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**COMPANY INFORMATION**

**BOARD OF DIRECTOR**

Mr. Mohammad Naveed (Chief Executive) Khawaja Mohammad Jawed (Director) Khawaja Mohammad Jahangir (Director) Khawaja Mohammad Tanveer (Director) Khawaja Mohammad Kaleem (Director) Khawaja Mohammad Nadeem (Director)

Mr. Mohammad Hamza Yousaf (Director)

**AUDIT COMMITTEE**

Khawaja Mohammad Jahangir (Chairman) Khawaja Mohammad Kaleem (Member) Khawaja Mohammad Nadeem (Member)

**HR & REMUNERATION COMMITTEE**

Khawaja Mohammad Kaleem (Chairman) Khawaja Mohammad Nadeem (Member) Mr. Mohammad Naveed (Member)

**CORPORATE SECRETARY**

Mr. Muhammad Jahangir Khan BA (LLB), MBA, DTL, ACIS

[jahangir@chakwalgroup.com.pk](mailto:jahangir@chakwalgroup.com.pk)

**CHIEF FINANCIAL OFFICER**

Mr. Muhammad Saeed Zafar M.B.A

**BANKERS**

Habib Metro Bank Limited MCB Bank Limited National Bank of Pakistan

Standard Chartered Bank (Pakistan)Limited

Allied Bank of Pakistan Meezan Bank Limited Askari Bank Limited

**AUDITOR**

Aslam Malik & Co. Chartered Accountants Suite # 18-19,Ist Floor,

Central Plaza, Civic Centre,

New Garden Town, Lahore. Pakistan

**CORPORATE & REGISTERED OFFICE**

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

Tel : (042) 35717510

Fax : (042) 35755760

**SHARE REGISTRARS**

Corp link (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

**NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 41st Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Thursday, October 31, 2013 at 11:00 a.m. at 7/1 - E-3, Main Boulevard Gulberg III, Lahore to deal with the following matters :-

**ORDINARY BUSINESS:**

1. To confirm the minutes of Annual General Meeting held on October 31, 2012.

2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the reports of directors and auditors thereon.

3. To consider and, if thought fit, approve final cash dividend of 30% ( Rs. 1.50 per ordinary share of Rs. 5/ each) held by the existing shareholders as recommended by the board of directors. This is in addition to the interim cash dividend of 10% ( Rs.0.50 per ordinary share of Rs. 5/- each) already paid to the shareholders during the year.

4. To reappoint auditors for the year ending June 30, 2014 and to fix their remuneration.

5. To transact any other business with the permission of the chair.

**BY ORDER OF THE BOARD**

Lahore: **MUHAMMAD JAHANGIR KHAN**

October 09, 2013 Company Secretary/General Manager (Legal)

**NOTES:**

1. The share transfer books of the Company will remain closed from October 24, 2013 to October 31, 2013 (both days inclusive).

2. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.

3. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend this meeting shall produce his/her original CNIC or passport to prove the identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.

4. Shareholders are requested to immediately notify the change in their address, if any, and also send copy of CNIC for filing annual return of company to our share registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-35839182.

**DIRECTORS’ REPORT TO THE SHAREHOLDERS**

The directors are pleased to present before you the results of the Company for the year ended 30 June 2013.

**Performance of Company**

Your Company has earned after tax profit of Rs. 265.524 million as compared to after tax profit of Rs. 106.403 million for the corresponding last year. The upward trend in profitability is attributed to the stable cotton prices, better yarn prices in export market and lower power outages as compared to the corresponding last year. Also, this year we reaped the benefits of production from machinery imported under “Supplier's credit”. This machinery not only resulted in better production but also better revenue and contribution margins.

Sales have increased from Rs. 5,628 million in 2012 to Rs. 6,230 million in the current year (an increase of 10.70%). Similarly, gross profit has registered 3.76% increase as compared to the corresponding last year (i.e. from 10.02% in 2012 to 13.78% in 2013). Keeping with this trend, net profit has improved from 1.89% in 2012 to 4.26% in 2013 (an increase of 2.37%).

We focused our attention to the export market during the year. As a result, our exports increased from Rs. 1,498 million in 2012 to

Rs. 2,604 million in 2013 (i.e. an impressive increase of 74%).

