	1,792,755
Intangibles	18	9,024	13,530
Long term loans to employees	19	19,196	19,824
Long term investments	20	42,000	24,819
Long term deposits		109,378	109,469
		<b>56,650,370</b>	<b>58,273,205</b>
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	21	9,568,983	8,006,508
Stock-in-trade	22	7,142,118	5,553,361
Trade debts	23	5,413,514	4,227,634
Loans and advances	24	798,948	1,187,272
Security deposits and short term prepayments	25	204,498	214,114
Other receivables	26	792,085	855,204
Taxation - net		1,012,570	542,137
Short term investments	27	3,904,641	4,467,921
Cash and bank balances	28	1,395,483	992,951
		<b>30,232,840</b>	<b>26,047,102</b>
<b>TOTAL ASSETS</b>		<b>86,883,210</b>	<b>84,320,307</b>



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the year ended June 30, 2020

	Note	2020 (Rupees in thousand)	2019
REVENUE	29	50,848,263	47,118,185
COST OF SALES	30	(45,977,075)	(37,195,802)
GROSS PROFIT		4,871,188	9,922,383
DISTRIBUTION COST	31	(1,638,667)	(1,494,425)
ADMINISTRATIVE EXPENSES	32	(1,519,974)	(1,397,137)
OTHER EXPENSES	33	(1,638,177)	(913,597)
		(4,796,818)	(3,805,159)
OTHER INCOME	34	74,370 931,834	6,117,224 728,407
PROFIT FROM OPERATIONS		1,006,204	6,845,631
FINANCE COST	35	(3,598,327)	(1,628,876)
(LOSS) / PROFIT BEFORE TAXATION		(2,592,123)	5,216,755
TAXATION	36	(3,316)	(840,430)
(LOSS) / PROFIT AFTER TAXATION		(2,595,439)	4,376,325
SHARE OF (LOSS) / PROFIT ATTRIBUTABLE TO: EQUITY HOLDERS OF HOLDING COMPANY		(992,306)	3,127,607
NON-CONTROLLING INTEREST		(1,603,133)	1,248,718
		(2,595,439)	4,376,325
		2020	2019
		-----Rupees-----	
(LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED	37	(3.32)	10.45

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, 2020

	2020 (Rupees in thousand)	2019
(LOSS) / PROFIT AFTER TAXATION	(2,595,439)	4,376,325
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss		
Re-measurement of defined benefit liability	8,870	(33,620)
Related deferred income tax	(2,505)	8,411
	6,365	(25,209)
Surplus on revaluation of freehold land	9,053	-
	15,418	(25,209)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	15,418	(25,209)
<b>TOTAL COMPREHENSIVE (LOSS) / INCOME FOR THE YEAR</b>	<b>(2,580,021)</b>	<b>4,351,116</b>
SHARE OF TOTAL COMPREHENSIVE (LOSS) / INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	(983,792)	3,113,687
NON-CONTROLLING INTEREST	(1,596,229)	1,237,429
	<b>(2,580,021)</b>	<b>4,351,116</b>

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, 2020

	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY										Non-controlling interest	Total equity
	Reserves											
	Share capital	Capital reserves			Revenue reserves			Total reserves	Total	Non-controlling interest		
		Share premium	Surplus on revaluation of freehold land and investment properties	Sub - total	General reserves	Unappropriated profit	Sub-total					
Balance 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	
Transactions with owners:												
- Issuance of right shares to non-controlling interest holders - net of issue cost	-	-	-	-	-	(58,968)	(58,968)	(58,968)	(58,968)	2,684,596	2,625,628	
- Final dividend for the year ended 30 June 2019 @ Rupee 0.75 per share	-	-	-	-	-	(224,472)	(224,472)	(224,472)	(224,472)	-	(224,472)	
- Interim dividend for the year ended 30 June 2020 @ Rupee 1.00 per share	-	-	-	-	-	(299,296)	(299,296)	(299,296)	(299,296)	-	(299,296)	
- Dividend paid to non-controlling interest holders	-	-	-	-	-	-	-	-	-	(132,929)	(132,929)	
Total transactions with owners	-	-	-	-	-	(582,736)	(582,736)	(582,736)	(582,736)	2,551,667	1,968,931	
Loss for the year	-	-	-	-	-	(992,306)	(992,306)	(992,306)	(992,306)	(1,603,133)	(2,595,439)	
Other comprehensive income for the year	-	-	4,999	4,999	-	3,515	3,515	8,514	8,514	6,904	15,418	
Total comprehensive loss for the year	-	-	4,999	4,999	-	(988,791)	(988,791)	(983,792)	(983,792)	(1,596,229)	(2,580,021)	
Balance as at 30 June 2020	2,992,964	986,077	4,041,716	5,027,793	1,450,491	18,368,673	19,819,164	24,846,957	27,839,921	14,756,901	42,596,822	

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, 2020

	Note	2020 (Rupees in thousand)	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	38	2,593,707	9,932,632
Finance cost paid		(3,569,236)	(1,314,458)
Employee benefits paid		(35,724)	(38,020)
Income tax paid		(1,053,167)	(559,586)
Net decrease / (increase) in long term loans to employees		628	(10,352)
Net decrease / (increase) in long term deposits		91	(3,342)
<b>Net cash (used in) / generated from operating activities</b>		<b>(2,063,701)</b>	<b>8,006,874</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipment		(2,295,314)	(9,280,599)
Intangibles		-	(5,219)
Long term investments made		(42,000)	(24,819)
Proceeds from disposal of long term investments		24,800	-
Proceeds from sale of property, plant and equipment		100,632	146,619
Increase in retention money payable		(2,430)	34,796
Interest received		114,467	44,915
Dividend received		155,045	275,663
<b>Net cash used in investing activities</b>		<b>(1,944,800)</b>	<b>(8,808,644)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of right shares to Non-controlling interest holders - net of issue cost		2,625,628	-
Proceeds from long term financing		1,414,291	4,149,549
Repayment of long term financing		(5,367,030)	(373,565)
Short term borrowings - net		6,381,167	(2,154,197)
Dividend paid		(643,023)	(931,809)
<b>Net cash from financing activities</b>		<b>4,411,033</b>	<b>689,978</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>402,532</b>	<b>(111,792)</b>
Cash and cash equivalents at the beginning of the year		992,951	1,104,743
<b>Cash and cash equivalents at the end of the year</b>		<b>1,395,483</b>	<b>992,951</b>

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, 2020

## 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 Amalgamation of Kohinoor Capital Limited with and into the Maple Leaf Capital Limited

On 09 June 2020, the Board of Directors of Maple Leaf Capital Limited passed a resolution approving the scheme of amalgamation under Section 284 of the Companies Act, 2017, to amalgamate its wholly owned subsidiary, Kohinoor Capital Limited with and into Maple Leaf Capital Limited. The same scheme of amalgamation was also approved by the Board of Directors of Kohinoor Capital Limited in the board meeting held on 09 June 2020. Consequently, as of the completion date i.e. 30 June 2020, the entire undertaking of Kohinoor Capital Limited stands merged with and into Maple Leaf Capital Limited with the result as on 30 June 2020. The amalgamation of Kohinoor Capital Limited with and into Maple Leaf Capital Limited is a business combination of entities under common control and hence is outside the scope of IFRS 3 'Business Combinations'. The scheme of amalgamation has been accounted for using 'pooling of interest method' which requires to combine the financial results of Kohinoor Capital Limited and the Maple Leaf Capital Limited for the period in which the combination occurs and for any comparative periods as if they had been combined from the beginning of the earliest period presented.

#### 1.2.4 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.

### 1.3 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 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

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

### 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) Standard, 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 2019:

- IFRS 16 'Leases'
- IFRS 9 (Amendments) 'Financial Instruments'
- IAS 28 (Amendments) 'Investments in Associates and Joint Ventures'
- IFRIC 23 'Uncertainty over Income Tax Treatments'
- IASB's Annual Improvements to IFRSs: 2015 - 2017 Cycle

The above mentioned accounting standards 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) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Group

There are other standard and amendments to published standards that are mandatory for accounting period 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 financial statements and are therefore, not detailed in these financial statements

### f) Amendments to published approved accounting standards that are not yet effective but relevant to the Group

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2020 or later periods:

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 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.

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.

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform.

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 1 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

The above amendments and improvements do not have a material impact on the consolidated financial statements.

g) [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 2020 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore, not detailed in these financial statements.

## 2.2 [Basis of consolidation](#)

Subsidiaries are all entities (Including structured entities) 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. The Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Holding Company obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the Subsidiary Company has been consolidated on a line-by-line basis and the carrying values of investment held by the Holding Company has eliminated against the shareholders' equity in the Subsidiary Company are prepared for the same reporting year as of the Holding Company, using consistent accounting policies.

Non-controlling interest is that part of net results of the operations and of net assets of the Subsidiaries which are not own by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statement.



Since the Subsidiary Company is 100% owned by the Holding Company, no non-controlling interest is presented as separate item in the consolidated financial statements.

On the loss of control, the Group derecognize the assets and liabilities of the subsidiary, any non-controlling interests and other component of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated profit or loss account. In addition, any amount previously recognized in other comprehensive income in respect of that subsidiary are reclassified to the consolidated profit or loss account. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture or as an available for sale financial asset depending on level of influence retained.

Intra-group balances and transactions have been eliminated.

## 2.3 Employee benefits

### 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

Subsidiary companies MLCFL and MLPL operate 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.

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, 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. 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. Gains and losses on the settlement of a defined benefit plan are recognized when the settlement occurs.

### iii) Liability for employees' compensated absences

MLCFL and MLPL 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 encashed 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 consolidated statement of profit or loss. The amount recognized in the consolidated statement of the financial position represents the present value of the defined benefit obligations. Actuarial gains and losses are charged to the consolidated statement of profit or loss immediately in the period when these occur.

## 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.

### 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 16.1. 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 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.

## 2.11 IFRS 16 “Leases”

The Group has adopted IFRS 16 from 01 July 2019. The standard replaces IAS 17 ‘Leases’ and for lessees eliminates the classifications of operating leases and finance leases. Except for short-term leases and leases of low-value assets, right-of-use assets and corresponding lease liabilities are recognized in the consolidated statement of financial position. Straight-line operating lease expense recognition is replaced with a depreciation charge for the right-of-use assets (included in operating costs) and an interest expense on the recognized lease liabilities (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under IFRS 16 will be higher when compared to lease expenses under IAS 17, as the operating expense is now replaced by interest expense and depreciation in the consolidated statement of profit or loss. For classification within the statement of cash flows, the interest portion is disclosed in operating activities and the principal portion of the lease payments are separately disclosed in financing activities. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The adoption of IFRS 16 has no financial impact on the consolidated financial statements of the Group.

### Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Group expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Group has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.



## Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortized cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to consolidated statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

## 2.12 Investment and other financial assets

### a Classification

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 (FVTPL)

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.

### 2.13 Financial liabilities - 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.

### 2.14 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.

### 2.15 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.

#### i. 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.

#### ii. 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 2020.

### 2.16 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.

## 2.17 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.

## 2.18 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.

## 2.19 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.

## 2.20 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.

## 2.21 Trade and other payables

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



## 2.22 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.

## 2.23 Share capital

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

## 2.24 Revenue from contracts with customers

### i) Revenue recognition

#### 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.

#### Unrealized 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.

## 2.25 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.

## 2.26 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 cannot 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 any 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.

#### 2.27 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.

#### 2.28 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.

#### 2.29 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.

#### 2.30 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.

#### 2.31 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.

#### 2.32 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

2020 (Number of Shares)	2019		2020 (Rupees in thousand)	2019
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
<u>299,296,456</u>	<u>299,296,456</u>		<u>2,992,964</u>	<u>2,992,964</u>

	Note	2020 (Rupees in thousand)	2019
<b>4. RESERVES</b>			
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	2,773,125
Increase due to revaluation to fair value		4,999	-
As at 30 June		2,778,124	2,773,125
Investment properties		1,263,592	1,263,592
		<u>4,041,716</u>	<u>4,036,717</u>
		5,027,793	5,022,794
Revenue reserves			
General reserve		1,450,491	1,450,491
Unappropriated profit		18,368,673	19,940,200
		<u>19,819,164</u>	<u>21,390,691</u>
		<u>24,846,957</u>	<u>26,413,485</u>

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



	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>5. NON-CONTROLLING INTEREST</b>			
Opening balance of non-controlling interest		13,801,463	12,869,953
Add / (less): Share during the year:			
Issuance of right shares - net of issue cost		2,684,596	-
Effect of change in accounting policy due to adoption of IFRS 9		-	(40,060)
(Loss) / profit for the year		(1,603,133)	1,248,718
Other comprehensive income / (loss) for the year		6,904	(11,289)
		1,088,367	1,197,369
Less : Dividend paid		(132,929)	(265,859)
		14,756,901	13,801,463
<b>6. LONG TERM FINANCING</b>			
From banking companies and other financial institutions - secured			
Holding Company	6.1	2,968,283	1,946,718
Subsidiary Company - MLCFL	6.2	12,298,102	17,305,362
Subsidiary Company - MLPL - Long term portion of finance against trust receipts	13.7	32,956	-
		15,299,341	19,252,080
Less: Current portion shown under current liabilities		232,296	1,726,554
		15,067,045	17,525,526

LENDER	2020	2019	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
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.....Rupees in thousand.....

### 6.1 Holding Company

Askari Bank Limited	-	25,000	150,000	3 Month KIBOR + 1.50%	Twelve equal quarterly installments commenced from 28 February 2017 and ended 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	129,004	277,310	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 2000 Million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company
The Bank of Punjab	356,330	391,915	400,000	SBP LTFF rate + 1%	Thirty six equal quarterly installments commenced from 31 January 2018 and ending on 12 December 2027.	-	Quarterly	Joint pari passu charge amounting to Rupees 2000 Million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company
The Bank of Punjab	492,588	54,006	500,000	SBP LTFF rate + 1%	Twenty four equal quarterly installments commenced from 26 February 2019 and ending on 10 February 2028.	-	Quarterly	Joint pari passu charge amounting to Rupees 2000 Million (inclusive of 25% margin) on all the fixed assets (excluding land and building) of the Company
MCB Islamic Bank Limited	78,804	131,928	317,679	SBP LTFF rate + 2.5%	Twenty eight equal quarterly installments 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	452,750	452,772	500,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments commenced from 30 June 2018 and ending on 10 February 2025.	-	Half yearly	Joint pari passu charge amounting to Rupees 1,624 million (inclusive of 25 % Margin) over plant and machinery of the Company.
National Bank of Pakistan	217,530	163,500	218,000	SBP LTFF rate + 1.25%	Twelve equal half yearly installments commenced from 27 June 2020 and ending on 24 June 2026.	-	Half yearly	Joint pari passu charge amounting to Rupees 1,624 million (inclusive of 25 % Margin) over plant and machinery of the Company.
National Bank of Pakistan	373,466	-	500,000	SBP LTFF rate + 1.00%	Twelve equal half yearly installments after expiry of 18 months from the date of first disbursement.	-	Half yearly	Joint pari passu charge amounting to Rupees 1,624 million (inclusive of 25 % Margin) over plant and machinery of the Company.
PAIR Investment Company Limited	180,484	214,973	300,000	SBP LTFF rate + 2%	Twenty four equal quarterly installments 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 Gujjar Khan Division and personal guarantees of the sponsor directors .
Askari Bank Limited (Note 6.1.1)	211,781	235,314	350,000	SBP LTFF rate + 1.25%	Thirty six equal quarterly installments commenced from 28 January 2018 and ending on 31 October 2027.	-	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.
Allied Bank Limited	132,641	-	500,000	SBP LTFF rate + 1.00%	Twenty four equal quarterly installments after expiry of 15 months from the date of first disbursement.	-	Quarterly	Ranking charge over all present and future plant and machinery of the Company.
Allied Bank Limited (Note 6.2.2)	342,905	-	500,000	3 month KIBOR+ 0.5%	Eight equal quarterly installments commencing from 31 January 2021 and ending on 31 October 2022.	Quarterly	Quarterly	Ranking charge over all present and future plant and machinery of the Company.
	<u>2,968,283</u>	<u>1,946,718</u>	<u>4,835,679</u>					

6.1.1 Repayment period includes deferment of repayment of principal loan amount by one year in accordance with the State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

LENDER	2020	2019	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
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.....Rupees in thousand.....

