

QUARTERLY REPORT

UN-AUDITED
1st Quarter Ended
September 30, 2020



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 Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mohammad Hamza Yousaf	(Director)
Faisal Qaiyum	(Independent Director)
Fiza Farhan	(Independent Director)

AUDIT COMMITTEE

Faisal Qaiyum	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Khawaja Mohammad Nadeem	(Member)

HR & REMUNERATION COMMITTEE

Faisal Qaiyum	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Kaleem	(Member)

CORPORATE SECRETARY

Hasan Ahmad Khan	ACA
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CHIEF FINANCIAL OFFICER

Mr. Muhammad Saeed Zafar	M.B.A
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BANKERS

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

AUDITOR

Nasir Javaid Maqsood Imran
Chartered Accountants
Office # 17, 2nd Floor, Hill View Plaza,
Above Fresco Sweets,
Blue Area, Jinnah Avenue, Islamabad.

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 2020.

Your Company has incurred a net loss of Rs.87 million as compared to a net loss of Rs.106 million for the corresponding period last year. The sales of the Company has improved from Rs. 283 million to Rs. 692 million for the corresponding period last year. The reason of low volume last year was imposition of general sales tax and condition of CNIC for un-registered persons in the budget for 2019-20. The directors of the Company have injected funds in the Company to run it smoothly in this quarter as well. This would build confidence among the shareholders and creditors of the Company. Also, the Company has carried out balancing, modernization and replacement (though on smaller level) during this quarter.

Despite inflation, the Company has kept administration expenses almost at last year level.

The Prime Minister of Pakistan has approved textile policy for the period from 2020-2025. Under the proposed policy, electricity rate would be US Cent 7.5 per kilo watt hour. Currently, we are paying US Cent 9.0 per kilo watt hour. The approval of this policy by Economic Coordination Committee (ECC) is still awaited. With second wave of COVID-19, we are afraid that economic activities would get slower with the passage of time. If that happens, the Government should announce relief package for the already crippling spinning sector of Pakistan. The discount rate of State Bank of Pakistan (SBP) should be reduced further in this scenario.

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:
30 November 2020

ڈائریکٹرز رپورٹ

ہم کوہ نور سپننگ ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 ستمبر 2020 کے اختتام شدہ سہ ماہی کے غیر شدہ حسابات پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

کمپنی کا مجموعی خسارہ پچھلے سال کے اسی دورانیہ کے 106 ملین روپے کے مقابلے میں 87 ملین روپے رہا۔ اور کمپنی کی سیلز پچھلے سال کے اسی دورانیہ کی نسبت 283 ملین روپے سے بڑھ کر 692 ملین روپے ہو گئی۔ پچھلے سال کی کم فروخت کی وجہ جنرل سیلز ٹیکس اور غیر رجسٹرڈ کاروباری افراد کے لیے شناختی کارڈ کی شرط تھی۔ جس کا نفاذ 2019-2020 کے بجٹ میں کیا گیا تھا۔ اس سہ ماہی میں کمپنی کے ڈائریکٹرز نے کمپنی کو آسانی سے چلانے کے لیے اس میں اپنے فنڈ لگائے۔ اس سے کمپنی کے حصص یافتگان اور قرض دہندگان میں اعتماد پیدا ہوگا۔ نیز کمپنی نے اس سہ ماہی کے دوران توازن، جدید کاری اور تبدیلی (اگرچہ چھوٹی سطح پر) کی ہے۔

افراط زر کے باوجود کمپنی نے اپنے انتظامی اخراجات پچھلے سال کے اخراجات سے بڑھنے نہیں دیے۔ وزیر اعظم پاکستان نے 2020-2025 کے دوران ٹیکسٹائل پالیسی کے منظوری دے دی ہے۔ مجوزہ پالیسی کے تحت بجلی کی قیمت فی کلوواٹ فی گھنٹہ 7.5 امریکی سینٹ ہوگی۔ فی الحال ہم بجلی کی قیمت فی کلوواٹ فی گھنٹہ 9.0 امریکی سینٹ ادا کر رہے ہیں۔ اقتصادی رابطہ کمیٹی کے ذریعے ابھی اس پالیسی کی منظوری کا انتظار ہے۔ COVID-19 کی دوسری لہر کے ساتھ ہمیں خدشہ ہے کہ وقت گزرنے کے ساتھ معاشی سرگرمیاں بھی آہستہ ہو جائیں گی۔ اگر ایسا ہوتا ہے تو حکومت کو چاہیے کہ وہ کمزور سپننگ سیکٹر کے لیے پہلے سے ہی امدادی پیکیج کا اعلان کر دے۔ اس منظر نامہ میں سٹیٹ بینک کو شرح سود میں مزید چھوٹ دینی چاہیے۔