**Earnings Per Share (EPS)**

The Basic earnings per share (EPS) of the Company for the year 2013 remained at Rs. 2.04 (2012: Rs. 0.82). There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment.

**Future Outlook**

Pakistan's spinning sector is facing number of challenges at the moment. Electricity and gas load shedding is one of them. This crisis appears to have no end in sight. With winter just approaching, we are awaiting new gas load shedding schedule by SNGPL (currently, we are already facing at least fourteen hours gas shut down per day). Also, we are facing at least four hours electricity shut down per day. There are reports in national newspapers that CNG sector in Punjab would face closure for three months. How this closure would translate in better gas supply to captive power plants in Punjab still remains to be seen. NEPRA has increased electricity rates tremendously recently (i.e. peak hour rate from Rs. 12.68 per KWH to Rs. 18.00 per KWH and off-peak hour rate from Rs. 7.75 per KWH to Rs. 12.21 per KWH). These rates are exclusive of other levies such as Neelum Jehlum surcharge, maximum demand indicator (MDI) charges, ED installment etc reflected in monthly electricity bill. However, apparently, no steps are being taken to increase electricity supply. Industry cannot perform without energy and without industry progress unemployment cannot be reduced. Government will to support industry on this critical front is missing. Government prefers household supply to industrial one and this is major flaw in policy for prudent distribution of scarce resources. These days export market is vibrant. We are receiving orders from export market on regular basis. With foreign buyers in the market, we have the leverage to sell bulk quantities to them. Local market is alive. However, we have to extend credit to local customers which affect our liquidity.

Another main factor for industry growth is mark up rate cut. We are of the opinion that if we want to progress on industrial front, State Bank of Pakistan (SBP) would have to reduce mark up rates. However, SBP has increased mark up rate by 50 basis points in last monetary policy. Lower interest rates are pre-requisite for industry progression as in this competitive industrial world, we are living in one of the highest interest regime areas. Our finance managers think that lower mark up rates would result in higher inflation. We dispute their claim. Our past history is a proof of this.

The management of your Company continues to make best efforts, through strategy of expanding and diversifying product range and targeting new and growing markets. Recently, we have signed another contract for import of machinery from Germany. This machinery would be installed in our Unit-1. With this up-gradation our Unit-1 would also be able to export quality yarn products at premium (currently, our Unit-1 is catering to local market demand of yarn being manufactured from man made fiber). The machinery is expected to reach Pakistan by the end of January 2014. Commercial production from this BMR is expected to take another three months.

**Salient Aspects of Company's Control and Reporting System.**

The Company Complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. To fulfill this role, the Board is responsible to implement overall corporate governance in the company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information System. It is also responsible for approving and monitoring financial and other reporting. The Board has delegated responsibility for operation and administration of the company to the Chief Executive/ Managing Director. Responsibilities are delineated by formal authority delegations.

The Board has constituted the following committees which work under the guidance of Board of Directors - a) Audit Committee b) Human Resource Committee

**Independent Director.** This shall take effect (in next year) when the board is reconstituted on the expiry of its current terms after coming into force of the CCG.

**Attendance of Meetings.** During the year under review, attendance by each director is given below -

**a) Board of Directors**

Name of Directors No of Board Meetings

held attended

1. Khawaja Mohammad Javed 4 4

2. Khawaja Mohammad Jahangir 4 3

3. Khawaja Mohammad Tanveer 4 4

4. Khawaja Mohammad Kaleem 4 3

5. Khawaja Mohammad Nadeem 4 4

6. Mr. Mohammad Naveed 4 4

7. Mr. Mohammad Hamza Yousaf 4 4

**b) Audit Committee**

1. Khawaja Mohammad Jahangir 5 5

2. Khawaja Mohammad Kaleem 5 5

3. Khawaja Mohammad Nadeem 5 5

**c) HR & REMUNERATION COMMITTEE**

1. Khawaja Mohammad Kaleem 5 5

2. Khawaja Mohammad Nadeem 5 5

3. Mr. Mohammad Naveed 5 5

All meetings of the Board met minimum quorum prescribed by the Code of Corporate Governance and also attended by the Chief Financial Officer and the Company Secretary, However the Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.