## 6.2 Subsidiary Company (MLCFL)

Askari Bank Limited - Term Finance	707,129	989,981	1,000,000	3-Month KIBOR + 75bps payable quarterly in arrears (except as disclosed in note 12.1) to be set on day of first draw down and then on 1st working day of each quarter.	20 equal quarterly installments starting from 28 March 2022	Quarterly	Quarterly	1st joint pari passu charge of Rupees 667 million over fixed assets of the subsidiary Company, MLCFL with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
Bank of Punjab - Demand Finance	1,253,119	1,754,367	2,000,000	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on last working day of preceding calendar quarter.	20 equal quarterly installments starting from 27 May 2022	Quarterly	Quarterly	1st pari passu charge over all present and future fixed assets of the subsidiary Company, MLCFL.
MCB Bank Limited - Demand Finance	1,367,920	1,915,088	2,000,000	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each quarter.	20 equal quarterly installments starting from 22 June 2022	Quarterly	Quarterly	1st joint pari passu charge of Rupees 6,667 million over all present and future fixed assets of the subsidiary Company, MLCFL with 25% margin
National Bank of Pakistan - Demand Finance	2,994,285	3,708,570	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.	21 equal quarterly installments starting from 30 September 2021	Quarterly	Quarterly	1st joint pari passu charge of Rupees 7,334 million over fixed assets of the subsidiary Company, MLCFL, Lien on NBP project accounts and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
Samba Bank - Term Finance	450,000	750,000	750,000	3-Month KIBOR + 75bps payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	12 equal quarterly installments starting from 20 March 2022	Quarterly	Quarterly	Joint pari passu charge of Rupees 1,000 million on entire present and future fixed assets of the subsidiary Company, MLCFL.
MCB Bank Limited (EX NIB) - Term Finance	1,488,379	1,984,505	2,000,000	3-Month KIBOR + 0.75% payable quarterly in arrears to be set on the first working day of every quarter.	21 equal quarterly installments starting from 4 May 2022	Quarterly	Quarterly	1st joint pari passu charge of Rupees 6,667 million over all present and future fixed assets of the subsidiary Company, MLCFL.
MCB Islamic Bank Limited - Diminishing Musharikhah	1,104,167	1,500,000	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.	18 equal quarterly installments starting from 27 March 2022	Quarterly	Quarterly	1st joint pari passu charge of Rupees 6,667 million over all present and future fixed assets, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
Habib Bank Ltd. - Term Finance	714,286	1,000,000	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.	20 equal quarterly installments starting from 28 September 2022	Quarterly	Quarterly	Joint pari passu equitable and hypothecation charge of Rupees 1,334 million over all present and future fixed assets of the subsidiary Company, MLCFL.
Askari Bank Limited - Term Finance	125,000	375,000	500,000	3-Month KIBOR + 1.25% payable quarterly in arrears (except as disclosed in note 12.1) to be set on last business day before first draw down and then on immediately preceding day of each quarter.	5 equal quarterly installments starting from 04 March 2022	Quarterly	Quarterly	1st joint pari passu charge of Rupees 667 million over fixed assets of the subsidiary Company, MLCFL with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).

LENDER	2020	2019	TOTAL FACILITY	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
.....Rupees in thousand.....								
Bank of Punjab - Demand Finance	374,339	1,197,885	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 last working day of preceding calendar quarter.	5 equal quarterly installments starting from 06 April 2022	Quarterly	Quarterly	1st pari passu charge of Rupees 2,000 million over fixed assets of the subsidiary Company, MLCFL with 25% margin and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
MCB Bank Limited - Demand Finance	185,145	592,466	1,000,000	3-Month KIBOR + 1.15% payable quarterly in arrears to be reset on 1st working day of each calendar quarter.	5 equal quarterly installments starting from 06 April 2022	Quarterly	Quarterly	1st joint pari passu charge of Rupees 6,667 million over all present and future fixed assets of the subsidiary Company, MLCFL and personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
National Bank of Pakistan - Demand Finance	250,000	800,000	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 on the basis of rate as at last working day of immediately preceding calendar quarter.	5 equal quarterly installments starting from 06 April 2022	Quarterly	Quarterly	1st pari passu charge of Rupees 1,334 million over all present and future fixed assets of the subsidiary Company, MLCFL, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
MCB Islamic Bank - Diminishing Musharikhah	166,667	437,500	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 quarter.	8 equal quarterly installments starting from 13 December 2022	Quarterly	Quarterly	Joint pari passu charge of Rupees 666.67m over all present and future fixed assets of the subsidiary Company, MLCFL, personal guarantee of Mr. Tariq Sayeed Saigol and Mr. Sayeed Tariq Saigol (sponsoring directors).
Allied Bank Limited- SBP refinance for Wages and Salaries (Note 6.2.2)	433,179	-	500,000	Currently 3-Month KIBOR+ 1% per annum, however SBP rate +1 % per annum after approval of SBP.	8 equal quarterly installments starting from 31 January 2021	Quarterly	Quarterly	1st pari passu charge over all fixed assets of the subsidiary Company, MLCFL with 25% margin.
Pair Investment Company Limited	150,000	300,000	300,000	3-Month 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 thereafter.	8 equal quarterly installments starting from 28 September 2021	Quarterly	Quarterly	1st pari passu charge over present and future fixed assets of the subsidiary Company, MLCFL with 25% margin.
Total	11,763,615	17,305,362	21,050,000					
Long term portion of cash finance	534,487	-	-					
	12,298,102	17,305,362	21,050,000					

6.2.1 MLCFL has un-availed long term facilities amounting to Rupees 3,000 million (2019: Rupees 4,647.49 million).

6.2.2 During the year this long term finance did not carry rate of interest of State Bank of Pakistan scheme for payment of wages and salaries, hence does not contain any element of Government grant.



## 7. LONG TERM DEPOSITS

These represent deposits received from dealers and are being utilized by the Group in accordance with the terms of dealership agreements.

	Note	2020 (Rupees in thousand)	2019
<b>8. RETIREMENT BENEFITS</b>			
Subsidiary Company - MLCFL			
Accumulated compensated absences	8.1	126,963	106,184
Gratuity	8.2	87,989	99,170
		<u>214,952</u>	<u>205,354</u>

### 8.1 Accumulated compensated absences

The actuarial valuation of the MLCFL's accumulated compensated absences was conducted on 30 June 2020 using projected unit credit method . 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:

	2020 (Rupees in thousand)	2019
Present value of defined benefit obligations at beginning of the year	106,184	102,396
Current service cost	12,275	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	-	(10,981)
Interest cost for the year	14,354	8,618
Actuarial losses on present value of defined benefit obligations	8,531	6,784
Less: Benefits paid during the year	(14,381)	(10,475)
	<u>126,963</u>	<u>106,184</u>
<b>8.1.2 Charge for the year</b>		
Consolidated statement of profit or loss:		
Current service cost for the year	12,275	9,842
Reversal of prior year's service cost due to actuarial valuation during the year	-	(10,981)
Interest cost for the year	14,354	8,618
Actuarial losses on present value of defined benefit obligations	8,531	6,784
	<u>35,160</u>	<u>14,263</u>

### 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 obligations as at 30 June 2020 would have been as follows:

	Compensated absences	
	Impact on present value of defined benefit obligation	
	Increase (Rupees in thousand)	Decrease
Discount rate + 100 bps	114,646	141,615
Future salary increase + 100 bps	141,361	114,663

The sensitivity analysis of the defined benefit obligations to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligations reported in the statement of financial position.

#### 8.1.4 Actuarial assumptions

The following are the principal actuarial assumptions as at 30 June 2020:

	2020 Percentage	2019 Percentage
Discount rate used for interest cost	14.50%	10.00%
Discount rate used for year end obligations	8.50%	14.50%
Expected rate of growth per annum in future salaries	7.50%	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 2020 using projected unit credit method. Detail of obligation for defined benefit plan is as follows:

	Note	2020 (Rupees in thousand)	2019
The amounts recognized in the consolidated statement of financial position are as follows:			
Present value of defined benefit obligations	8.2.1	156,026	167,576
Less: Fair value of plan assets	8.2.2	(70,163)	(69,263)
Plus: Payable to ex-employees		2,126	857
Net liability at end of the year		87,989	99,170
Net liability at beginning of the year		99,170	81,368
Charge to consolidated statement of profit or loss for the year	8.2.3	19,032	11,727
Charge to consolidated statement of comprehensive income for the year	8.2.3	(8,870)	33,620
Contributions made during the year		(21,343)	(27,545)
Net liability at end of the year		87,989	99,170

8.2.1 Movement in the present value of defined benefit obligations is as follows:

	2020 (Rupees in thousand)	2019
Present value of defined benefit obligations at Beginning of the year	167,576	146,800
Current service cost for the year	6,695	5,682
Interest cost for the year	21,900	11,934
Benefits due but not paid	(1,269)	(857)
Actuarial losses on present value of Defined benefit obligations	(12,363)	31,562
Benefits paid during the year	(26,513)	(27,545)
Present value of defined benefit obligations at end of the year	156,026	167,576

8.2.2 Movement in the fair value of plan assets is as follows:

Fair value of plan assets at beginning of the year	69,263	65,432
Contributions made during the year	21,343	27,545
Expected return on plan assets for the year	9,563	5,889
Actuarial loss on plan assets	(3,493)	(2,058)
Benefits paid during the year	(26,513)	(27,545)
Fair value of plan assets at end of the year	70,163	69,263

Plan assets comprise of:

NAFA Government Securities Liquid Fund	20,053	18,424
Accrued interest	-	1,183
Habib Metropolitan Bank Limited	-	48,900
Special saving certificates	48,000	-
Cash at bank	2,110	756
	70,163	69,263

	2020	2019
Plan assets comprise of:		
Equity	28.58%	26.60%
Debt Securities	68.41%	0.00%
Cash at bank	3.01%	73.40%
	100.00%	100.00%

	2020 (Rupees in thousand)	2019
<b>8.2.3 Charge for the year:</b>		
<b>In consolidated statement of profit or loss</b>		
Current service cost	6,695	5,682
Interest cost	21,900	11,934
Expected return on plan assets	(9,563)	(5,889)
	19,032	11,727
<b>In consolidated statement of comprehensive income</b>		
Actuarial loss on retirement benefits - net	(8,870)	33,620
	10,162	45,347
<b>Actuarial assumptions:</b>		
The following are the principal actuarial assumptions at 30 June:		
Discount rate used for year end obligation	8.50%	14.25%
Expected return on plan assets	14.25%	9.00%
Expected rate of growth per annum in future salaries	7.50%	13.25%
Expected mortality rate	SLIC 2001 - 2005 Setback 1 Year	
Retirement assumptions	60 Years	

8.2.4 MLCFL expects to charge Rupees 12.24 million to consolidated statement of profit or loss on account of defined benefit plan in the year ending 30 June 2021.

### 8.2.5 Sensitivity analysis

If the significant actuarial assumptions used to estimate the defined benefit obligations at the reporting date, had fluctuated by 100 bps with all other variables held constant, the present value of the defined benefit obligations as at 30 June 2020 would have been as follows:

	Gratuity	
	Impact on present value of defined benefit obligation	
	Increase	Decrease
	(Rupees in thousand)	
Discount rate + 100 bps	149,337	163,345
Future salary increase + 100 bps	163,345	149,217

The sensitivity analysis of the defined benefit obligations to the significant actuarial assumptions has been performed using the same calculation techniques as applied for calculation of defined benefit obligations reported in the consolidated statement of financial position.

8.2.6 At 30 June 2020, the average duration of the defined benefit obligation was 4 years (2019: 4 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	2020 (Rupees in thousand)	2019
<b>10. DEFERRED INCOME TAX LIABILITY</b>			
This comprises of following:			
Deferred tax liability on taxable temporary differences in respect of:			
Accelerated tax depreciation		5,684,514	5,115,749
Short term investments		59,534	-
Unrealized gain on re-measurement of futures contracts - shares		-	1,915
		5,744,048	5,117,664
Deferred tax asset on deductible temporary differences in respect of:			
Allowance for expected credit losses		(68,042)	(55,343)
Provision against obsolete stock-in-trade		(1,132)	(1,132)
Unrealized loss on re-measurement of futures contracts - gold		-	(2,124)
Short term investments		-	(19,541)
Unused tax losses		(2,781,037)	(1,320,544)
Tax credit under section 65B		(119,870)	(560,839)
Provision against slow moving stores, spare parts and loose tools		(1,094)	(354)
Available tax loss on sale of investments and trading in derivatives		(182,658)	-
Employees' retirement benefits		(60,712)	(51,371)
		(3,214,545)	(2,011,248)
		2,529,503	3,106,416
Movement in deferred tax balances is as follows:			
At beginning of the year			
Adjustment on adoption of IFRS 9		3,106,416	2,850,450
		-	(38,935)
		3,106,416	2,811,515
Recognized in consolidated statement of profit or loss:			
- Accelerated tax depreciation on operating fixed assets		568,765	2,221,629
- Short term investments		79,075	(35,549)
- Unrealized loss on re-measurement of futures contracts - shares		(1,915)	3,817
- Allowance for expected credit losses		(12,699)	(8,387)
- Provision against obsolete stock-in-trade		-	(1,132)
- Unrealized gain on re-measurement of futures contracts - gold		2,124	(2,631)
- Unused tax losses		(1,460,493)	(1,320,544)
- Tax credit under section 65B		440,969	(560,839)
- Provision against slow moving stores, spare parts and loose tools		(740)	-
- Available tax loss on sale of investments and trading in derivatives		(182,658)	-
- Employees' retirement benefits		(11,846)	5,718
- Provision for doubtful advances		-	1,230
	36	(579,418)	303,312
Recognized in consolidated statement of comprehensive income:			
- Employees' retirement benefits		2,505	(8,411)
		2,529,503	3,106,416

	Note	2020 (Rupees in thousand)	2019
<b>11. TRADE AND OTHER PAYABLES</b>			
Creditors		4,705,079	3,524,604
Bills payable - secured		750,472	851,659
Accrued liabilities		1,892,507	1,695,197
Security deposits, repayable on demand	11.1	64,101	58,780
Advances from customers	11.2	384,642	615,177
Contractors' retention money		271,258	315,877
Royalty and excise duty payable		55,859	25,228
Workers' profits participation fund	11.3	1,477,908	1,483,332
Workers' welfare fund		43,174	25,333
Excise duty payable		961,578	726,771
Other taxes payable		213,095	-
Withholding income tax payable		8,522	198,987
Payable to employees' provident fund trust		11,841	21,579
Others		50,958	75,925
		<u>10,890,994</u>	<u>9,618,449</u>

11.1 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.

11.2 This represents advance received by MLCFL and MLPL from customers for future sale of goods. During the year, MLCFL has recognised revenue amounting to Rupees 310.66 million, out of the contract liability as at 01 July 2019.

	Note	2020 (Rupees in thousand)	2019
<b>11.3 Workers' profits participation fund (WPPF)</b>			
Balance as on 01 July		1,483,332	1,423,082
Allocation for the year	33	163,283	255,337
Interest for the year	35	14,524	9,896
		<u>1,661,139</u>	<u>1,688,315</u>
Less: Payments during the year		(183,231)	(204,983)
		<u>1,477,908</u>	<u>1,483,332</u>

11.3.1 The Holding 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 Holding Company till the date of allocation to workers.

11.3.2 The outstanding WPPF liability of subsidiary Companies, MLCFL and MLPL includes Rupees 1,213.69 million being the left over amount out of the total WPPF liability of Rupees 1,284.35 million pertaining to the financial year ended 30 June 2012 to 30 June 2019. 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 / labor 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 and MLPL'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. Further in view of legal constraints and constraints as aforementioned, the management is of the view that no markup is due on the unpaid amount.

	2020 (Rupees in thousand)	2019
<b>12. ACCRUED MARK-UP</b>		
Long term financing	340,455	476,310
Short term borrowings	342,862	177,916
	683,317	654,226

12.1 During the year, subsidiary Company, MLCFL has availed deferment of accrued markup, on facilities availed from Askari Bank Limited, under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of State Bank of Pakistan. As per deferment terms, accrued markup of Rs. 34.52 million from 01 January 2020 to 30 June 2020 is now payable on 30 September 2020. Accordingly, the accrued markup relating to short term borrowings and long term loans, amounting to Rs. 11.94 million and Rs. 22.58 million, respectively, accrued as at 30 June 2020 relating to Askari Bank Limited is now payable on 30 September 2020.

	Note	2020 (Rupees in thousand)	2019
<b>13. SHORT TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
Short term running finances	13.1 & 13.2 & 13.7	2,570,861	3,845,303
Other short term finances	13.1, 13.3 & 13.6	7,767,299	1,108,676
State Bank of Pakistan (SBP) refinances	13.1 & 13.4	3,538,802	2,501,500
Islamic mode of financing - Murabaha	13.5	-	177,793
		13,876,962	7,633,272
<b>Temporary bank overdraft - unsecured</b>	13.8	338,764	201,287
		14,215,726	7,834,559

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 14,212 million (2019: Rupees 19,340 million).