آخر میں ہم آپ کو یقین دلاتے ہیں کہ انتظامیہ، بڑھتی ہوئی پیداواری صلاحیت، اضافی لاگت پر قابو پانے اور پیداوار کی زیادہ سے زیادہ حکمت عملی وضع کر کے مجموعی کارکردگی کو بہتر بنانے کے لیے اپنی تمام تر کوششیں جاری رکھے گی۔



محمد نوید
(چیف ایگزیکٹو آفیسر)

خواجہ محمد جہانگیر
(چیرمین)

لاہور


30 نومبر 2020

CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION

	Note	Un-Audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
EQUITY AND LIABILITIES			
Share Capital and Reserves			
Authorised Capital 300,000,000 (June 30, 2020 - 300,000,000) ordinary shares of Rs.5 each		1,500,000,000	<u>1,500,000,000</u>
Issued, subscribed and paid up capital 215,714,285 (June 30, 2020 - 215,714,285) ordinary shares of Rs.5 each	5	1,078,571,425	1,078,571,425
Reserves		(1,888,167,594) (809,596,169)	(1,801,334,702) (722,763,277)
NON-CURRENT LIABILITIES			
Long term Loans		516,788,259	503,649,521
Deferred liabilities		52,158,226	49,523,071
		568,946,485	553,172,592
CURRENT LIABILITIES			
Trade and other payables		555,323,489	493,988,374
Accrued Interest on loans and borrowings		471,877,939	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		167,080,699	167,080,699
Un-claimed dividend		1,915,117	1,915,117
Provision for taxation		37,516,044	31,735,752
		3,061,562,142	2,994,446,735
		2,820,912,458	<u>2,824,856,050</u>


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

Lahore
November 30, 2020

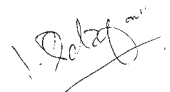

(Khawaja Muhammad Jahangir)
Chairman

AS AT SEPTEMBER 30, 2020 (UN-AUDITED)

	Note	Un-Audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	6	1,633,762,313	1,652,107,503
Long term deposits		39,325,312	39,325,312
Long term investments		181,289	149,688
		1,673,268,914	1,691,582,504
CURRENT ASSETS			
Stores and spares		30,617,791	39,841,455
Stock-in-trade		906,292,279	916,048,119
Trade debts		174,751,037	145,789,167
Loans and advances		31,939,300	21,781,211
Cash and bank balances		4,043,137	9,813,594
		1,147,643,544	1,133,273,546
		2,820,912,458	2,824,856,050



(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, 2020

Notes	Un-Audited September 30, 2020 (Rupees)	Un-Audited September 30, 2019 (Rupees)
SALES - NET	692,109,322	283,428,046
COST OF SALES	(745,042,417)	(322,286,146)
GROSS (LOSS)	(52,933,095)	(38,858,100)
OPERATING EXPENSES		
Distribution Cost	(1,651,834)	(180,877)
Administrative	(19,525,800)	(18,677,237)
	(21,177,634)	(18,858,114)
OPERATING (LOSS)	(74,110,729)	(57,716,214)
Financial cost	(2,372,124)	(44,426,680)
Other operating income	-	-
	(2,372,124)	(44,426,680)
(LOSS) BEFORE TAXATION	(76,482,853)	(102,142,894)
TAXATION	(10,381,640)	(4,251,586)
(LOSS) AFTER TAXATION	(86,864,493)	(106,394,480)
(LOSS) PER SHARE - BASIC & DILUTED	(0.40)	(0.49)

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

Lahore
November 30, 2020

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Un-Audited September 30, 2020 (Rupees)	Un-Audited September 30, 2019 (Rupees)
(Loss) after taxation	(86,864,493)	(106,384,450)
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	31,601	8,316
Items that will not reclassified to profit and loss	-	-
Total comprehensive (Loss)	<u>(86,832,892)</u>	<u>(106,376,134)</u>

