

QUARTERLY REPORT

UN-AUDITED
1st Quarter Ended
September 30, 2019



Kohinoor Spinning Mills Limited



Contents

Company Information	03
Directors' Report	04-05
Condensed Interim Statement of Financial Position	06-07
Condensed Interim Statement of Profit Or Loss Account	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Statement of Cash Flow	10
Condensed Interim Statement of Change in Equity	11
Selected Notes to Condensed Interim Financial Information	12-14

COMPANY INFORMATION**BOARD OF DIRECTOR**

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

AUDIT COMMITTEE

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

HR & REMUNERATION COMMITTEE

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

CORPORATE SECRETARY

Hasan Ahmad Khan	FCA
------------------	-----

CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A
--------------------------	-------

BANKERS

Habib Metro Bank Limited
 MCB Bank Limited
 National Bank of Pakistan
 Allied Bank of Pakistan
 Meezan Bank Limited
 Askari Bank Limited
 Saudi Pak Industrial and Agricultural Investment Company

AUDITOR

Nasir Javaid Maqsood Imran
 Chartered Accountants
 Office # 12 & 13, 3rd Floor, Fazal Arcade
 F-11 Markaz, Islamabad, Pakistan.

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
 Tel : (042) 35717510
 Fax : (042) 35755760

SHARE REGISTRARS

Corplink (Pvt) Limited
 Wings Arcade, 1-K, Commercial,
 Model Town, Lahore
 Tel : (042) 35839182
 Fax : (042) 35869037

MILLS

Unit I & II
 Aminabad, Chakwal
 Tel : (0543) 644254 - 644281

Unit III
 Yousaf Nagar, Bhoun Road,
 Chakwal.
 Tel: (0543)452070-71

DIRECTORS' REPORT

On behalf of the Directors of Kohinoor Spinning Mills Limited, it is our pleasure to present three months accounts for the period ended 30th September 2019.

Your Company has incurred a net loss of Rs.106 million as compared to a net loss of Rs. 59 million for the corresponding period last year. This depressing result is attributable to the imposition of general sales tax and condition of CNIC for un-registered persons in the budget for 2019-20. Due to these issues, un-registered chain of textile sector based in Faisalabad shut down its factories. This caused dwindling demand of our yarn products. As a result, we closed our mills for almost two months during this quarter.

Sales have decreased from Rs. 1.0 billion in September 2018 to Rs. 283 million in the current period (a whopping decrease of 72%). Despite inflation, the Company has kept administration expenses at last year level.

Due to heavy losses, our operations suffered sustainability. The directors of the Company are willing to inject funds as and when needed by the Company. This would build confidence among the shareholders and creditors of the Company.

The Government of Pakistan has imposed quarter tariff for quarter 1 at the rate of 1.8 per KWH, for quarter 2 at the rate of 0.63 per KWH and additional distribution margin ranging from Rs. 0.43 to Rs. 0.2 per KWH despite our zero rating status as a textile unit. APTMA is going to the Honorable Lahore High Court Bench for reversal of this levy. The discount rate of State Bank of Pakistan (SBP) is highest in the region. This factor would reduce further industrialization in our country. If we want a strong industrial base, we need to rationalize our energy rates and ensure non-stop fuel and energy supply to give a competitive edge to our products. SBP should reduce bench mark interest rate in next monetary policy. We are of the opinion that low interest rate is a must for industrial growth.

In the end, we assure you that the management will continue its efforts to improve the overall performance of the Company through increased productivity, cost control and by devising optimal production strategies.

For and on behalf of the Board



Khawaja Mohammad Jahangir
Chairman



Mr. Mohammad Naveed
Chief Executive Officer

Lahore:
29 November 2019

ڈائیریکٹرز رپورٹ

کوہ نور سپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے، ہم 30 ستمبر 2019 پر اختتام شدہ سہ ماہی کے حسابات پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

آپ کی کمپنی کو پچھلے سال کے 59 ملین روپے کے خالص نقصان کے مقابلے میں اس سال تین ماہ میں 106 ملین روپے خالص نقصان ہوا ہے۔ یہ مایوس کن نتیجہ 2019-20 کہ بجٹ میں غیر رجسٹرڈ افراد کے لئے سیکورٹیکس اور کمپیوٹرائزڈ قومی شناختی کارڈ کی شرط پر منسوب ہے۔ ان مسائل کی وجہ سے فیصل آباد کی بنیاد پر ہونے والی ٹیکسٹائل سیکٹور کی غیر رجسٹرڈ چین نے اپنے کارخانے بند کر دیے۔ اسی وجہ سے ہمارے سوت کی مصنوعات کی کمزور مانگ کے نتیجے کے طور پر، ہم نے اس سہ ماہی کے دوران تقریباً دو ماہ کے لئے اپنی ملز کو بند کر دیا۔ ستمبر 2018 کی 1.0 ملین روپے فروخت کے مقابلے میں موجودہ سہ ماہی کی فروخت 283 ملین روپے (72 فیصد کمی کے ساتھ) رہی۔ افراتر کے باوجود کمپنی نے گزشتہ سال کی سطح پر انتظامی اخراجات جاری رکھیں ہیں۔