13.2 The rates of mark-up range from 3.00% to 20% (2019: 3% to 21.90%) per annum on balance outstanding.

- 13.3 The rates of mark-up range from 2.97% to 15.41% (2019: 7.33% to 13.99% ) per annum on balance outstanding.
- 13.4 The rate of mark-up was 3% (2019: 3% ) per annum on balance outstanding.
- 13.5 This represents utilized amount of Murabaha facility of Rupees Nil (2019: Rupees 350 million) from MCB Islamic Bank Limited and carry mark-up at the rate of 3-Month KIBOR plus 1.25% (30 June 2019: 3 month KIBOR plus 1.25%) per annum, payable quarterly. This facility was secured against first joint parri passu charge over fixed assets of the Subsidiary Company, MLPL with a margin of 25% and corporate guarantee of the subsidiary Company, MLCFL. These facilities were expired on 31 March 2020.
- 13.6 These include facilities obtained by subsidiary Company, MLCFL from various banking companies for working capital requirements and are secured by charge over current and future assets of MLCFL; lien marked over import documents and title of ownership of goods imported under letters of credit. These facilities will be expiring on different dates till 31 December 2020.
- 13.7 This includes utilized amount of finance against trust receipt facilities aggregating to Rupees 1,500 million (2019: Rupees 1,300 million) of subsidiary Company MLPL. These carry mark-up rates ranging form 3 month KIBOR plus 0.50% to 3 month KIBOR plus 1.5% (30 June 2019: 3 month KIBOR plus 0.50% to 3 month KIBOR plus 1.5%) 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. MLPL has availed deferment of principal amount of finance against trust receipt facility from Bank of Punjab under BPRD Circular Letter No. 13 of 2020, dated 26 March 2020, of State Bank of Pakistan. As per deferment terms, the outstanding principal of Rs 331.51 million and Rs. 32.9 million has been deferred for twelve months with amended maturity date of 25 June 2021 and 03 July 2021 respectively.
- 13.8 This represents temporary overdraft due to cheques issued by the Group at the statement of financial position date.

#### 14. UNCLAIMED DIVIDEND

As at the reporting date, the Group is in the process of complying with the provisions of Section 244 of the Companies Act, 2017.

#### 15. CONTINGENCIES AND COMMITMENTS

##### 15.1 Contingencies

##### 15.1.1 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 income tax return for the tax year 2011 having tax loss amounting to Rupees 721.390 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.

c) 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.

d) 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 consolidated financial statements which on the basis adopted by the authorities would amount to Rupees 87.996 million (2019: Rupees 184.700 million), since the Company has strong grounds against the assessments framed by the relevant authorities.

e) The Company filed recovery suits in Civil Courts amounting to Rupees 14.683 million (2019: Rupees 14.683 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.

f) 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 72.811 million. No provision has been made in these consolidated financial statements, since the Company is confident about favorable outcome.

g) 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.

h) 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 331.011 million (2019: Rupees 299.257 million).

#### 15.1.2 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 Rs.10.01 million out of which Rs. 3 million had already been paid during previous years. 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 Rs. 12.35 million was rejected and the Company was held liable to pay an amount of Rs. 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 Show Cause Notice was issued to the Company on 04 December 1999 and demand was raised by the CBR 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 allegedly on the ground that the plant could be locally manufactured and was therefore not exempt). A total demand of Rs.1,386.72 million was raised by the CBR out of which an amount of Rs. 449.328 Million was deposited by the Company (initially the Company deposited Rs. 269.328 million and subsequently deposited further amount of Rs. 180.00 million). Initially, the matter was decided in favor of the Company as per the judgment of the Lahore High Court in W.P. No. 6794/2000. Against the aforesaid judgment of Lahore High Court, the customs department had filed appeal before the Supreme Court of Pakistan which was decided by the Honorable Supreme Court vide judgment dated 21.12.2011 with the direction to file reply to the Show Cause Notice before the Collector of Customs, Faisalabad. The Company has filed its reply before the Collector of Customs, Faisalabad who decided the same against the Company through an Order-in-Original No. 6/2014 dated 09.07.2014. The said Order-in-Original was challenged by the Company by way of filing of Appeal No. 172/LB/2014 before the Customs Appellate Tribunal, Lahore who vide Judgment dated 21.08.2019 has granted partial relief to the Company with direction to the Customs Department to recalculate the customs duty in accordance with the list communicated by EDB vide letter dated 21.06.2006. The matter is now pending before the Collector of Customs, Faisalabad and fresh calculation of demand is yet awaited. 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 High Court of Sindh at Karachi. Stay has been granted by the Honorable High Court of Sindh 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. Accordingly no provision for remaining 50% liability has been incorporated in these consolidated financial statements.

e) The subsidiary Company, MLPL 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 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 Rs. 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 Rs. 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 Rs. 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 Rs. 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) 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 is confident that the ultimate outcome of this case will be in favor of the MLPL.

k) 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 Rs. 336.74 million along with applicable default surcharges and penalties. The Company preferred appeal against such order under the applicable provisions of Sales Tax Act, 1990 and Federal Excise Act, 2005 before the ATIR. During the year, the Company's appeal has been disposed of through appellate order dated 24 March 2020. Through the said appellate order, the ATIR has decided the matter in favor of the Company on legal grounds.

l) Assistant Commissioner Inland Revenue through order dated 31 May 2018 raised a demand of Rs. 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. The Company 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 the Company 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 at the year end. However, being prudent the Company has recorded the provision of Rs. 44.58 million, during the year, in these consolidated financial statements.

m) Deputy Commissioner Inland Revenue through order dated 31 July 2017 raised a demand of Rs. 2.46 million under section 122(5A) for the tax year 2011 of the Income Tax Ordinance, 2001. The demand was later reduced to Rs. 2.056 million on 14 March 2018. The Company

has preferred an appeal before CIR(A). During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible / inadmissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

n) The Additional Commissioner Inland Revenue, Audit, Range, Zone - 1, Large Taxpayers Unit, Lahore (ACIR) initiated proceedings, vide order dated 13 March 2019, against the Company under section 122(9) read with section 122(sA) of the Income Tax Ordinance 2001 (the "Ordinance"). The notice was duly responded by tax advisor of the Company via letter numbered "T 259" dated 22 July 2019. During the year, proceedings are concluded and ACIR raised an additional tax demand of Rs 303.360 million through amendment order, dated 27 January 2020, passed under section 122(5A) of the Ordinance. The Company preferred an appeal against the amendment order before the Commissioner Inland Revenue (Appeals) - CIR(A). The CIR(A), through his order dated 6 May 2020, decided all the matters in favor of the Company except for issues relating to claim of depreciating and initial allowance, without reducing tax credit claimed under section 65B of the Ordinance from the cost of the asset and apportionment of advertisement & sales promotion expenses. The Company, as well as the tax authorities, have preferred an appeal before the Appellant Tribunal Inland Revenue (ATIR), which is pending adjudication at the year end. However, being prudent the Company has recorded the provision of Rs. 46.88 million, during the year, in these consolidated financial statements.

o) The Deputy Commissioner Inland Revenue, Audit - 2, Zone I, Large Taxpayers Unit, Lahore ('DCIR') passed an appeal effect order dated 31 July 2017 under section 124/129 of the Ordinance, giving effect to an earlier order passed by CIR(A). While passing the order, the DCIR made certain errors which were assailed before CIR(A) in second round of appeal. During the year, CIR(A), through order dated 17 April 2020, decided the issues relating to enhancement of minimum tax liability and apportionment of admissible deductions against the Company. Being aggrieved, the Company has preferred an appeal before the ATIR, which is pending adjudication. However, management and tax advisor of the Company are hopeful of favorable outcome of the case. Accordingly no provision has been incorporated in these consolidated financial statements.

p) Guarantees given by banks on behalf of MLCFL are of Rupees 789.01 million (2019: Rupees 670.039 million) in favor of Sui Northern Gas Pipeline Limited and Government Institutions.

## 15.2 Commitments

- a) Contracts for capital expenditure amounting to Rupees 12.035 million (2019: Rupees 54.550 million).
- b) Letters of credit for capital expenditure amount to Rupees 121.610 million (2019: Rupees 621.626 million).
- c) Letters of credit other than for capital expenditure amounting to Rupees 691.750 million (2019: Rupees 1,033.108 million).
- d) Futures contracts - shares in respect of which the settlement is outstanding amounting to Rupees Nil (2019: Rupees 1,830.274 million).
- e) Futures contracts - gold in respect of which the settlement is outstanding amounting to Rupees Nil (2019: Rupees 909.750 million).

	2020 (Rupees in thousand)	2019
<b>16. PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets - Owned (Note 16.1)	53,313,404	55,748,674
Capital work in progress (Note 16.1.6)	1,310,566	504,217
Stores held for capitalization	54,047	59,917
	54,678,017	56,312,808

## 16.1 OPERATING FIXED ASSETS

		(Rupees in thousand)												
		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
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)	(73,309)	(19,756,935)	(36,228)	(86,328)	(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
Disposals:														
Cost / revalued amount		-	-	-	-	(256,118)	-	(503)	-	-	(55,781)	-	-	(312,462)
Accumulated depreciation		-	-	-	-	141,908	-	388	-	-	34,390	-	-	176,686
Depreciation charge		-	(340)	(997,009)	(8,731)	(114,210)	(1,608)	(175)	(40,617)	(2,185)	(67,791)	(6,732)	-	(135,776)
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
Year ended 30 June 2020														
Opening 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
Additions		-	1,288	276,081	11,119	1,100,391	400	19,807	17,184	6,899	46,813	14,853	-	1,494,835
Revaluation surplus		9,053	-	-	-	-	-	-	-	-	-	-	-	9,053
Disposals:														
Cost / revalued amount		-	-	-	-	(181,709)	-	(502)	-	-	(47,355)	-	-	(229,566)
Accumulated depreciation		-	-	-	-	128,726	-	351	-	-	30,126	-	-	159,203
Depreciation charge		-	(358)	(700,299)	(3,749)	(62,983)	(1,516)	(6,076)	(35,728)	(2,516)	(17,229)	(12,972)	-	(70,363)
Closing net book value		3,931,594	48,386	12,077,111	91,820	36,572,894	23,510	35,611	152,393	27,303	328,990	23,598	194	53,313,404
At 30 June 2020														
Cost / revalued amount		3,931,594	57,733	16,433,526	182,609	61,448,154	62,862	138,706	590,583	61,896	621,551	192,244	6,000	83,727,458
Accumulated depreciation		-	(9,347)	(4,356,415)	(90,789)	(24,875,260)	(39,352)	(103,095)	(438,190)	(34,593)	(292,561)	(168,646)	(5,806)	(30,414,054)
Net book value		3,931,594	48,386	12,077,111	91,820	36,572,894	23,510	35,611	152,393	27,303	328,990	23,598	194	53,313,404
Depreciation rate (%)		-	5 - 10	5 - 10	5 - 10	5 - 20	10	30	10	10	20	20	10	-

16.1.1 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 2020. Book value of freehold land on cost basis is Rupees 160,105 million (2019: Rupees 160,105 million) as on 30 June 2020. Had there been no revaluation, the value of freehold land would have been lower by Rupees 2,579,452 million (2019: Rupees 2,579,452 million). Freehold land of MLCFL was revalued by Arif Evaluators as at 30 June 2020, had there been no revaluation, the net book value of freehold land of MLCFL would have been Rupees 822,154 million (2019: Rupees 822,154 million). Forced sale value at 30 June 2020 was Rupees 953,630 million.

16.1.2 Borrowing cost of Rupees Nil (2019: Rupees 1,265.64 million) was capitalized during the year using the capitalization rate ranging from Nil (2019: 4.5% to 8%) per annum.

16.1.3 Ownership of the housing colony's assets included in the operating fixed assets of the subsidiary Company, MLCFL, is shared by the MLCFL jointly with Agritech Limited in ratio of 10:1:245 since the time when both the companies were managed by Pakistan Industrial Development Corporation. These assets are in possession of the housing colony establishment for mutual benefits.

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
16.1.4 Depreciation charged during the year has been allocated as follows:			
Cost of sales	30	3,766,128	2,784,379
Distribution cost	31	6,690	4,298
Administrative expenses	32	95,977	93,012
		<u>3,868,795</u>	<u>2,881,689</u>

16.1.5 Particulars of freehold land are as follows:

Location	Usage of Immovable Property	Total Area (Acres)
Peshawar Road, Rawalpindi	Manufacturing facilities	64.68
	Residential and offices	56.58
8 KM, Manga Raiwind Road, District Kasur	Manufacturing facilities	13.22
	Residential and offices	8.11
	Land	11.24
Gulyana Road, Gujar Khan, District Rawalpindi	Manufacturing facilities	13.18
	Residential and offices	23.96
	Land	13.54
Iskanderabad, District Mianwali	Manufacturing facilities and offices	1,268.13
		<u>1,472.64</u>

	2020 (Rupees in thousand)	2019 (Rupees in thousand)
16.1.6 Capital work in progress		
Plant and machinery	615,489	21,806
Civil works	666,194	381,355
Advances to suppliers against:		
Plant and machinery	28,468	68,720
Civil works	415	30,376
Vehicles	-	1,710
Others	-	250
	<u>1,310,566</u>	<u>504,217</u>



16.2 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							
Sanforizing Machine	5,773	5,000	773	889	116	Negotiation	Bashir Printing Industries (Private) Limited, Faisalabad
Machine Comber Reiter E-60.	2,203	697	1,506	1,770	264	Negotiation	AN Textile Mills Limited, Faisalabad
Machine Carding Crosrol	2,768	1,968	800	1,085	285	Negotiation	Shahbaz Garments (Private) Limited, Karachi
Machine Savio Orion-m	7,923	5,941	1,982	800	(1,182)	Negotiation	MKM Textile International, Faisalabad
Machine-Blow Room	1,693	1,106	587	668	81	Negotiation	Babri Cotton Mills Limited, Kohat
Comber Reiter	2,202	719	1,483	1,791	308	Negotiation	AN Textile Mills Limited, Faisalabad
Machine Carding Crosrol	11,071	7,891	3,180	4,310	1,130	Negotiation	Masood Spinning Mills Limited, Kabirwala
Autocone Winder-Savio							
Orion-m	16,990	12,526	4,464	1,700	(2,764)	Negotiation	HIK Textiles (Private) Limited, Lahore
Machine Carding Crosrol	10,949	7,794	3,155	2,136	(1,019)	Negotiation	Multan Spinning Mills Limited, Multan
Rieter Draw Frame RSB-D35	5,300	4,764	536	3,419	2,883	Negotiation	Classic Impex, Sialkot
Machine Carding Crosrol MK-6	10,582	5,076	5,506	2,136	(3,370)	Negotiation	Multan Spinning Mills Limited, Multan
Machine Dyh-500 c / dx-500	5,013	4,250	763	545	(218)	Negotiation	Ejaz Shabbir Textile Mills Limited, Multan
Schlaforst Winder 338	22,855	16,867	5,988	3,550	(2,438)	Negotiation	H.A.R Fibers (Private) Limited, Faisalabad
Machine Carding Crosrol							
MK-6.	8,904	6,737	2,167	6,000	3,833	Negotiation	H.A.R Fibers (Private) Limited, Faisalabad
Air Compressor	5,662	4,832	830	375	(455)	Negotiation	Bismillah Engineering Works, Lahore
Air Compressor	5,662	4,832	830	333	(497)	Negotiation	Bismillah Engineering Works, Lahore
Turbine / generator	1,298	351	947	1,355	408	Auction	M/s. Karam Dad Khan
Lime Stone Intake & Crusher	2,451	1,328	1,123	3,556	2,433	Auction	M/s. Karam Dad Khan
Semi Hydrostatic Shoes,							
Gear Unit	6,482	1,678	4,804	5,333	529	Auction	M/s. Muhammad Hayat Khan
Piston Rod	6,046	5,289	757	738	(19)	Auction	M/s. Muhammad Hayat Khan
Chain Strands Set	2,803	1,756	1,047	1,119	72	Auction	M/s. Muhammad Hayat Khan
Bearing Cylindrical Roller	6,062	3,496	2,566	2,757	191	Auction	M/s. Muhammad Hayat Khan
Bearing Spherical Roller	8,281	4,776	3,505	3,766	261	Auction	M/s. Muhammad Hayat Khan
	158,973	109,674	49,299	50,131	832		

Description	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
------(Rupees in thousand)-----							
<b>Vehicles</b>							
Toyota Camry (LZE - 6000)	2,976	2,379	597	1,500	903	Negotiation	Miss Shahnaz Shaukat, Lahore
Honda Civic (LEE-13-199)	2,536	1,692	844	1,213	369	Negotiation	Mr. Zeeshan Ahmed Siddiqui, Lahore
Suzuki Cultus	1,419	514	905	1,300	395	Buy back	M/s. Mr. Nifaz Ali, Employee
Suzuki Cultus	1,154	514	640	1,060	420	Auction	M/s. Augmentech Business
Suzuki Cultus	1,603	276	1,327	1,375	48	Buy back	Mr. Salman Arif, Employee
Suzuki Cultus	1,419	433	986	1,350	364	Buy back	Mr. Muhammad Suhail Ameer, Employee
Suzuki Cultus	1,124	555	569	1,060	491	Insurance claim	EFU General Insurance Limited
Suzuki Cultus	1,124	529	595	824	229	Auction	M/S Abdul Hameed Chohan
Suzuki Cultus	1,124	529	595	1,033	438	Auction	M/S Muhammad Iqbal
Toyota Corolla	2,044	1,234	810	1,450	640	Buy back	M/s. Shaher Yar Khurram Bhutta, Employee
Toyota Corolla	2,387	1,534	853	876	23	Buy back	Mr. Zamiruddin Azar, Employee
	18,910	10,189	8,721	13,041	4,320		
	177,883	119,863	58,020	68,172	5,152		
	51,683	39,340	12,343	37,460	25,117		
	229,566	159,203	70,363	100,632	30,269		

Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000

	Note	2020 (Rupees in thousand)	2019
<b>17. INVESTMENT PROPERTIES</b>			
Opening net book value		1,792,755	1,792,755
Fair value gain		-	-
Closing net book value		1,792,755	1,792,755

17.1 The fair value of investment properties comprising land and building situated at Rawalpindi and Lahore have been determined by an independent valuer Anderson Consulting (Private) Limited (Evaluators, Surveyors, Stock Inspectors, Architects & Engineers) as at 30 June 2020.