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




Lahore
November 30, 2020

(Khawaja Muhammad Jahangir)
Chairman



(Mr. Muhammad Naveed)
Chief Executive




(Mr. Muhammad Saeed Zafar)
Chief Financial Officer


CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2020

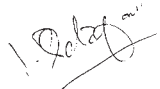
	Un-Audited September 30, 2020 (Rupees)	Un-Audited September 30, 2019 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
(Loss) before taxation	(76,482,853)	(102,132,864)
Adjustments of non cash charges and other items:		
Depreciation / amortization	21,543,690	22,679,460
Gratuity	2,635,155	2,409,190
Financial cost	2,372,124	44,426,650
Operating (Loss) before working capital changes	(49,931,884)	(32,617,564)
(Increase)/decrease in current assets		
Stores and spares	9,223,664	4,352,939
Stock-in-trade	9,755,840	(54,890,403)
Trade debts	(28,961,870)	152,146,972
Loan & advances	4,389,331	3,349,082
Trade deposits, prepayments & other receivables	(14,547,420)	(24,002,000)
	(20,140,455)	80,956,590
Increase/decrease in current liabilities		
Trade and other payables	61,335,115	(33,898,723)
	(8,737,224)	14,440,303
Financial cost paid	(2,372,124)	(2,763,186)
Income tax paid	(4,601,348)	(3,434,952)
Gratuity paid	-	(3,612,425)
Net cash used in operations	(15,710,696)	4,629,740
CASH FLOW FROM INVESTING ACTIVITIES		
Property, Plant & Equipment	(3,198,500)	(3,755,100)
Long term loans	13,138,738	-
Net cash used in investing activities	9,940,238	(3,755,100)
NET DECREASE/INCREASE IN CASH AND CASH EQUIVALENTS	(5,770,457)	874,641
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	9,813,594	4,298,576
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	4,043,137	5,173,217

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

Lahore
November 30, 2020


(Khawaja Muhammad Jahangir)
Chairman


Mr. Muhammad Naveed
Chief Executive


Mr. Muhammad Saeed Zafar
Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGE IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

	Share Capital	Capital Reserves Share Premium	Revenue Reserves		Total
			Accumulated	Fair Value	
			Loss	Reserves	
(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)	
Balance as at 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)
Unrealized 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)
Balance as on July 01, 2020	1,078,571,425	171,428,570	(1,971,912,960)	(850,312)	(722,763,277)
Loss for the period ended after taxation	-	-	(86,864,493)	-	(86,864,493)
Unrealised gain due to change in fair value of long term investment	-	-	-	31,601	31,601
Balance as on September 30, 2020	1,078,571,425	171,428,570	(2,058,777,453)	(818,711)	(809,596,169)

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

Lahore
November 30, 2020

(Khawaja Muhammad Jahangir)
Chairman

(Mr. Muhammad Naveed)
Chief Executive

(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

NOTES TO THE FINANCIAL INFORMATION (UN-AUDITED) FOR THE PERIOD ENDED SEPTEMBER 30, 2020

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

2. BASIS OF PRESENTATION

This interim condensed financial statement is unaudited and are being submitted to the shareholders as required under section 245 of the Companies Act 2017 and section 245 with section 237. 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, 2020.

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, 2020.

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 2020.

4.2 The company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended 30 June 2020.

		Un-Audited Sep. 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
5. SHARE CAPITAL			
Issued, subscribed and paid up			
213,439,285 (June 30, 2020 -213,439,285) ordinary shares of Rupees 5/- each, issued for cash		1,067,196,425	1,067,196,425
2,275,000 (June 30, 2020 -2,275,000) ordinary shares of of Rupees 5/- each, issued as bonus shares		11,375,000	11,375,000
		<u>1,078,571,425</u>	<u>1,078,571,425</u>
	Notes	Un-Audited Sep. 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
6. PROPERTY, PLANT AND EQUIPMENT			
Opening writtendown value		1,636,381,216	1,722,019,456
Additions during the period		6.1 3,198,500	3,859,500
		<u>1,639,579,716</u>	<u>1,725,878,956</u>
Deletion during the period		6.2 -	(856,485)
		<u>1,639,579,716</u>	<u>1,725,022,471</u>
Depreciation charged during the period		<u>(21,346,928)</u>	<u>(88,641,255)</u>
		<u>1,618,232,788</u>	<u>1,636,381,216</u>
LEASED			
Opening writtendown value		15,726,287	16,553,986
Additions during the period		-	-
		<u>15,726,287</u>	<u>16,553,986</u>
Amortization charged during the period		<u>(196,762)</u>	<u>(827,699)</u>
		<u>15,529,525</u>	<u>15,726,287</u>
		<u>1,633,762,313</u>	<u>1,652,107,503</u>
6.1 ADDITION DURING THE PERIOD			
Plant and machinery		3,198,500	-
Vehicle		-	3,859,500
		<u>3,198,500</u>	<u>3,859,500</u>
6.2 DELETION DURING THE PERIOD			
Vehicle		-	856,485
		-	<u>856,485</u>

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, 2020 entered to following transactions with its related parties:

	Un-Audited Sep. 30, 2020 (Rupees)	Un-Audited Sep. 30, 2019 (Rupees)
Purchase of raw material and goods Chakwal Textile Mills Ltd.	-	3,958,360
Sales of raw material and goods Chakwal Textile Mills Ltd.	533,808	-


8. AUTHORISATION FOR ISSUE


These condensed interim Financial statement have been authorised for issue on November 30, 2020 by the Board of Directors of the company.


9. GENERAL

Figures have been rounded off to the nearest rupee.

Lahore
November 30, 2020


(Khawaja Muhammad Jahangir)
Chairman


(Mr. Muhammad Naveed)
Chief Executive


(Mr. Muhammad Saeed Zafar)
Chief Financial Officer

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