بھاری نقصانات کی وجہ سے ہمارے آپریٹرز نے پائیداری کا سامنا کیا ہے۔ کمپنی کے ڈائریکٹرز کے طور پر فنڈز کو مہیا کرنے کے لیے تیار ہیں۔ اور جب کمپنی کی طرف سے ضرورت پڑتی ہے۔ یہ کمپنی کی حصص یافتگان اور قرضہ داروں کے درمیان اعتماد پیدا کرے گا۔ حکومت پاکستان نے 1.80 روپے فی کلوواٹ کی شرح سے پہلی سہ ماہی، 0.63 روپے فی کلوواٹ کے حساب سے دوسری سہ ماہی اور اضافی تریسلی مارجن 0.2 روپے فی کلوواٹ سے 0.43 روپے فی کلوواٹ لاگو کر دیا ہے۔ باوجود یہ کہ ہم بطور ٹیکسٹائل یونٹ صفر درجہ بندی کے حامل ہیں۔ اچھا اس لیوی کے خلاف عزت مآب لاہور ہائیکورٹ کے بیج سے رجوع کر رہی ہے۔ اسٹیٹ بینک آف پاکستان کی رعایت کی شرح نخطے میں سب سے زیادہ ہے۔ یہ عنصر ہمارے ملک میں مزید صنعت کاری کو کم کرے گا۔ اگر ہم ایک مضبوط صنعتی اساس چاہتے ہیں تو ہمیں اپنی مصنوعات کو مسابقتی برتری کے لیے غیر مسلسل ایندھن اور توانائی کی فراہمی کو یقینی بنانے اور مقابلہ کرنے کی ضرورت ہے۔ اسٹیٹ بینک کی جانب سے اگلی مالیاتی پالیسی میں بیج مارک سود کی شرح کو کم کرنا چاہیے ہماری رائے یہ ہے کہ کم شرح سود صنعتی ترقی کے لیے ضروری ہے۔

آخر میں ہم آپ کو یقین دلاتے ہیں کہ آپ کی کمپنی کے منتظمین، کمپنی کی مجموعی کارکردگی کو پیداوار بڑھا کر، لاگت کو کنٹرول کر کے اور جدت طراز مارکیٹنگ حکمت عملی وضع کر کے بہتر بنا لیں گے۔



محمد نوید

(چیف ایگزیکٹو آفیسر)



خواجہ محمد جہانگیر

(چئیرمین)

لاہور


تاریخ:- 29 نومبر 2019

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Un-Audited September 30, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 300,000,000 (June 30, 2019 - 300,000,000) ordinary shares of Rs.5 each		1,500,000,000	1,500,000,000
Issued, subscribed and paid up capital 215,714,285 (June 30, 2019 - 215,714,285) ordinary shares of Rs.5 each	5	1,078,571,425	1,078,571,425
Reserves		(1,662,188,777) (583,617,352)	(1,555,812,643) (477,241,218)
NON-CURRENT LIABILITIES			
Long term Loans		470,149,521	470,149,521
Deferred liabilities		63,389,727 533,539,248	64,593,059 534,742,580
CURRENT LIABILITIES			
Trade and other payables		307,955,996	341,854,719
Accrued Interest on loans and borrowings		513,541,403	471,877,939
Short-term borrowings		1,463,142,972	1,463,142,972
Current portion of long term loan		364,705,882	364,705,882
Supplier's credit		163,900,150	163,900,150
Un-claimed dividend		1,915,117	1,915,117
Provision for taxation		35,778,123	34,961,489
		2,850,939,643	2,842,358,269
		2,800,861,539	2,899,859,631


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

Lahore
November 29, 2019

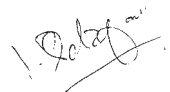

(Khawaja Muhammad Jahangir)
Chairman

AS AT SEPTEMBER 30, 2019 (UN-AUDITED)