17.2 Forced sale value of these properties as at 30 June 2020 was Rupees 1,523.843 million (2019: Rupees 1,523.843 million).

17.3 Particulars of investment properties are as follows:

Description	Address	Total Area (Acres)	Covered Area (Sqr feet)
Land	Peshawar Road, Rawalpindi	43.95	-
Land and building	42-Lawrence Road, Lahore	4.95	26,059
		48.90	26,059

	Note	2020 (Rupees in thousand)	2019
<b>18. INTANGIBLES</b>			
Intangible assets	18.1	9,024	13,530
<b>18.1 Intangible assets</b>			
At beginning of the year		83,885	78,666
Additions during the year		-	5,219
At end of the year		83,885	83,885
Accumulated amortization			
At beginning of the year		70,355	61,855
Amortization for the year		4,506	8,500
At end of the year		74,861	70,355
Net book value		9,024	13,530
Amortization rate per annum		33%	33%
<b>18.2 Amortization charged for the year has been allocated as follows:</b>			
Cost of sales	30	1,664	4,239
Administrative expenses	32	2,842	4,261
		4,506	8,500

	Note	2020 (Rupees in thousand)	2019
<b>19. LONG TERM LOANS TO EMPLOYEES - Secured</b>			
House building		11,360	11,813
Vehicles		1,995	1,834
Others		17,350	16,100
		30,705	29,747
Less: Current portion shown under current assets	24	11,509	9,923
		19,196	19,824

19.1 These loans are secured against employees' retirement benefits and carry interest at the rates ranging from 6.00% to 12.00% (2019: 6.00% to 12.00%) per annum. These loans are recoverable in 30 to 60 monthly installments.

19.2 These include loans to executives amounting to Rupees 6.31 million (2019: Rupees 6.71 million). Further, no amount was due from directors and chief executive officer at the year end (2019: Rupees Nil).

	Note	2020 (Rupees in thousand)	2019
<b>20. LONG TERM INVESTMENTS</b>			
Advance for purchase of shares	20.1	42,000	-
Debt instrument			
Sales tax refund bonds - at amortized cost			
Nil (2019: 248) bonds of Rupees 100,000 each		-	24,800
Add: Accrued interest		-	19
		-	24,819
		42,000	24,819

20.1 This represents advance given by subsidiary MLCL to Convenience Stores (Private) Limited for purchase of 280,000 shares at the rate of Rupees 150 per share.

	Note	2020 (Rupees in thousand)	2019
<b>21. STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores	21.1	5,173,261	3,899,937
Spare parts		4,234,245	3,979,433
Loose tools		165,249	130,910
		9,572,755	8,010,280
Less: Provision against slow moving stores, spare parts and loose tools		(3,772)	(3,772)
		9,568,983	8,006,508

21.1 This includes stores in transit of Rupees 1,526.205 million (2019: Rupees 992.023 million).

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>22. STOCK-IN-TRADE</b>			
Raw materials	22.1 & 22.3	2,767,098	2,484,993
Packing materials		209,413	184,690
Work-in-process		1,903,951	1,728,160
Finished goods	22.2 & 22.4	2,265,560	1,159,422
		<u>7,146,022</u>	<u>5,557,265</u>
Provision against obsolete stock-in-trade	22.6	3,904	3,904
		<u>7,142,118</u>	<u>5,553,361</u>

22.1 Raw materials include stock in transit of Rupees 7.060 million (2019: Rupees 22.631 million).

22.2 Stock-in-trade of Rupees 68.273 million (2019: Rupees 78.675 million) is being carried at net realizable value.

22.3 Stock-in-trade includes stock of Rupees 149.814 million (2019: Rupees 75.628 million) with external parties.

22.4 Finished goods include stock in transit of Rupees 9.720 million (2019: Rupees 36.272 million).

22.5 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 3.417 million (2019: Rupees 0.945 million).

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>22.6 Provision against obsolete stock-in-trade</b>			
As at 01 July		3,904	-
Add: Provision for the year	33	-	3,904
As at 30 June		<u>3,904</u>	<u>3,904</u>
<b>23. TRADE DEBTS</b>			
<b>Considered good:</b>			
Secured (against letters of credit)		843,500	833,147
Unsecured		4,804,640	3,585,322
		<u>5,648,140</u>	<u>4,418,469</u>
Less: Allowance for expected credit losses	23.1	(234,626)	(190,835)
		<u>5,413,514</u>	<u>4,227,634</u>



	Note	2020 (Rupees in thousand)	2019
<b>23.1 Allowance for expected credit losses</b>			
Opening balance		190,835	25,932
Recognized as on 01 July 2018		-	134,258
Recognized during the year		43,791	31,577
Bad debts written off during the year		-	(932)
Balance at end of year		234,626	190,835

**23.2** As at 30 June 2020, trade debts of Rupees 3,139.236 million (2019: Rupees 2,131.329 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	2020 (Rupees in thousand)	2019
Upto 1 month		1,542,432	1,572,346
1 to 6 months		1,029,782	379,840
More than 6 months		567,022	179,143
		3,139,236	2,131,329

#### 24. LOANS AND ADVANCES - Unsecured, considered good

Loans and advances to employees:	24.1		
- Executives		11,719	4,360
- Other employees		9,987	31,020
- Current portion of long term loans to employees	19	11,509	9,923
		33,215	45,303
Government Authorities:			
- Sales tax		-	2,519
- Collector of customs	24.2	219,868	185,462
- Refunds from Government	24.3	16,797	17,399
		236,665	205,380
Advances to suppliers	24.4	506,684	917,663
Letters of credit		22,384	18,926
		798,948	1,187,272

**24.1** These advances are not carried at amortized cost as the impact was considered immaterial.

**24.2** This include Rupees 180 million paid by subsidiary Company, MLCFL under protest as disclosed in note 15.1.2 (c) to these consolidated financial statements.

**24.3** This represents amount paid to Government under protest for various cases which have been decided in favor of MLCFL.

**24.4** This includes an amount of Rupees 78.56 million (2019: Rupees 273.140 million) advanced to Ministry of Railways for transportation of coal and cement.

	Note	2020 (Rupees in thousand)	2019
<b>25. SECURITY DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Short term deposit		200	-
Margin against:			
- Letters of credit		20,523	19,555
- Bank guarantees		166,205	135,281
Prepayments		17,570	59,278
		<b>204,498</b>	<b>214,114</b>
<b>26. OTHER RECEIVABLES</b>			
Considered good:			
Sales tax refundable		453,366	138,747
Custom duty receivable		15,993	15,993
Mark up rate support receivable from financial institutions		3,633	3,633
Export rebate		33,529	68,850
Insurance claims		73	-
Duty draw back receivable		235,640	180,520
Margin deposits with brokers		3,552	386,858
Unrealized gain on re-measurement of future contracts		-	12,769
Dividend receivable		282	4,467
Accrued interest		3,384	4,499
Others		42,633	38,868
		<b>792,085</b>	<b>855,204</b>
<b>27. SHORT TERM INVESTMENTS</b>			
<b>FINANCIAL INSTRUMENTS</b>			
<b>Debt instruments</b>			
Investment - Amortized cost	27.1	132,797	255,071
<b>Equity instruments</b>			
Investments - Fair value through profit or loss	27.2	3,771,844	3,487,394
<b>NON-FINANCIAL INSTRUMENT</b>			
Investment in gold	27.3	-	725,456
		<b>3,904,641</b>	<b>4,467,921</b>
<b>27.1 Debt instruments - amortized cost</b>			
<b>Holding Company</b>			
Term deposit receipts	27.1.1	82,797	51,441
<b>Subsidiary Company - MLCFL</b>			
Term deposit receipts	27.1.2	50,000	203,630
		<b>132,797</b>	<b>255,071</b>

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 6.25% (2019: 10.40%). It is under lien with the bank against guarantees given on behalf of the Group.

27.1.2 This represents term deposit having maturity of one year starting from 24 June 2020 and carries mark-up at the rate of 7.2% per annum.

## 27.2 Investments-Fair Value through profit or loss

2020			2019		
Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value

----- (Rupees in thousand) -----

### Subsidiary Company - MLCL

#### Mutual funds

ABL Cash Fund 281,699 (2019: 37,473,361 units)	2,864	3	2,867	375,169	5,812	380,981
Askari Sovereign Cash Fund Nil (2019: 1,091,240 units)	-	-	-	109,036	1,006	110,042
Alfalah GHP Sovereign Fund 1,257 (2019: 1,108 units)	134	-	134	122	(5)	117
Faysal Money Market Fund 986,594 (2019: 1,005,648 units)	100,345	160	100,505	101,357	826	102,183
NAFA Money Market Fund Nil (2019: 20,294,665 units)	-	-	-	159,966	40,184	200,150
HBL Government Securities Fund 1,221 (2019: 1,130 units)	130	7	137	119	-	119
HBL Cash Fund Nil (2019: 530,679 units)	-	-	-	53,252	238	53,490
HBL Money Market Fund 139,514 (2019: 53,256 units)	14,259	21	14,280	5,440	(2)	5,438
Primus Income Fund 1,256 (2019: 1,124 units)	133	1	134	124	(5)	119
UBL Liquidity Plus Fund Nil (2019: 2,072,441 units)	-	-	-	208,717	(56)	208,661
UBL Money Market Fund 1,287 (2019: 1,167 units)	129	-	129	123	(5)	118
Cash Management Optimizer Fund Nil (2019: 1,057,550 units)	-	-	-	106,332	-	106,332
First Habib Cash Fund 2,009,208 (2019: 456 units)	200,721	963	201,684	46	-	46
UBL Cash Fund 567 (2019: Nil units)	2	55	57	-	-	-
Alfalah Money Market Fund Nil (2019:3,245,133 units)	-	-	-	316,237	1,630	317,867
JS Cash Fund Nil (2019: 3,102,654 units)	-	-	-	314,705	617	315,322
	318,717	1,210	319,927	1,750,745	50,240	1,800,985

#### Shares in listed companies

Arif Habib Corporation Limited 2 (2016: 2) fully paid ordinary shares of Rupees 10 each	-	-	-	-	-	-
Gandhara Industries Limited 2 (2019: 2) fully paid ordinary shares of Rupees 10 each	-	-	-	1	(1)	-
Orix Leasing Pakistan Limited 72 (2019: 72) fully paid ordinary shares of Rupees 10 each	2	-	2	3	(1)	2
Highnoon Laboratories Limited 3,246 (2019: 1) fully paid ordinary shares of Rupees 10 each	1,713	(86)	1,627	-	-	-
Bhanero Textile Mills Limited 6,551 (2019: 6,551) fully paid ordinary shares of Rupees 10 each	5,136	(92)	5,044	5,289	(153)	5,136
Meezan Bank Limited 15,101 (2019: 6,161,101) fully paid ordinary shares of Rupees 10 each	1,540	(501)	1,039	541,589	(4,588)	537,001
Mari Petroleum Company Limited 36,965 (2019: 75,423) fully paid ordinary shares of Rupees 10 each	44,637	1,076	45,713	101,273	(25,146)	76,127
Masood Textile Mills Limited 50,001 (2019: 50,001) fully paid ordinary shares of Rupees 10 each	2,750	250	3,000	4,452	(1,702)	2,750
Blessed Textiles Limited 53,301 (2019: 67,301) fully paid ordinary shares of Rupees 10 each	12,787	807	13,594	26,328	(10,183)	16,145
Indus Motor Company Limited 96,601 (2019: 1) fully paid ordinary shares of Rupees 10 each	99,941	(3,824)	96,117	1	-	1
ICI Pakistan Limited 101,101 (2019: 1) fully paid ordinary shares of Rupees 10 each	74,309	(4,073)	70,236	1	-	1
Attock Petroleum Limited 105,001 (2019: 1) fully paid ordinary shares of Rupees 10 each	32,055	(9)	32,046	1	-	1
Noon Sugar Mills Limited 250,001 (2019: 250,001) fully paid ordinary shares of Rupees 10 each	16,250	(375)	15,875	19,824	(3,574)	16,250
Oil and Gas Development Company Limited 500,001 (2019: 908,001) fully paid ordinary shares of Rupees 10 each	47,149	7,351	54,500	141,912	(22,519)	119,393

	2020			2019		
	Carrying value	Unrealized gain / (loss)	Market value	Carrying value	Unrealized gain / (loss)	Market value
	----- (Rupees in thousand) -----					
Lucky Cement Limited 623,695 (2019: 1) fully paid ordinary shares of Rupees 10 each	293,268	(5,383)	287,885	1	-	1
Systems Limited 920,001 (2019: 1) fully paid ordinary shares of Rupees 10 each	151,838	17,147	168,985	-	-	-
Feroze1888 Mills Limited 997,501 (2019: 1,023,501) fully paid ordinary shares of Rupees 10 each	99,518	(17,922)	81,596	102,575	666	103,241
Pakistan Oilfields Limited 1,510,801 (2019: 1) fully paid ordinary shares of Rupees 10 each	469,456	60,276	529,732	-	-	-
Kohat Cement Company Limited 3,037,001 (2019: 1) fully paid ordinary shares of Rupees 10 each	437,414	(19,979)	417,435	-	-	-
Maple Leaf Cement Factory Limited - 7,026,270 (2019: Nil) fully paid ordinary shares of Rupees 10 each (Note 27.2..1)	84,315	98,227	182,542	-	-	-
Pioneer Cement Limited 22,520,001 (2019: 1) fully paid ordinary shares of Rupees 10 each	1,156,872	262,790	1,419,662	-	-	-
Other Listed companies 372 (2019: 32,247,672) fully paid ordinary shares of Rupees 10 each	42	-	42	997,428	(204,955)	792,473
	3,030,992	395,680	3,426,672	1,940,678	(272,156)	1,668,522
<b>Subsidiary Company - MLCFL</b>						
<b>Shares in listed company</b>						
Next Capital Limited 1,500,000 (2019: 1,500,000) fully paid ordinary shares of Rupees 10 each & 1,875,000 (2019: 1,875,000) fully paid right shares of Rupees 8 each	30,000	(4,755)	25,245	30,000	(12,113)	17,887
	3,379,709	392,135	3,771,844	3,721,423	(234,029)	3,487,394
27.2.1 These shares are held for the purpose of short term trading.						
27.3 <b>NON-FINANCIAL INSTRUMENT</b>						
Investment in gold						
Subsidiary Company - MLCL						
Gold - Nil Tola (2019: 8,786 Tola)	-	-	-	551,010	174,446	725,456

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>28. CASH AND BANK BALANCES</b>			
Cash in hand		13,820	25,801
Cash at bank:			
- On current accounts	28.1	688,931	221,806
- On saving accounts	28.1, 28.2 & 28.3	692,732	745,344
		1,381,663	967,150
		1,395,483	992,951

28.1 The balances in current and saving accounts include USD 138,606 (2019: USD 93,000) and GBP 2,000 (2019: GBP 1,825,000).

28.2 The balances in saving accounts carry interest ranging from 2.79% to 15.30% (2019: 0.16% to 10.25%) per annum.

28.3 The balances in saving accounts include an amount of Rupees 15.155 million (2019: Rupees 15.155 million) held under lien against guarantees issued by the bank on behalf of the Group.

	Note	2020 (Rupees in thousand)	2019 (Rupees in thousand)
<b>29. REVENUE</b>			
Export sales		10,342,368	9,162,940
Local sales	29.1	40,334,633	37,816,984
Duty draw back		116,759	46,550
Export rebate		54,503	91,711
		50,848,263	47,118,185
29.1 Local sales		61,318,024	48,875,313
Less:			
Sales tax		10,162,275	5,706,262
Federal excise duty		10,040,696	4,874,102
Commission		226,643	335,899
Discount		553,777	142,066
		40,334,633	37,816,984



	Note	2020 (Rupees in thousand)	2019
<b>30. COST OF SALES</b>			
Raw materials consumed	30.1	14,154,167	12,604,744
Salaries, wages and other benefits	30.2	3,261,295	2,710,629
Processing charges		61,487	37,113
Stores, spare parts and loose tools consumed		2,468,258	2,139,800
Packing materials consumed		3,767,692	2,508,559
Freight and forwarding		557,435	872,747
Fuel and power		17,976,739	13,198,010
Repair and maintenance		572,008	545,183
Insurance		134,267	194,940
Other factory overheads	30.3	537,864	369,763
Amortization	18.2	1,664	4,239
Depreciation	16.1.4	3,766,128	2,784,379
		47,259,004	37,970,106
<b>Work-in-process</b>			
Opening stock		1,728,160	1,263,478
Closing stock		(1,903,951)	(1,728,160)
		(175,791)	(464,682)
Cost of goods manufactured		47,083,213	37,505,424
<b>Finished goods</b>			
Opening stock		1,159,422	849,800
Closing stock		(2,265,560)	(1,159,422)
		(1,106,138)	(309,622)
Cost of sales		45,977,075	37,195,802
<b>30.1 Raw materials consumed</b>			
Opening stock		2,484,993	1,502,953
Add: Purchased during the year		14,436,272	13,586,784
		16,921,265	15,089,737
Less: Closing stock		(2,767,098)	(2,484,993)
		14,154,167	12,604,744

**30.2** Salaries, wages and other benefits include provident fund contribution of Rupees 103.757 million (2019: Rupees 97.940 million), gratuity and compensated absences amounting to Rupees 43.221 million (2019: Rupees 18.020 million).

**30.3** Other factory overheads include housing colony expenses aggregating to Rupees 88.17 million (2019: Rupees 76.41 million).

	Note	2020 (Rupees in thousand)	2019
<b>31. DISTRIBUTION COST</b>			
Salaries and other benefits	31.1	293,898	244,425
Outward freight and handling		30,975	27,207
Clearing and forwarding		427,315	292,723
Commission to selling agents		209,315	28,442
Travelling and conveyance		112,489	211,390
Insurance		5,094	13,767
Vehicles' running		35,215	22,761
Electricity, gas and water		2,458	2,836
Postage, telephone and fax		10,020	9,140
Sales promotion and advertisement		403,633	536,476
Depreciation	16.1.4	6,690	4,298
Miscellaneous		101,565	100,960
		<b>1,638,667</b>	<b>1,494,425</b>

31.1 Salaries and other benefits include provident fund contribution of Rupees 11.657 million (2019: 9.402 million), gratuity and compensated absences amounting to Rupees 2.49 million (2019: Rupees 1.45 million).

	Note	2020 (Rupees in thousand)	2019
<b>32. ADMINISTRATIVE EXPENSES</b>			
Salaries and other benefits	32.1	773,491	673,837
Travelling and conveyance		99,000	111,235
Repair and maintenance		59,152	48,748
Rent, rates and taxes		19,061	14,197
Insurance		17,600	10,258
Vehicles' running		46,807	43,941
Printing, stationery and periodicals		30,130	40,965
Electricity, gas and water		8,563	6,797
Postage, telephone and fax		26,379	30,026
Legal and professional		117,434	138,325
Security, gardening and sanitation		40,835	38,396
Amortization	18.2	2,842	4,261
Depreciation	16.1.4	95,977	93,012
Miscellaneous		182,703	143,139
		<b>1,519,974</b>	<b>1,397,137</b>

32.1 Salaries and other benefits include provident fund contribution of Rupees 22.222 million (2019: Rupees 21.099 million), gratuity and compensated absences amounting to Rupees 8.483 million (2019: Rupees 6.520 million).

	Note	2020 (Rupees in thousand)	2019
<b>33. OTHER EXPENSES</b>			
Auditor's remuneration	33.1	7,950	6,848
Donations	33.2	114,895	62,067
Loss on disposal of investment		-	56,149
Workers' profits participation fund	11.3	163,283	255,337
Workers welfare fund		38,330	20,489
Advances written off		7,755	-
Unrealized loss on re-measurements of forward contracts - shares		-	77,180
Loss on redemption of units of mutual funds - net		-	38,189
Loss on trading in gold futures contracts - net		26,689	26,826
Loss on trading in shares futures contracts - net		816,339	-
Loss on sale of quoted shares - net		329,742	-
Loss on trading in oil futures contracts - net		83,741	21,677
Exchange loss - net		-	153,591
Provision against obsolete stock-in-trade	22.6	-	3,904
Sales tax on packing material written off		-	154,311
Bad debts written off		5,643	-
Allowance for expected credit losses	23.1	43,791	31,577
Impact of de-recognition of financial instrument carried at amortized cost		19	-
Miscellaneous		-	5,452
		<b>1,638,177</b>	<b>913,597</b>
<b>33.1 Auditors' remuneration</b>			
<b>Riaz Ahmad and Company</b>			
Audit fee		2,750	2,850
Certifications		150	-
Reimbursable expenses		454	381
		<b>3,354</b>	<b>3,231</b>
<b>KPMG Taseer Hadi and Company</b>			
Audit fee		2,298	2,068
Interim review		540	460
Other certifications		1,100	600
Reimbursable expenses		658	489
		<b>4,596</b>	<b>3,617</b>
		<b>7,950</b>	<b>6,848</b>

	2020 (Rupees in thousand)	2019
<b>33.2 Donations for the year have been given to:</b>		
Gulab Devi Chest Hospital, Lahore	97,083	33,868
Prime Minister fund for COVID-19.	500	
Miscellaneous donations in the form of cement	23	-
Bushra Shaheen	225	325
Maple CSR Initiative as per DC Office requirement	6,060	-
Auditorium at Police Public School	3,500	-
Speed Monitoring System	2,000	-
Food Hampers Covid-19	2,000	-
Road Safety Campaign DPO Mianwali	500	-
Financial assistance for the training certification program	315	-
City Entrance Wall Monument & Globe	119	-
Beacon House National University	706	644
Shaukat Khanum Memorial Trust	-	300
District Police Office Mianwali	-	6,028
Daud Khel water supply project	1,314	17,215
District Management Mianwali	-	1,687
World Wildlife Fund - Pakistan	150	-
Pakistan Stock Exchange	100	-
TFT GT (Private) Limited	300	-
Mosque Lower Dir	-	1,000
Mr. Liaqat Qadri	-	1,000
	114,895	62,067

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

	Note	2020 (Rupees in thousand)	2019
<b>34. OTHER INCOME</b>			
<b>Income from financial assets:</b>			
Exchange gain - net		35,501	-
Return on bank deposits	34.1	101,099	43,611
Long outstanding liabilities written back		111	493
Unrealised gain on re-measurement of investments at FVTPL - net		404,248	13,358
Gain on redemption of units of mutual funds - net		67,883	-
Gain on trading in shares futures contracts - net		-	306,041
Interest income on sales tax refund bonds		-	10,697
Return on term deposit receipts		12,253	3,349
Interest on loans to employees		696	381
Dividend income		150,860	275,824
		772,651	653,754
<b>Income from non-financial assets:</b>			
Scrap sales		51,150	52,141
Gain on trading in physical gold - net		38,143	803
Gain on disposal of property, plant and equipment	16.2	30,269	10,843
Gain on sale of stores, spare parts and loose tools		814	-
Miscellaneous		38,807	10,866
		159,183	74,653
		931,834	728,407

34.1 This includes profit earned on deposits by subsidiary Company, MLCFL under arrangements which are permissible under Shariah amounting to Rs. 9.60 million (2019: Rs. 8.78 million). The remaining profit relates to interest / markup based arrangements from conventional banks.

	Note	2020 (Rupees in thousand)	2019
<b>35. FINANCE COST</b>			
Mark-up / finance charges / interest on:			
Long term financing		2,067,297	652,132
Short term borrowings		1,419,964	869,486
Unwinding interest - Retention money payable		-	22,968
Workers' profits participation fund	11.3	14,524	9,896
		<u>3,501,785</u>	<u>1,554,482</u>
Bank charges and commission		96,542	74,394
		<u>3,598,327</u>	<u>1,628,876</u>
<b>36. TAXATION</b>			
Current			
Current year		508,675	523,602
Prior year		74,059	13,516
		<u>582,734</u>	<u>537,118</u>
Deferred tax	10	(579,418)	303,312
		<u>3,316</u>	<u>840,430</u>
<b>36.1 Reconciliation of tax charge for the year</b>			
(Loss) / profit before tax		(2,592,123)	5,216,755
Tax on profit @ 29% (2019: 29%)		(751,716)	1,512,859
Tax effect of lower rate on certain income / expenses		764,397	(453,102)
Tax effect of exempt income / permanent differences		(58,699)	(288,542)
Tax effect of super tax		-	34,076
Tax effect on prior year adjustment		74,059	13,516
Others		(24,725)	21,623
		<u>3,316</u>	<u>840,430</u>

### 37. (LOSS) / EARNINGS PER SHARE - BASIC AND DILUTED

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

		2020	2019
(Loss) / Profit attributable to ordinary shareholders of the Holding Company	(RUPEES IN THOUSAND)	(992,306)	3,127,607
Weighted average number of ordinary shares	(NUMBERS)	299,296,456	299,296,456
(Loss) / Earnings per share	(RUPEES)	(3.32)	10.45



	Note	2020 (Rupees in thousand)	2019
<b>38. CASH GENERATED FROM OPERATIONS</b>			
(Loss) / Profit before taxation		(2,592,123)	5,216,755
Adjustment for non-cash charges and other items:			
Depreciation		3,868,795	2,881,689
Amortization		4,506	8,500
Finance cost		3,598,327	1,628,876
Gain on sale of property, plant and equipment		(30,269)	(10,843)
Interest income on debt instrument		-	(10,697)
Provision against obsolete stock-in-trade		-	3,904
Dividend income		(150,860)	(275,824)
Allowance for expected credit losses		43,791	31,577
Impact of de-recognition of financial instrument carried at amortized cost		19	-
Return on term deposit receipts		(12,253)	(3,349)
Gain on trading in physical gold - net		(38,143)	-
Unrealized loss on re-measurements of forward contracts - shares		-	77,180
Advances written off		7,755	-
Bad debts written off		5,643	-
Sales tax on packing material written off		-	154,311
Employees' retirement benefits		54,192	25,990
Return on bank deposits		(101,099)	(43,611)
Working capital changes	38.1	(2,064,574)	248,174
		<b>2,593,707</b>	<b>9,932,632</b>
<b>38.1 Working capital changes</b>			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		(1,562,475)	(451,815)
Stock-in-trade		(1,588,757)	(1,781,112)
Trade debts		(1,235,314)	(1,415,063)
Loans and advances		380,569	2,065,810
Security deposits and short term prepayments		9,616	(80,195)
Short term investments		563,280	(586,801)
Other receivables		57,819	117,657
		<b>(3,375,262)</b>	<b>(2,131,519)</b>
Increase in trade and other payables		1,310,688	2,379,693
		<b>(2,064,574)</b>	<b>248,174</b>

### 38.2 Reconciliation of movement of liabilities to cash flows arising from financing activities

	Liabilities from financing activities						Total
	Issued, subscribed and paid-up capital	Non-Controlling Interest	Share premium	Long term financing	Short term borrowings	Unclaimed dividend	
----- (Rupees in thousand) -----							
Balance as at 01 July 2019	2,992,964	13,801,463	986,077	19,252,080	7,834,559	64,148	44,931,291
Proceeds from right shares - net of issue cost	-	2,684,596	-	-	-	-	2,684,596
Loss for the year	-	(1,603,133)	-	-	-	-	(1,603,133)
Other comprehensive income for the year	-	6,904	-	-	-	-	6,904
Proceeds from long term financing	-	-	-	1,414,291	-	-	1,414,291
Repayment of long term financing	-	-	-	(5,367,030)	-	-	(5,367,030)
Short term borrowings - net	-	-	-	-	6,381,167	-	6,381,167
Dividend declared	-	-	-	-	-	656,697	656,697
Dividend paid	-	(132,929)	-	-	-	(643,023)	(775,952)
Balance as at 30 June 2020	2,992,964	14,756,901	986,077	15,299,341	14,215,726	77,822	48,328,831

### 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 Officers		Directors		Executives	
	2020	2019	2020	2019	2020	2019	2020	2019
----- ( Rupees in Thousand ) -----								
Managerial remuneration	30,450	28,275	67,658	65,700	34,532	47,255	290,178	228,665
Allowances	-	-	-	-	-	-	17	13
House rent	6,930	6,435	14,306	13,860	3,059	6,990	81,830	65,056
Conveyance	-	-	2,233	2,049	973	1,924	20,795	17,164
Medical	-	-	1,980	1,980	1,088	566	14,375	11,118
Utilities	-	-	10,353	10,390	7,383	5,575	37,336	33,778
Special allowance	-	-	12,240	12,240	6,597	3,150	27,548	23,471
Contribution to provident fund	2,310	2,145	3,778	3,629	2,753	3,754	23,566	18,749
	39,690	36,855	112,548	109,848	56,385	69,214	495,645	398,014
Number of persons	1	1	3	3	3	6	121	106

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 6 (2019: 4) non-executive directors was Rupees 451,110 (2019: Rupees 386,666).

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

	2020 (Rupees in thousand)	2019
<b>40. TRANSACTIONS WITH RELATED PARTIES</b>		
Post employment benefit plan		
Contribution to provident fund	240,624	228,281
Contribution to gratuity fund	21,343	27,545
	2020	2019
<b>41. PLANT CAPACITY AND ACTUAL PRODUCTION</b>		
Holding Comapny		
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 1,098 shifts (2019: 1,095 shifts)	46,185	46,185
Actual production converted into 20s count based on 3 shifts per day for 1,056 shifts (2019: 1,095 shifts)	36,324	41,751
	(Numbers)	
Rotors (average) installed / worked	2,712	1,848
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)	4,514	3,702
Actual production converted into 20s count based on 3 shifts per day for 1,056 shifts (2019: 1,095 shifts)	3,486	3,192
	(Numbers)	
- Gujar Khan Division		
Spindles (average) installed / worked	72,864	71,808
	(Kilograms in thousand)	
100% plant capacity converted into 20s count based on 3 shifts per day for 1,098 shifts (2019: 1,095 shifts )	41,449	41,221
Actual production converted into 20s count based on 3 shifts per day for 1,050 shifts (2019: 1,095 shifts)	34,382	36,994
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 1,098 shifts (2019: 1,095 shifts)	104,909	104,909
Actual production converted to 60 picks based on 3 shifts per day for 939 shifts (2019: 1,095 shifts)	85,439	96,355

	2020	2019
<b>PROCESSING OF CLOTH :</b>		
- Rawalpindi Division	(Meters in thousand)	
Capacity at 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)	42,090	42,090
Actual production at 3 shifts per day for 1,098 shifts (2019: 1,095 shifts)	18,468	14,757

#### POWER PLANT:

- Rawalpindi Division	(Mega watts)	
Annual rated capacity based on 366 days (2019: 365 days)	224,186	224,186
Actual generation		
Main engines	35,476	29,556
Gas engines	18,355	18,190
Solar	2,995	1,937
- Raiwind Division		
Annual rated capacity based on 366 days (2019: 365 days)	96,360	96,360
Actual generation	37,340	42,122

#### 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.
- Due to stoppage because of COVID-19 and lockdown situation.
- 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

<b>CEMENT:</b>		(Metric Tons in thousand)	
<b>Clinker:</b>			
Annual rated capacity (Based on 300 days)	41.1	5,550	3,600
Annual production for the year		4,964	3,542

41.1 New line III became operational on 21 May 2019 and accordingly the capacity for the period from 21 May 2019 to 30 June 2020 has been increased.





## 42.2 Geographical Information

42.2.1 The Group's revenue from external customers by geographical location is detailed below:

	2020 (Rupees in thousand)	2019
Europe	5,175,029	1,762,049
America	3,158,376	4,714,368
Asia, Africa, Australia	2,180,225	2,824,784
Pakistan	40,334,633	37,816,984
	<u>50,848,263</u>	<u>47,118,185</u>

42.2.2 All non-current assets as at reporting date are located and operating 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 1,109 million (2019: Rupees Nil ) whereas in the Processing and Home Textile segment was Rupees 2,696 million (2019: Rupees 3,091 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.