	Notes	Un-Audited September 30, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,719,648,982	1,738,573,442
Long term deposits		39,325,312	39,325,312
Long term investments		174,636	166,320
		1,759,148,930	1,778,065,074
CURRENT ASSETS			
Stores and spares		42,046,556	46,399,495
Stock-in-trade		853,761,618	798,871,215
Trade debts		56,738,659	208,885,631
Loans and advances		59,988,059	63,337,141
Other receivable		24,004,500	2,500
Cash and bank balances		5,173,217	4,298,576
		1,041,712,609	1,121,794,557
		<u>2,800,861,539</u>	<u>2,899,859,631</u>



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS ACCOUNT (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

Notes	Un-Audited September 30, 2019 (Rupees)	Un-Audited September 30, 2018 (Rupees)
SALES - NET	283,439,046	1,009,841,184
COST OF SALES	<u>(322,286,146)</u>	<u>(990,711,556)</u>
GROSS (LOSS)/PROFIT	(38,847,100)	19,129,628
OPERATING EXPENSES		
Distribution Cost	(180,877)	(188,300)
Administrative	(18,678,237)	(19,881,364)
	<u>(18,859,114)</u>	<u>(20,069,664)</u>
OPERATING (LOSS)	(57,706,214)	(940,036)
Financial cost	(44,426,650)	(45,320,971)
Other operating income	-	-
	<u>(44,426,650)</u>	<u>(45,320,971)</u>
(LOSS) BEFORE TAXATION	(102,132,864)	(46,261,007)
TAXATION	(4,251,586)	(12,623,015)
(LOSS) AFTER TAXATION	<u>(106,384,450)</u>	<u>(58,884,022)</u>
(LOSS) PER SHARE - BASIC & DILUTED	<u>(0.49)</u>	<u>(0.27)</u>

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



(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

Lahore
November 29, 2019

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Un-Audited September 30, 2019 (Rupees)	Un-Audited September 30, 2018 (Rupees)
(Loss) after taxation	(106,384,450)	(58,884,022)
Other Comprehensive income		
Items that may be reclassified subsequently to profit and loss	-	-
Unrealized gain/(loss) due to change in fair value of long term investment	8,316	(34,927)
Items that will not reclassified to profit and loss	-	-
Total comprehensive (Loss)	<u>(106,376,134)</u>	<u>(58,918,949)</u>

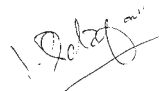
The annexed notes form an integral part of these condensed interim financial information.



(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

Lahore
November 29, 2019

CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Un-Audited September 30, 2019 (Rupees)	Un-Audited September 30, 2018 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(102,132,864)	(46,261,007)
Adjustments of non cash charges and other items:		
Depreciation / amortization	22,679,460	23,860,835
Gratuity	2,409,190	4,033,179
Financial cost	44,426,650	45,320,971
Operating (Loss)/profit before working capital changes	(32,617,564)	26,953,978
(Increase)/decrease in current assets		
Stores and spares	4,352,939	20,012,992
Stock-in-trade	(54,890,403)	(48,015,588)
Trade debts	152,146,972	6,633,439
Loan & advances	3,349,082	(427,424)
Trade deposits, prepayments & other receivables	(24,002,000)	(3,999,420)
	80,956,590	(25,796,001)
Increase in current liabilities		
Trade and other payables	(33,898,723)	20,329,231
	14,440,303	21,487,208
Financial cost paid	(2,763,186)	(2,214,278)
Income tax paid	(3,434,952)	(531,851)
Gratuity paid	(3,612,425)	(3,726,243)
Net cash used in operations	4,629,740	15,014,836
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant & Equipment	(3,755,100)	(11,155,500)
Long term loans	-	4,850,000
Net cash used in investing activities	(3,755,100)	(6,305,500)
CASH FLOW FROM FINANCING ACTIVITIES		
(Repayments)/proceeds from:		
Decrease in short term borrowings	-	-
Net cash generated from financing activities	-	-
NET DECREASE IN CASH AND CASH EQUIVALENTS	874,641	8,709,337
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,298,576	4,137,212
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5,173,217	12,846,549

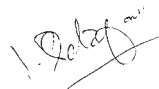
The annexed notes form an integral part of these condensed interim financial information.