	2020	2019
44. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	<u>6,954</u>	<u>6,374</u>
Average number of employees during the year	<u>6,805</u>	<u>6,292</u>

## 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:

	2020 (Rupees in thousand)	2019
Cash at banks - USD	139	93
Cash at banks - GBP	2	2
Trade debts - USD	4,153	6,285
Trade and other payables - USD	4,370	4,077
Trade and other payables - Euro	61	12
Outstanding letters of credit - USD	584	244
Outstanding letters of credit - Euro	746	1,678
Outstanding letters of credit - SEK	170	-
Outstanding letters of credit - RMB	345	-
Outstanding letters of credit - SGD	1	-
Net exposure - USD	(662)	2,057
Net exposure - Euro	(807)	(1,690)
Net exposure - GBP	2	2
Net exposure - SEK	(170)	-
Net exposure - RMB	(345)	-
Net exposure - SGD	(1)	-

The following significant exchange rates were applied during the year:

**Rupees per US Dollar**

	2020	2019
Average rate	157.03	135.96
Reporting date rate	168.25	164.00

**Rupees per Euro**

Average rate	175.06	157.07
Reporting date rate	189.11	186.37

**Rupees per YEN**

Average rate	-	1.24
Reporting date rate	-	1.52

**Rupees per CHF**

Average rate	-	138.74
Reporting date rate	-	168.03

**Rupees per SGD**

Average rate	115.03	-
Reporting date rate	120.76	-

	2020 (Rupees in thousand)	2019
<b>Rupees per SEK</b>		
Average rate	16.59	-
Reporting date rate	18.09	-
<b>Rupees per RMB</b>		
Average rate	22.77	-
Reporting date rate	23.92	-
<b>Rupees per GBP</b>		
Average rate	199.63	177.85
Reporting date rate	207.68	207.79

#### Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD, EURO, GBP, SEK, RMB and SGD with all other variables held constant, the impact on profit before taxation for the year would have been Rupees 5.643 million, Rupees 7.249 million, Rupees 0.02 million, Rupees 0.146 million, Rupees 0.392 million and Rupees 0.006 million (2019: Rupees 47.003 million, Rupees 14.961 million, Rupees 0.018 million, Rupees Nil, Rupees Nil and Rupees Nil) 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	
	2020 (Rupees in thousand)	2019
PSX 100 (5% increase)	146,706	71,672
PSX 100 (5% decrease)	(146,706)	(71,672)
PMEX (5% increase)	-	2,017
PMEX (5% decrease)	-	(2,017)

The Group's investment in mutual fund amounting to Rupees 319.928 million (2019: Rupees 1,800.985 million) is exposed to price risk due to change in Net Asset Value (NAV) of such fund.

As at 30 June 2020, 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 3.17 million (2019: Rupees 15.308 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:

	2020 (Rupees in thousand)	2019
<b>Fixed rate instruments</b>		
<b>Financial assets</b>		
Sales tax refund bonds	-	24,819
Short term investment - term deposit receipt	132,797	255,071
Bank balances at PLS account	-	360,424
<b>Financial liabilities</b>		
Long term financing	2,625,378	1,921,718
Short term borrowings	3,538,802	2,501,500
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	692,732	384,920
<b>Financial liabilities</b>		
Long term financing	12,673,963	17,330,362
Short term borrowings	10,338,160	5,131,772

**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, loss after taxation for the year would have been Rupees 166.010 million (2019: Rupees 165.830 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:

	2020 (Rupees in thousand)	2019
Investments	3,904,641	3,742,465
Deposits	296,306	264,305
Trade debts	5,413,514	4,227,634
Other receivables	49,924	434,692
Loans and advances	52,411	65,127
Bank balances	1,381,663	967,150
	<u>11,098,459</u>	<u>9,701,373</u>

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			2020	2019
	Short term	Long term	Agency	(Rupees in thousand)	
<b>Banks</b>					
Al-Baraka Bank (Pakistan) Limited	A1	A	PACRA	14,829	19,239
Allied Bank Limited	A1+	AAA	PACRA	23,125	1,785
Askari Bank Limited	A1+	AA+	PACRA	39,475	64,005
Bank Alfalah Limited	A1+	AA+	PACRA	11,920	5,019
Bank Al-Habib Limited	A1+	AA+	PACRA	192,932	82,876
Bank Islami Pakistan Limited	A1	A+	PACRA	208,890	211,617
Faysal Bank Limited	A1+	AA	PACRA	7,847	13,662
Habib Bank Limited	A-1+	AAA	JCR-VIS	89,977	18,468
MCB Bank Limited	A1+	AAA	PACRA	340,580	227,653
Meezan Bank Limited	A-1+	AA+	JCR-VIS	11,976	31,464
National Bank of Pakistan	A1+	AAA	PACRA	66,232	26,126
MCB Islamic Bank Limited	A1	A	PACRA	142,647	197,611
Silkbank Limited	A-2	A-	JCR-VIS	11	58
The Bank of Punjab	A1+	AA	PACRA	20,049	8,665
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	32,585	32,218
United Bank Limited	A-1+	AAA	JCR-VIS	134,501	11,375
FINCA Microfinance Bank Limited	A1	A	PACRA	1,442	3,335
NRSP Microfinance Bank Limited	A1	A	PACRA	4,281	3,280
Dubai Islamic Bank Pakistan Limited	AA	A-1+	JCR-VIS	2,580	2,581
Samba Bank Limited	A-1	AA	JCR-VIS	9,681	2,580
Soneri Bank Limited	A1+	AA-	PACRA	102	101
Standard Chartered Bank (Pakistan) Limited	A1+	AAA	PACRA	25,077	2,508
Summit Bank Limited	A-2	A-	JCR-VIS	25	25
U Micro finance Bank Limited	A1	A	PACRA	899	899
				<u>1,381,663</u>	<u>967,150</u>
<b>Investments</b>					
Sales tax refund bonds		Unknown		-	24,819
United Bank Limited - term deposit receipt	A-1+	AAA	JCR-VIS	82,797	51,441
The Bank of Punjab - term deposit receipt	A1+	AA	PACRA	50,000	-
				<u>132,797</u>	<u>76,260</u>



The Group's exposure to credit risk and impairment losses related to trade debts is disclosed in Note 23.1 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 2020, the Group had Rupees 20,516 million (2019: Rupees 18,288 million) available borrowing limits from financial institutions and Rupees 1,395.483 million (2019: Rupees 992.951 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 2020.

#### Holding Company

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
----- (Rupees in thousand) -----						
<b>Non-derivative financial liabilities:</b>						
Long term financing	2,968,283	3,235,415	42,652	142,875	731,403	2,318,485
Trade and other payables	2,386,876	2,386,876	2,386,876	-	-	-
Accrued mark-up	196,614	196,614	196,614	-	-	-
Short term borrowings	7,033,911	7,664,417	7,432,566	231,851	-	-
Unclaimed dividend	29,769	29,769	29,769	-	-	-
	<u>12,615,453</u>	<u>13,513,091</u>	<u>10,088,477</u>	<u>374,726</u>	<u>731,403</u>	<u>2,318,485</u>

#### Subsidiary Company

##### Maple Leaf Cement Factory Limited

	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 companies	12,331,058	17,130,841	1,679,632	12,257,657	3,193,552
Long term deposits	8,664	8,664	-	8,664	-
Retention money payable	366,069	421,841	421,841	-	-
Trade and other payables	4,879,943	4,879,943	4,879,943	-	-
Unclaimed dividend	48,053	48,053	48,053	-	-
Accrued mark-up	509,934	509,934	509,934	-	-
Short term borrowings	7,181,815	7,181,815	7,181,815	-	-
	<u>25,325,536</u>	<u>30,181,091</u>	<u>14,721,218</u>	<u>12,266,321</u>	<u>3,193,552</u>

#### Subsidiary Company

##### Maple Leaf Capital Limited

#### Non derivative financial liabilities:

Trade and other payables	32,658	32,658	32,658	-	-
Accrued liabilities	1,033	1,033	1,033	-	-
	<u>33,691</u>	<u>33,691</u>	<u>33,691</u>	<u>-</u>	<u>-</u>

#### Derivative financial liabilities:

Unrealized loss on re-measurement of futures contracts - gold	-	-	-	-	-
---	---	---	---	---	---

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	-	-	-
	<u>6,994,598</u>	<u>7,265,752</u>	<u>5,343,797</u>	<u>225,610</u>	<u>454,437</u>	<u>1,241,908</u>

Subsidiary Company  
Maple Leaf Cement Factory Limited

	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 companies	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	-	-
	<u>27,641,095</u>	<u>37,460,654</u>	<u>13,761,001</u>	<u>17,668,311</u>	<u>6,031,342</u>

Subsidiary Company  
Maple Leaf Capital Limited

Non derivative financial liabilities:

Trade and other payables	17,278	17,278	17,278	-	-
Accrued liabilities	1,052	1,052	1,052	-	-
	<u>18,330</u>	<u>18,330</u>	<u>18,330</u>	<u>-</u>	<u>-</u>

Derivative financial liabilities:

Unrealized loss on re-measurement of futures contracts - shares	42,478	42,478	42,478	-	-
---	--------	--------	--------	---	---

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 and note 13 to these financial statements.

## 45.2 Financial instruments by categories

Amortized cost	At fair value through profit or loss	Total
----------------	--------------------------------------	-------

------(Rupees in thousand)-----

As at 30 June 2020

### Assets as per consolidated statement of financial position

Investments	132,797	3,771,844	3,904,641
Deposits	296,306	-	296,306
Trade debts	5,413,514	-	5,413,514
Other receivables	49,924	-	49,924
Loans and advances	52,411	-	52,411
Cash and bank balances	1,395,483	-	1,395,483
	<u>7,340,435</u>	<u>3,771,844</u>	<u>11,112,279</u>

At  
amortized  
cost

(Rupees in  
thousand)

### Liabilities as per consolidated statement of financial position

Long term financing	15,299,341
Long term deposits	8,664
Retention money payable	366,069
Short term borrowings	14,215,726
Trade and other payables	7,300,510
Accrued mark-up	706,548
Unclaimed dividend	77,822
Unrealized loss on re-measurement of futures contracts - gold	-
	<u>37,974,680</u>

Amortized cost	At fair value through profit or loss	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
	<u>6,227,012</u>	<u>3,500,162</u>	<u>9,727,174</u>

At fair value through profit or loss	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	-	6,470,795
Accrued mark-up	-	654,226
Unclaimed dividend	-	64,148
Unrealized loss on re-measurement of futures contracts - gold	42,478	-
	<u>42,478</u>	<u>34,652,971</u>

### 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 Group's strategy, remain unchanged from the last year. In accordance with the terms of the agreement of Holding Company with the lenders of long term finances in connection with deferment of principal amount for 12 months, there is restriction on distribution of dividends, repayment of any loans or service interest on loans given by its directors, associated undertakings and related parties, further all existing and future related parties / directors loans to be subordinated to the bank, during the relief period.

	2020 (Rupees in thousand)	2019
Borrowings	29,515,067	27,086,639
Total equity	42,596,822	43,207,912
Total capital employed	<u>72,111,889</u>	<u>70,294,551</u>
Gearing ratio	40.93%	38.53%

## 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 2020	Level 1	Level 2	Level 3	Total
----- ( Rupees in thousand ) -----				
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
Financial assets at fair value through profit or loss	3,771,844	-	-	3,771,844
Unrealized gain on re-measurement of futures contracts - shares	-	-	-	-
<b>Total financial assets</b>	<b>3,771,844</b>	<b>-</b>	<b>-</b>	<b>3,771,844</b>
<b>Financial liabilities</b>				
Unrealized loss on re-measurement of futures contracts - gold	-	-	-	-
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

30 June 2019	Level 1	Level 2	Level 3	Total
----- ( Rupees in thousand ) -----				
<b>Recurring fair value measurements</b>				
<b>Financial assets</b>				
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
<b>Total financial assets</b>	<b>3,500,162</b>	<b>-</b>	<b>-</b>	<b>3,500,162</b>
<b>Financial liabilities</b>				
Unrealized loss on re-measurement of futures contracts - gold	42,478	-	-	42,478
<b>Total financial liabilities</b>	<b>42,478</b>	<b>-</b>	<b>-</b>	<b>42,478</b>

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 2020	Level 1	Level 2	Level 3	Total
----- ( Rupees in thousand ) -----				
Investment properties	-	1,792,755	-	1,792,755
Freehold land	-	2,739,557	1,192,037	3,931,594
Investment in gold	-	-	-	-
<b>Total non-financial assets</b>	<b>-</b>	<b>4,532,312</b>	<b>1,192,037</b>	<b>5,724,349</b>

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	1,182,984	3,922,541
Investment in gold	725,456	-	-	725,456
<b>Total non-financial assets</b>	<b>725,456</b>	<b>4,532,312</b>	<b>1,182,984</b>	<b>6,440,752</b>

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) at least annually. At the end of each reporting period, 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 at the end of every financial year. As at 30 June 2020, the fair values of the investment properties and freehold land of the Holding Company have been determined by Anderson Consulting (Private) Limited (an approved valuer). MLCFL's freehold land was revalued by Arif Evaluators, an independent valuer approved by Pakistan Banks' Association (PBA) in "any amount" category, at 30 June 2020.

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 2020 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		Ownership interest held by non-controlling interests		Principal Activities
		2020	2019	2020	2019	
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

#### 48.1 Non controlling interests (NCI)

Set out below is summarized financial information for each subsidiary that has non-controlling interest 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	
	2020	2019	2020	2019	2020	2019	2020	2019
	(Rupees in thousand)							
<b>Summarized statement of financial position</b>								
Current assets	16,607,191	14,206,878	4,401,660	5,067,389	1,106,748	1,671,984	-	196,787
Current liabilities	15,313,775	14,164,518	150,189	160,533	1,066,944	1,214,667	-	85,084
Current net assets	1,293,416	42,360	4,251,471	4,906,856	39,804	457,317	-	111,703
Non-current assets	49,402,580	51,750,897	179,428	75,668	8,037,905	6,295,520	-	267
Non-current liabilities	19,375,165	21,278,671	-	-	32,956	-	-	-
Non-current net assets	30,027,415	30,472,226	179,428	75,668	8,004,949	6,295,520	-	267
Net assets	31,320,831	30,514,586	4,430,899	4,982,524	8,044,753	6,752,837	-	111,970
<b>Summarized statement of comprehensive income</b>								
Revenue	29,117,734	26,005,944	(495,833)	417,542	4,716,609	3,918,083	-	81,949
(Loss) / profit for the year	(4,843,265)	1,465,299	(613,595)	204,707	1,291,916	1,003,985	-	61,969
Other comprehensive income / (loss)	6,365	(25,209)	-	-	-	-	-	-
(Loss) / profit allocated to NCI	(2,168,814)	656,161	(104,802)	34,964	578,520	449,584	-	10,584
Dividend paid to NCI	132,929	265,859	-	-	-	-	-	-
<b>Summarized statement of cash flows</b>								
Cash (used in) / generated from operating activities	(937,724)	6,280,960	(129,276)	(41,077)	2,074,237	961,592	-	5,185
Cash (used in) / generated from investing activities	(823,587)	(8,105,101)	27,484	(20,867)	(1,907,386)	(1,183,342)	-	655
Cash from / (used in) financing activities	2,786,392	1,815,157	-	-	(14,839)	199,865	-	50,000
Net increase / (decrease) in cash and cash equivalents	1,025,081	(8,984)	(101,792)	(61,944)	152,012	(21,885)	-	55,840

	2020 (Rupees in thousand)	2019
<b>49. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX</b>		
Description		
Holding Company		
Loans / advances obtained as per Islamic mode:		
Advances	148,422	88,617
Shariah compliant bank deposits / bank balances		
Bank balances	51,758	52,799
Profit earned from shariah compliant bank deposits / bank balances	7,580	3,906
Revenue earned from shariah compliant business	21,844,810	21,220,135
Gain / (loss) or dividend earned from shariah compliant investments		
Dividend income	163,918	327,839
Realized gain on disposal of short term investments	-	(3,117)
Exchange gain earned	-	194,788
Profits earned or interest paid on any conventional loan / advance		
Interest income on sales tax refund bonds	-	19
Interest income on loans and advances to Maple Leaf Cement Factory Limited	21,297	2,116
Profit earned on deposits with banks	39,572	8,290
Interest paid on loans	655,223	346,441
Short term borrowing from Maple Leaf Capital Limited	80,308	14,495
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	
Subsidiary company (MLCFL)		
Loans / advances obtained as per Islamic mode:		
Loans	1,270,834	2,115,293
Shariah compliant bank deposits / bank balances		
Bank balances	216,220	217,905
Profit earned from shariah compliant bank deposits / bank balances	9,600	8,780
Revenue earned from shariah compliant business	29,117,734	26,005,944
Gain / (loss) or dividend earned from shariah compliant investments		
Dividend income	-	844
Realized gain on disposal of short term investments	7,358	13,358
Profits earned or interest paid on any conventional loan / advance		
Profit earned on deposits with banks	24,112	12,330
Interest paid on loans	2,853,335	1,198,145

49.1 Mark-up accrued on loans of subsidiary Company, MLCFL includes Rupees 6.542 million (2019: Rupees 13.546 million) related to an arrangement permissible under Shariah are from financial institutions and remaining mark up pertains to the loans from conventional banks.