(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

Lahore
November 29, 2019

CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

	Share Capital	Capital Reserves Share Premium	Revenue Reserves		Total
			Accumulated	Fair Value	
			Loss	Reserves	
(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	
Balance as at July 01, 2018	1,078,571,425	171,428,570	(1,355,757,814)	(715,593)	(106,473,412)
Loss for the period ended after taxation		-	(58,884,022)	-	(58,884,022)
Unrealized gain due to change in fair Value of long term investment	-	-	-	(34,927)	(34,927)
Balance as on September 30, 2018	1,078,571,425	171,428,570	(1,414,641,836)	(750,520)	(165,392,361)
Balance as on July 01, 2019	1,078,571,425	171,428,570	(1,726,407,533)	(833,680)	(477,241,218)
(Loss) for the period ended after taxation	-	-	(106,384,450)	-	(106,384,450)
Unrealised gain due to change in fair value of long term investment	-	-	-	8,316	8,316
Balance as on September 30, 2019	1,078,571,425	171,428,570	(1,832,791,983)	(825,364)	(583,617,352)

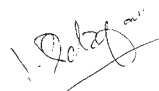
The annexed notes form an integral part of these condensed interim financial information.



(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

Lahore
November 29, 2019

SELECTED NOTES TO CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2019

1. NATURE AND STATUS OF BUSINESS

KOHINOOR SPINNING MILLS LIMITED was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is quoted on Pakistan stock exchange. The company is engaged in the business of textile spinning.

Geographical Location of Head Office and business Units :

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

Unit 01/02 Aminabad 8 Km Pindi Road, Chakwal

Unit 03 8 Km Bhaun Road, Chakwal

1.2 No significant events and transaction affecting the company's financial position for period ended September 30, 2019.

2. BASIS OF PRESENTATION

This interim condensed financial statement is unaudited and are being submitted to the shareholders as required under section 237 of the Companies Act, 2017. These interim condensed financial statements has been prepared in accordance with the International Accounting Standard 34 (Interim Financial Reporting). In case where requirement differ, the provisions of or directives issued under the Companies Act, 2017 have been followed. These condensed interim financial statements should be read in conjunction with the audited annual published Financial statements of the company for the year ended June 30, 2019.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of the preceding annual published financial statements of the company for the year ended June 30, 2019.

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

4. ACCOUNTING ESTIMATES, JUDGEMENTS AND FINANCIAL RISK MANAGEMENT

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

Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2019.

4.2 Judgments and estimates made by the management in the preparation of this condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended 30 June 2019.

		Un-Audited Sep. 30, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
5. SHARE CAPITAL			
Issued, subscribed and paid up			
127,725,000 (June 30, 2019 -127,725,000) ordinary shares of Rupees 5/- each, issued for cash		638,625,000	638,625,000
2,275,000 (June 30, 2019 -2,275,000) ordinary shares of Rupees 5/- each, issued as bonus shares		11,375,000	11,375,000
		650,000,000	650,000,000
6. PROPERTY, PLANT AND EQUIPMENT			
	Note	Un-Audited Sep. 30, 2019 (Rupees)	Audited June 30, 2019 (Rupees)
Opening writtendown value		1,722,019,456	1,803,695,797
Additions during the period	6.1	3,755,000	11,941,500
		1,725,774,456	1,815,637,297
Deletion during the period		-	-
		1,725,774,456	1,815,637,297
Depreciation charged during the period		(22,401,261)	(93,617,841)
		1,703,373,195	1,722,019,456
LEASED			
Opening writtendown value		16,553,986	21,600,000
Additions during the period		-	-
		16,553,986	21,600,000
Amortization charged during the period		(278,199)	(5,046,014)
		16,275,787	16,553,986
		1,719,648,982	1,738,573,442
6.1 ADDITION DURING THE PERIOD			
Plant and machinery		-	10,905,500
Vehicle		3,755,000	1,036,000
		3,755,000	11,941,500

7. TRANSACTION WITH RELATED PARTIES

The transactions between the company and related parties are at arm's length prices determined in accordance with comparable uncontrolled price method. The company during the period ending September 30, 2019 entered to following transactions with its related parties:

	Un-Audited Sep. 30, 2019 (Rupees)	Un-Audited Sep. 30, 2018 (Rupees)
Purchase of raw material and goods Chakwal Textile Mills Ltd.	3,958,360	-

8. AUTHORISATION FOR ISSUE

These condensed interim Financial statement have been authorised for issue on November 29, 2019 by the Board of Directors of the company.

9. GENERAL

Figures have been rounded off to the nearest rupee.


Lahore
November 29, 2019



(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive



(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

————— This page is intentionally left blank —————

Book Post

Printed Matter

If undelivered please return to:

Kohinoor Spinning Mills Limited
Corporate & Shares Department
7/1-E-3 Main Boulevard Gulberg III, Lahore.
Tel : (042) 35717510 Fax : (042) 35755760