## 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. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On 23 March 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Group temporarily suspended its operations from 23 March 2020.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Group henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in growth of sales. Due to this, the management has assessed the accounting implications of these developments on these consolidated financial statements, including but not limited to the following areas:

- Expected credit losses under International Financial Reporting Standard 9, 'Financial Instruments;
- The impairment of tangible assets under International Accounting Standard 36, 'Impairment of assets;
- The net realisable value of inventory under International Accounting Standard 2, 'Inventories;
- Going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

## 51. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements were authorized for issue on 11 September 2020 by the Board of Directors of the Holding Company.

## 52. NON ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in their meeting held on 11 September 2020 has proposed a final cash dividend of Rupees 1 per share (10%) amounting to Rupees 299.296 million (2019: Rupees 224.472 million) for the year ended 30 June 2020 for approval of the members at the Annual General Meeting to be held on 27 October 2020. The consolidated financial statements for the year ended 30 June 2020 do not include the effect of the proposed final cash dividend which will be accounted for in the period ending 30 June 2021.

The Board of Directors of the Subsidiary Company (MLCFL) in their meeting held on 10 September 2020 has proposed a final cash dividend of Rupees Nil per share ( Nil%) amounting to Rupees Nil (2019: Rupee 296.850 million) for the year ended 30 June 2020.

## 53. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. No significant rearrangements have been made.

## 54. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless stated otherwise.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER







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

### تشکیل نیابت داری (پراکسی فارم)

میں / ہم \_\_\_\_\_

ساکن \_\_\_\_\_

بیشیت حصہ دار کوہ نور ٹیکسٹائل ملز لمیٹڈ

۳۴ (قلمی ای سی اے کاؤٹ نمبر اگر مہر)

ساکن \_\_\_\_\_ یا بصورت دیگر \_\_\_\_\_

۳۴ (قلمی ای سی اے کاؤٹ نمبر اگر مہر)

ساکن \_\_\_\_\_ کو اپنی جگہ بروز منگل 27 اکتوبر 2020ء کو دوپہر بارہ (12:00) بجے رجسٹرڈ آفس 42- لارنس

روڈ، لاہور میں منعقدہ پائلتوی ہونے والے 52 ویں سالانہ عام اجلاس میں شرکت کرنے، بولنے اور ووٹ دینے کے لیے اپنا نمائندہ مقرر کرتا کرتی ہوں۔

بلور گواہ میرے / ہمارے دستخط سے مورخہ \_\_\_\_\_ اکتوبر 2020ء کو دی گئی۔

۵ روپے کارسیدی ٹکٹ  
چسپاں کر کے دیکھ کریں

۱- گواہ

دستخط \_\_\_\_\_

نام \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

۲- گواہ

دستخط \_\_\_\_\_

نام \_\_\_\_\_

شناختی کارڈ نمبر \_\_\_\_\_

پتہ \_\_\_\_\_

دستخط \_\_\_\_\_  
(مہر/مہر اگر مہر)  
(کارپوریٹ ادارے کی صورت میں کئی کی مہر بھی لگائیں)

\_\_\_\_\_ حامل عام حصص

سی ڈی ای اے کاؤٹ نمبر		فولیو نمبر
اکاؤٹ نمبر	شرافتی آئی ڈی	

کمپیوٹرائزڈ شناختی کارڈ نمبر \_\_\_\_\_

نوٹس:

- (۱) پراکسی کے موثر ہونے کے لیے لازم ہے کہ وہ اجلاس سے 48 گھنٹے قبل بمعدہ دستخط گواہان اور رسیدی ٹکٹ کبھی کو موصول ہو جانی چاہئیں۔
- (۲) سی ڈی ای حصص داران اور پراکسی ہولڈرز 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 ای حصص داران اور پراکسی ہولڈرز 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 بمعدہ نمائندہ کے دستخط (اگر پہلے مہر لگائیں) 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

## ڈائریکٹرز رپورٹ (کنسلٹیڈ)

ڈائریکٹرز 30 جون 2020 کو ختم ہونے والے سال کے لئے کوہ نور ٹیکسٹائل ملز لمیٹڈ (ہولڈنگ کمپنی) اور اسکی ذیلی کمپنیاں، سیٹل ایف سینٹ ٹیکسٹائل لمیٹڈ (55.22%)، سیٹل ایف پاور لمیٹڈ (55.22%)، سیٹل ایف کیمپل لمیٹڈ (82.92%) (باہم ایک گروپ) کے نظر ثانی شدہ اشتعال شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

گروپ نے گزشتہ سال کے 9,922 ملین روپے کے مقابلے میں 4,871 ملین روپے کا مجموعی منافع کمایا ہے۔ گروپ نے گزشتہ سال 5,217 ملین روپے قبل از ٹیکس منافع کے مقابلے میں 2,592 ملین روپے کا نقصان ظاہر کیا ہے۔ گروپ کے مجموعی نتائج حسب ذیل ہیں:

2019	2020	
	روپے ملین میں	
47,118	50,848	مجموعی فروخت
9,922	4,871	مجموعی منافع
6,846	1,006	آپریٹنگ سے نفع
1,629	3,598	مالی اخراجات
4,376	(2,595)	بعد از ٹیکس خالص (نقصان) / منافع
	روپے	
10.45	(3.32)	فی حصص (نقصان) / آمدنی۔ بنیادی اور ڈائیویڈنڈ

### ذیلی کمپنیاں

#### سیٹل ایف سینٹ ٹیکسٹائل لمیٹڈ (MLCFL)

اس نے گزشتہ سال کی فروخت میں 11.96% کا اضافہ درج کیا ہے۔ (2.49%) کا مجموعی نقصان (30 جون 2019: 18.91% مجموعی منافع) (728 ملین روپے) مجموعی نقصان (30 جون 2019: 4,917 ملین روپے منافع) ظاہر کیا ہے۔ اس نے ٹیکس کے بعد (4,843) ملین روپے نقصان (30 جون 2019: 1,465 ملین روپے منافع) ظاہر کیا ہے۔

#### سیٹل ایف پاور لمیٹڈ (MLPL)

ذیلی کمپنی (MLPL) نے موجودہ سال کے دوران ٹیکس کے بعد منافع 1,292 ملین روپے (30 جون 2019: 1,004 ملین روپے) ظاہر کیا ہے۔


#### سیٹل ایف کیمپل لمیٹڈ (MLCL)

ذیلی کمپنی (MLCL) نے بعد از ٹیکس نقصان (614) ملین روپے (30 جون 2019: 267 ملین روپے منافع) ظاہر کیا ہے۔


کمپنیز ایکٹ 2017ء کی ترمیم میں سیکشن 227 کے تحت تمام معاملات ہماری Standalone ڈائریکٹرز رپورٹ میں درج کر دیئے گئے ہیں۔

### اظہار تشکر

ڈائریکٹرز گروپ کے ارکان، مالیاتی اداروں، صارفین اور ملازمین کے تعاون اور حمایت کے شکر گزار ہیں۔ وہ مختلف ڈویژنوں میں کام کرنے والے ملازمین کی سخت محنت اور لگن کو بھی سراہتے ہیں۔

  
سید محسن رضا نقوی  
ڈائریکٹر

منجانب بورڈ آف ڈائریکٹرز

  
توفیق سید سہیل  
چیف ایگزیکٹو آفیسر

لاہور: 11 ستمبر 2020ء



شہسی توانائی منصوبے کا پہلا مرحلہ مکمل ہو چکا ہے اور اگلے منصوبہ گوجر خان سائٹ کے لئے تیار کیا گیا ہے جو سال کے اندر ہی مکمل ہو جائے گا۔

پاکستان کی معیشت پر COVID-19 کے منفی اثرات کو مزید کم کرنے کے لئے، اسٹیٹ بینک پالیسی سازی میں سرگرم عمل ہے۔ ٹیکو یڈیٹی میں بھری لاتے ہوئے کاروباری اداروں کی مدد کے لئے سہولیات کے متعدد اقدامات کیے گئے ہیں۔ کپنی ان سازگار اسکیموں سے فائدہ اٹھا سکتی ہے جن میں مالیاتی پالیسی کی شرح میں کمی، پرنسپل اور مارک اپ ادائیگیوں کو موخر کرنا، کپنی کے ملازموں کی تنخواہوں کی ادائیگی کی مالی اعانت کے ذریعے مدد کے لئے سسڈی والی ری فائننس اسکیم اور نئی سرمایہ کاریوں کی حوصلہ افزائی کے لئے سسڈی والی ری فائننس اسکیم شامل ہیں۔

مختلط اور صحت مند کام کے ماحول کو یقینی بنانے کے لئے، کپنی اس وبائی بیماری سے نمٹنے کے لئے اپنے صحت اور حفاظت کے طریقوں کو ڈیولپمنٹ اور ایجوکیشن کے مطابق ڈھال رہی ہے۔ اقدامات میں باقاعدگی سے ٹیسٹنگ کے لئے دفتر میں حاضر ہونے والے ضروری عملے کی دہرہ بندی بھی شامل ہے، جبکہ غیر ضروری عملہ کو کام سے گھر منتقل کر دیا گیا ہے۔ ورکنگ سٹیٹنگ کی پاسداری کرتے ہوئے بحفاظت پیش رفتوں نے کم سے کم جسمانی تعامل کو ممکن بنا دیا ہے۔ ملازمین کو معاشرتی دوری برقرار رکھنے کی بھی تلقین سے ہدایت کی گئی ہے، جب کہ وبائی بیماری سے متعلق نئی کے ساتھ SOPs مسودہ تیار اور اس پر عمل کیا گیا ہے۔ تمام سائٹس کو معمول کے مطابق صاف ستھرا اور فرش پر نشان لگا دیئے گئے ہیں۔

اتھارٹنگ

ڈائریکٹرز کپنی کے ممبروں، مالیاتی اداروں اور صارفین کے تعاون اور حمایت پر ان کے مشکور ہیں۔ وہ مختلف ڈویژنوں میں کام کرنے والے تمام ملازمین کی محنت اور لگن کو بھی سراہتے ہیں۔

منجانب بورڈ



(سید محمد رضوان نقوی)  
ڈائریکٹر



(تاریق سعید سیگلی)  
چیف ایگزیکٹو آفیسر

لاہور: 11 ستمبر 2020ء

زیر جائزہ سال کے دوران، ڈائریکٹرز کے انتخاب منعقد ہونے کیلئے ایکٹ 2017 اور سیکریٹری (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضروریات کے مطابق درج ذیل کمپنیاں دوبارہ تشکیل دی گئی ہیں:

**آڈٹ کمیٹی**

نام	مہدہ
جناب شفیق احمد خان	چیئرمین (آزاد ڈائریکٹر)
جناب ذوالفقار منوں	رکن (آزاد ڈائریکٹر)
جناب سعید طارق سہگل	رکن (ٹان ایگزیکٹو ڈائریکٹر)
جناب ولید طارق سہگل	رکن (ٹان ایگزیکٹو ڈائریکٹر)

سال کے دوران جناب عارف اعجاز آڈٹ کمیٹی کے رکن تھے۔

ہیومن ریسورس اور میٹریٹیشن (HR & R) کمیٹی

نام	مہدہ
جناب شفیق احمد خان	چیئرمین (آزاد ڈائریکٹر)
جناب ذوالفقار منوں	رکن (آزاد ڈائریکٹر)
جناب سعید طارق سہگل	رکن (ٹان ایگزیکٹو ڈائریکٹر)
جناب وانیال توفیق سہگل	رکن (ایگزیکٹو ڈائریکٹر)

سال کے دوران جناب عارف اعجاز آڈٹ کمیٹی کے رکن تھے۔

ٹان ایگزیکٹو/آزاد ڈائریکٹرز کے لئے ڈائریکٹرز کا مشاہرہ

بورڈ آف ڈائریکٹرز نے ایک "ڈائریکٹرز ریٹریٹیشن پالیسی" منظور کی ہے، جس کی خصوصیات درج ذیل ہیں:

ہذا کوئی ڈائریکٹر خود اپنا مشاہرہ متعین نہیں کرے گا۔

ہذا ریگولیشنز چیف ایگزیکٹو، سپانسرز اور ایجنسی 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) کی اجلاس یا بورڈ اور اس کی کمیٹی کے اجلاس میں شرکت کے لئے بورڈ کی طرف سے ہذا فنانس متعین کردہ کے مطابق ہوگی۔

ہذا موجودہ وقت کے لئے اور یا بعد میں ترمیم شدہ لاگائی اور ایجنسی پر اگر کوئی ٹیکس کی ذمہ داری ہوئی تو کمیٹی برداشت کرے گی۔

ہذا کمیٹی کے لئے اور کی 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 کمیٹی سے وصول کرنے کے اہل ہوں گے۔

کمیٹی کے چیف ایگزیکٹو سمیت ڈائریکٹرز کو ادا کئے جانے والے مشاہرہ کی تفصیلات کا انکشاف واحد مالی حسابات کے نوٹ نمبر 33 میں کیا گیا ہے۔

شیئر ہولڈنگ کامونٹ

30 جون 2020 کے مطابق کمپنیز ایکٹ 2017 کے تحت کمیٹی کے شیئر ہولڈنگ کامونٹ منسلک کیا گیا ہے۔

مستقبل کا نقطہ نظر

کمیٹی نے تیزی سے بحالی کی طرف گامزن ہے اور آئندہ سرمایہ میں تمام ڈویژنوں میں مضبوط نتائج کی داہمی ظاہر ہونی چاہئے۔ تمام ڈویژنوں میں مکمل صلاحیت کا استعمال پہلے ہی حاصل ہو چکا ہے اور ہم امید کرتے ہیں کہ آئندہ سال میں ایک مضبوط نتیجہ حاصل ہوگا۔ پالیسی کی شرح کو 6.25 فیصد کی سے موجودہ سطح 7 فیصد تک کم کرنے سے آئندہ مالی سال میں کمیٹی کی ذمہ داریوں میں نمایاں بہتری آئے گی۔ پائیدار اور قابل توجہ یہ توانائی منصوبوں میں سرمایہ کاری کو برقرار رکھنے کی حکمت عملی جاری رہے گی۔ راوی پنڈی سائٹ پر

حسابات کی تیاری اور منعقدانہ پیش کش کی 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 سوا ہو۔

آڈیٹرز

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 کو ایفائیڈ رائے کا اظہار کیا ہے۔

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 کمپنی کی تجویز کے مطابق آڈیٹرز کی حیثیت سے تقرری کی منظوری دی ہے۔

قیادت و حراست

بورڈ آف ڈائریکٹرز اور کمپنیوں کی ترقیب

ڈائریکٹرز کی کل تعداد:

(a) - مرد 8  
(b) - خاتون 1

ترقیب:

02 آزاد ڈائریکٹرز  
03 نان ایگزیکٹو ڈائریکٹرز  
03 ایگزیکٹو ڈائریکٹرز (بشمول سی ای او)  
01 خاتون ڈائریکٹر (نان ایگزیکٹو ڈائریکٹر)  
ڈائریکٹرز کے نام

زیر جائزہ سال کے دوران، ڈائریکٹرز کے انتخاب منعقد ہوئے اور کمپنی ایکٹ 2017 کو لگاؤ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تقاضے کی پیروی میں درج ذیل ڈائریکٹرز دوبارہ مقرر کئے گئے:

نام	کمپنی
جناب شفیق احمد خان جناب ذوالفقار منوں	آزاد ڈائریکٹرز
جناب طارق سعید سہگل (چیئر مین) جناب سعید طارق سہگل جناب ولید طارق سہگل	دیگر نان ایگزیکٹو ڈائریکٹرز
جناب توفیق سعید سہگل (چیف ایگزیکٹو آفیسر) جناب انیسال توفیق سہگل سید محسن رضا نقوی	ایگزیکٹو ڈائریکٹرز
محترمہ جہاں آراء سہگل	خاتون ڈائریکٹر (نان ایگزیکٹو ڈائریکٹر)

سال کے دوران جناب عارف اعجاز بورڈ پر ڈائریکٹرز تھے۔



تعمیر پیش آنے والے ممکنہ چیلنجوں اور غیر یقینی صورتحال کا مقابلہ کرنے کے لئے موثر طریقے سے ایس ہے۔ مشرکہ تجربے، مہارت اور موثر کاروباری رپورٹنگ کے ذریعے، انتظامیہ ہمیشہ داخلی اور خارجی پیشرفت سے آگاہ رہتی ہے۔ کمپنی نے مندرجہ ذیل خصوصیات کو اس فنکشنل ٹیم تشکیل دی ہیں جو آگے کے نقطہ کو اجاگر کرنے کے لئے مستقل طور پر اہم امور اور خطرات کے بارے میں تبادلہ خیال کرتی ہیں۔ برآمدی منڈیوں میں سخت مسابقت اور کم مارجن کے باعث، منجھٹ کی قیادت میں مارکیٹنگ ٹیم نے غیر استعمال شدہ مارکیٹوں میں اپنی موجودگی بڑھانے کے لئے موثر انداز سے مارکیٹ میں داخل ہونے کی حکمت عملی کا آغاز کیا ہے۔ مجموعی افراط زر کو پورا کرنے کے لئے ایک موثر پروڈیورمنٹ منصوبہ تیار کیا گیا ہے۔

#### کاروباری نوعیت میں تبدیلی

کمپنی یا اسکی اولیوں، یا کسی دیگر کمپنی جس میں کمپنی دلچسپی رکھتی ہو کے کاروباری نوعیت سے متعلق مالی سال کے دوران کوئی تبدیلی وقوع پذیر نہیں ہوئی ہے۔

#### غیر مالی کارکردگی

معیار، صارف کا اطمینان، ملازمین کی ترقی اور پیشہ ورانہ معیارات کمپنی کے کلیدی شعبے ہیں جہاں انتظامیہ نے ان کو بہتر بنانے کے لئے ضروری اقدامات اٹھائے ہیں۔ کمپنی اس وقت اعلیٰ معیار کی مصنوعات تیار اور فراہم کر رہی ہے جو گاہکوں کے زیادہ سے زیادہ اطمینان کو یقینی بناتی ہے۔ سال کے دوران، کمپنی نے موجودہ انسانی سرمائے کی ترقی کے لئے مختلف کارکردگی کی تشخیص کی ہے۔ کمپنی تمام اسٹیک ہولڈرز کے ساتھ انتہائی اطمینان بخش تعلقات کو برقرار رکھے ہوئے ہے۔ کمپنی نے مختلف کمپنیاں تشکیل دی ہیں جو کلیدی شعبوں کی موثر نگرانی کی ذمہ دار ہیں۔

#### کارپوریٹ سماجی ذمہ داری

کمپنی معاشرے کی طرف اپنی ذمہ داری کو تسلیم کرتی ہے اور مستقل بنیادوں پر مختلف رفاہی اداروں کے ذریعہ معاشرے کی فلاح کے منصوبوں کو مالی اعانت فراہم کر کے اپنا فرض ادا کرتی ہے۔ کمپنی کو پاکستان سنٹر برائے انسان دوستی نے معاشرتی اور رفاہی شراکت میں قائد کی حیثیت سے تسلیم کیا ہے اور کمپنی ان کی دیگر کامیابیوں کو سراہنے کی کوشش کرتی ہے جہاں وہ موجود ہے۔ کمپنی نے میڈیکل سوشل سائنسز پراجیکٹ میں بھی حصہ لیا ہے اور اس سلسلے میں، کمپنی کے بورڈ آف ڈائریکٹرز اور ذیلی کمپنی کے بورڈ نے مشرکہ طور پر گلاب دیوی جوسٹ ہسپتال (جی ڈی سی ایچ) لاہور میں اعظم میڈیکل کالج میں ایڈمنسٹریشن کی تعمیر کے لئے عطیہ کرنے کا فیصلہ کیا ہے۔ آج یہ منصوبہ تکمیل کے آخری مراحل میں ہے اور توقع ہے کہ یہ اس سال کے دوران مکمل ہو جائے گا۔ اس منصوبے کی تکمیل پر کل 182 ملین روپے ہونے کی توقع ہے۔ اس کام کی بہتر مانیٹرنگ اور عملدرآمد کے لئے بورڈ کے اراکان کی ایک کمیٹی تشکیل دی گئی ہے۔

کمپنی نے ماضی میں بھی میڈیکل سوشل سائنسز پراجیکٹ میں حصہ لیا اور اس سلسلے میں، کمپنی نے گلاب دیوی جوسٹ ہسپتال (GDCH) لاہور میں سعید سہیل کارڈیالوجسٹ کیمپس تعمیر کر کے ایک جدید کارڈیالوجی سہولت عطیہ کی تھی۔ کوہ نور میڈیکل ایف گروپ نے "آسٹریا کارپوریٹ سوشل رسپانسیبلٹی ایگزیکیوٹو کمیٹی ایورڈ" مختلف سماجی ذمہ داریوں کی کارکردگی کے سبب حاصل کیا ہے۔

#### کمپنی کے کاروبار کے ماحول پر اثرات

انتظامیہ طے کے احاطے سے آلودہ پانی کے اخراج کے بعد ارد گرد کے علاقوں میں اس کے نقصان دہ اثرات کو سمجھتی ہے۔ ارد گرد کے دائرہ عمل 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 قبائل پائیدار زرعی ذرائع میں تحقیق اور عملدرآمد کو جاری رکھتی ہے۔

#### موزوں داخلی کنٹرولز

بورڈ آف ڈائریکٹرز داخلی کنٹرول ماحول کے حوالے سے اپنی ذمہ داری سے بخوبی واقف ہے اور اس کے مطابق کاروائیوں کو موثر انداز میں انجام دینے، کمپنی کے اگاہوں کی ضابطہ، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کے لئے داخلی مالیاتی کنٹرول کا ایک موثر نظام قائم کیا گیا ہے۔ کمپنی کا آزاد داخلی آڈٹ فنکشن باقاعدگی سے مالیاتی کنٹرولز کا نفاذ اور نگرانی کرتا ہے، جبکہ آڈٹ کمیٹی سہ ماہی کی بنیاد پر اندرونی کنٹرول فریم ورک کے اثرات اور مالی حسابات کا جائزہ لیتی ہے۔

#### مالی حسابات کی تیاری اور پیش کرنے میں انتظامیہ کی ذمہ داری

انتظامیہ پاکستان میں قابل اطلاق اکاؤنٹنگ اور رپورٹنگ کے معیارات کے مطابق لوکیٹیز ایکٹ، 2017 (2017 کا XIX) کی ضروریات کے مطابق اپنے مالی

زیر جائزہ سال کے لئے آپریٹنگ منافع 2,681 ملین روپے (2019: 2,692 ملین روپے) رہا۔ کمپنی نے ٹیکس کے بعد منافع 1,528 ملین روپے (2019: 1,751 ملین روپے) درج کیا ہے۔ 30 جون 2020 کو ختم ہونے والے سال کے لئے فی شیئر آمدنی گزشتہ سال کی اسی مدت کی 5.85 روپے کے مقابلے موجودہ سال میں 5.11 روپے ہے۔

گروپ کا مالیاتی جائزہ

زیر جائزہ سال کے دوران، کمپنی کی مجموعی آمدنی بڑھ کر 50,848 ملین روپے (2019: 47,118 ملین روپے) رہی، جبکہ فروخت کی قیمت بڑھ کر 45,977 ملین روپے (2019: 37,196 ملین روپے) ہو گئی۔ اس کے نتیجے میں مجموعی منافع 4,871 ملین روپے (2019: 9,922 ملین روپے) ہوا۔ 30 جون 2020 کو ختم ہونے والے سال کے لئے فی شیئر (تفصیل) آمدنی گزشتہ سال کی اسی مدت کی 10.45 روپے کے مقابلے موجودہ سال میں (3.32) روپے رہی ہے۔

ڈیویڈنڈ

نتیجہ کو دیکھتے ہوئے، بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے ایک روپیہ فی شیئر (10%) حتمی نقد منافع منقسمہ کا اعلان کیا ہے۔ یہ عبوری نقد منافع منقسمہ کے علاوہ ہے جو 1 روپیہ فی شیئر (10%) پہلے ہی ادا کر دیا گیا، اس طرح مجموعی نقد منافع منقسمہ 21 روپے فی شیئر (20 فیصد) بنتا ہے۔ مستقبل میں ڈیویڈنڈ کے امکانات مستقبل کے اقتصادی حالات پر منحصر ہیں۔

ڈائریکٹرز نے حسب ذیل کے مطابق سفارش کیا ہے:

تفصیل	روپے ہزاروں میں
ٹیکس سے پہلے منافع	1,878,201
ٹیکس کی فراہمی	(350,158)
ٹیکس کے بعد منافع	1,528,043
30 جون 2019 تک ختم سال کے لئے اعلان کردہ حتمی منافع منقسمہ	(224,472)
30 جون 2020 تک ختم سال کے لئے اعلان کردہ عبوری منافع منقسمہ	(299,296)
مجموعی منافع جو آگے لائے	7,694,239
مجموعی منافع جو آگے گئے جائے گا	8,698,514

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، ڈیویڈنڈ اور قرضہ کی نادرہنگی

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 / ڈیویڈنڈ کی ادائیگی پر کوئی نادرہنگی درج نہیں کرائی گئی۔ اس کے علاوہ، مالی سال کے اختتام پر ٹیکسز، ڈیویڈنڈ اور لیویز کی مدت میں کوئی ادائیگی زائد الیغاد یا پابندی نہیں ہے۔

بنیادی خطرات اور غیر بنیادی حالات

کمپنی کو درج ذیل بنیادی خطرات اور چیلنجز درپیش ہیں:-

i۔ عالمی اور علاقائی سطح پر مسابقت میں اضافہ کی وجہ سے برآمدی فروخت میں کمی۔

ii۔ روپے کی قدر میں کمی کی وجہ سے درآمد و خام کپاس، ٹیکسٹائل اور ڈائریکٹرز کی قیمتوں میں اضافہ، جو منافع مارجن کو کم کر رہی ہیں۔

iii۔ ایندھن اور بجلی کی زیادہ قیمتوں کی وجہ سے توانائی کی لاگت میں اضافہ۔

iv۔ آپریٹنگ اخراجات میں مجموعی طور پر فراہم کنندہ میں اضافہ۔

v۔ ٹیکسٹائل مینوفیکچررز کے مابین قیمت کے ساتھ ساتھ فروخت پر بھی مسابقت۔



## حصص داران کے لئے ڈائریکٹرز رپورٹ

کمپنیز ایکٹ، 2017 کی دفعہ 227 کی قیود میں، ڈائریکٹرز 30 جون، 2020 کو ختم ہونے والے سال کے لئے 52 ویں سالانہ رپورٹ مع نظر ثانی شدہ مالیاتی گوشوارے داران پر ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### اصل سرگرمی

کوہ نور ٹیکسٹائل لمیٹڈ (کمپنی) کمپنیز ایکٹ 1913 (اب کمپنیز ایکٹ 2017) کے تحت پاکستان میں قائم شدہ ایک پبلک لیٹیڈ کمپنی اور پاکستان اسٹاک ایکسچینج لیٹیڈ میں درج شدہ ہے۔ کمپنی کا رجسٹرڈ دفتر 42 لارنس روڈ، لاہور پر واقع ہے۔ کمپنی کا اصل کاروبار یارن اور کپڑے کی تیاری، کپڑے کی پروسیسنگ اور ٹیکسٹائل مصنوعات کی تجارت کرنا ہے۔

### آپریٹنگ کا جائزہ

زیر جائزہ سال کی آخری سر مہائی میں کوہ نور ڈائریکٹرز و بانی بیماری کے پھیلاؤ کو کم کرنے کے لئے پاکستان کے صنعتی شعبے کو مکمل طور پر بند کر دیا گیا۔ دنیا بھر میں رشیاں اسٹورز کے بند ہونے کی وجہ سے زیادہ تر صارفین شپ منگلس کو موثر کر دیا۔ ہماری حکومت نے صورتحال پر تیزی اور عمل مندی سے قابو پایا تاکہ برآمدی صنعتوں کو اپنی سائٹوں اور مقامی کمیونٹی میں ڈائریکٹرز کے خطرات کو کم کرنے کے لئے ایس او بیز پر سختی سے عمل کرتے ہوئے کاروبار کو دوبارہ شروع کرنے کی اجازت دی۔ ان اقدامات نے آگے چلنے کے بہت زیادہ نقصان کو کم کرنے میں مدد کی اور سر مہائی کا اختتام معمولی منافع پر ہوا۔

موجودہ بانی مرض کے باوجود، کمپنی کو رواں سال میں مضبوط نتائج برآمد ہوئے، ان میں سے ایک یورپ اور شمالی امریکہ میں ریٹیلنگ شعبوں کی بندش سے پہلے پچھلے سال کو شکست دینے کے نزدیک پر تھا۔ تاہم، ریکوری تیز ترین تھی اور آنے والی سر مہائی میں تمام ڈویژنوں میں مضبوط منافع کی وصولی ہوئی چاہئے۔ تمام ڈویژنوں کی صلاحیتوں کو مکمل طور پر استعمال کیا گیا ہے اور ہم امید کرتے ہیں کہ آنے والے سال میں اس کے مضبوط نتائج حاصل ہوں گے۔

کمپنی راولپنڈی میں اپنی بڑی سینیٹر چیکرنگ سائٹ پر بارش کے پانی ذخیرہ کرنے کے بڑے منصوبے کے آغاز کے ساتھ پائیدار اور قابل تجدید توانائی میں اپنی سرمایہ کاری جاری رکھے گی۔ راولپنڈی سائٹ پر شمشیر توانائی منصوبے کا پہلا مرحلہ مکمل ہو چکا ہے اور اگلا منصوبہ گوجران سائٹ کے لئے تیار کیا گیا ہے جو سال کے اندر ہی مکمل ہو جائے گا۔ کمپنی اپنے اسپننگ ڈویژنوں میں معیار کو بہتر بنانے اور پیداوار بڑھانے پر زور دینے کے ساتھ پلانٹ، مشینری اور سامان کی تجدید کی پالیسی پر عمل پیرا ہے۔ ہم ٹیکسٹائل ڈویژن میں ہماری ویلیو ایڈڈ پیداوار میں اضافے پر زیادہ زور دیا جا رہا ہے تاکہ آنے والے سالوں میں برآمدات میں اضافہ کیا جاسکے۔

کمپنی قابل قبول لاگت اور معیاری سطحوں پر ضروری ان پکٹس کو محفوظ بنانے کے لئے اپنی معمول کی پالیسی کے مطابق خام مال کی خریداری شروع کرنے کا ارادہ رکھتی ہے۔ امید ہے کہ حکومت آئندہ مہینوں میں قدرتی گیس اور بجلی کی فراہمی کو یقینی بنانے کی تاکہ برآمدی اقدامات کا زیادہ سے زیادہ اثر پڑ سکے۔ تمام اشارے سے یہ ظاہر کرتے ہیں کہ آئندہ سال کمپنی اور مجموعی طور پر ٹیکسٹائل کی صنعت کے لئے ایک مستحکم سال ثابت ہوگا۔

زیر جائزہ مالی سال میں اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مالیاتی پالیسی کی شرحوں میں غیر مستحکم حد تک تبدیلیاں کی ہیں۔ تاہم، پاکستان کی معیشت پر COVID-19 کے منفی اثرات کو کم کرنے اور مارکیٹ میں لیکویڈیٹی کو یقینی بنانے کے اقدامات کے ایک حصے کے طور پر، اسٹیٹ بینک نے صرف تین ماہ کے دوران پانچ ماہیٹری پالیسی بیانات جاری کیے اور اس شرح میں 6.25 فیصد تک کم کر کے 7% کی موجودہ سطح پر لے آیا۔ پالیسی شرح میں اس خاطر خواہ کمی سے آئندہ مالی سال میں کمپنی کی ذریعہ لائن میں نمایاں بہتری آئے گی۔

اللہ کے فضل و کرم سے، کمپنی کوہ نور ڈائریکٹرز کے واپائی مرض میں سے گزری ہے جس میں کوئی تعین بیماری یا کوئی جانی نقصان نہیں ہوا ہے اور مجموعی طور پر پاکستان کو چند ہلاکت خیز نقصان اٹھانا پڑا ہے لیکن خوش قسمتی سے اس میں نہ جانی نقصان کم تعداد میں ہوا ہے۔ ہم دعا کرتے ہیں کہ دنیا ڈائریکٹرز کے دوبارہ پھیلاؤ سے محفوظ رہے اور یہ سب ہی حاصل ہو سکتا ہے جب ہم اپنے لوگوں کی حفاظت کے لئے، معاشرتی دوری کو برقرار رکھنے اور سرکاری مینڈیٹ ایس او بیز پر عمل پیرا ہوں۔

### مالیاتی جائزہ

زیر جائزہ سال کے دوران، کمپنی کی فروخت 3 فیصد کے اضافہ سے 21,845 ملین روپے (2019-2020 21,220 ملین روپے) رہی، جبکہ فروخت کی قیمت 1.00 فیصد کے اضافہ سے 17,855 ملین روپے (2019-2020 17,659 ملین روپے) زیادہ ہوئی۔ اس کے نتیجے میں مجموعی منافع 3,990 ملین روپے (2019-2020 3,561 ملین روپے)





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