**Pattern of Share-Holding**

The pattern of shareholding as on 30-06-2013 and its disclosure as per requirement of Code of Corporate Governance is annexed with this report;

**Auditors**

The present auditors Messrs. Aslam Malik & Co., Chartered Accountants will stand retired at the conclusion of the 41st Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee as external Auditors till conclusion of 42nd Annual General Meeting on existing terms and conditions.

**Dividend**

The Directors are pleased to recommend a final cash dividend of Rs. 1.5 per share. This is in addition to an interim cash dividend of Re. 0.5 per share already approved by the Board of Directors and paid to the shareholders. The total dividend to be approved by the shareholders at the Annual General Meeting on 31st October 2013 will be Rs. 2.0 per share i.e. 40% for the year ended 30th June

2013. However, Directors of the Company have decided to forego their right to receive dividend.

**Acknowledgement**

The directors express their deep appreciation to valued shareholders, customers, suppliers and financial institutions / Governmental departments for their cooperation and Company's employees for their hard work and commitment which enabled the company to achieve good operational results.

The Board is of the opinion that with sustained efforts and ALLAH,s blessing, the company will remain on its way to success.

For and on behalf of the Board

Lahore **Mr. Mohammad Naveed**

October 09, 2013 Chief Executive Officer

**STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No.

35 of listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.(CCG)

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages the representation of independent non-executive directors on its Board of Directors.

The provisions of CCG regarding independent director shall take effect ( next year) when the board is reconstituted on the expiry of its current term after coming into force of the CCG. At present the Board includes -

|  |  |  |
| --- | --- | --- |
| **Category**  **Executive Directors** | 1. | **Names**  Khawaja Mohammad Javed |
|  | 2. | Mr. Mohammad Naveed |
| **Non Executive Directors** | 1. | Khawaja Mohammad Jahangir |
|  | 2. | Khawaja Mohammad Tanveer |
|  | 3. | Khawaja Mohammad Kaleem |
|  | 4. | Khawaja Mohammad Nadeem |
|  | 5. | Mr. Mohammad Hamza Yousaf |

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.(excluding the listed subsidiaries of listed holding companies wherever applicable)

3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4. No casual vacancy occurred in the Board during the year.

5. 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.

6. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other working director(s) have been taken by the board/shareholders.

8. The meetings of the Board were presided over by the Chief Executive or in his absence other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9. The Directors at Kohinoor Spinning Mills Board are fully conversant with their duties and responsibilities as Director of corporate bodies. The Chief Executive recommends that the members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.

10. The Board has already approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, their remuneration and terms & conditions of employment.

11. The director's report for this has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.

13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.

14. The company has complied with all the corporate and financial reporting requirements of the CCG.

15. The Board has formed an Audit Committee, It comprises of three members, of whom all are non executive directors and the chairman of the committee is a Non Executive director.

16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.

17. The board has formed an HR and Remuneration committee; It comprises of three members, including the CEO and the non executive directors while the chairman of the committee is a non executive director.

18. The Board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.

20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21. The “closed period” prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).

22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.

24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore **Mr. Mohammad Naveed**

October 09, 2013 Chief Executive

**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices (“the Company”) contained in the Code of Corporate Governance prepared by the Board of Directors of **Kohinoor Spinning Mills Limited**, (“the Company”) to comply with the Listing Regulation of Karachi Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of 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's 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.

Further, sub- regulation (Xiii) of listing regulations 35 notified by The Karachi Stock Exchange Limited vide circular KSE/N-269 dated January 19,2009 requires the Company to place before the Boards of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related parties transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2013.

Lahore **Aslam Malik & Co.**

October 09, 2013 Chartered Accountants

Audit Engagement Partner:

**Mohammad Aslam Malik**

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **KOHINOOR SPINNING MILLS LIMITED** (“the Company”) as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit include examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

(a) in our opinion, proper book of accounts have been kept by the company as required by the Companies Ordinance,

1984.

(b) in our opinion

(i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.

(ii) the expenditure incurred during the year was for the purpose of the company's business; and

(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended, and

(d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore **ASLAM MALIK & CO.**

October 09, 2013 Chartered Accountants

Audit Engagement Partner: Mohammad Aslam Malik

**BALANCE SHEET**

**Notes**

|  |
| --- |
| **2013 (Rupees)**  **650,000,000** |
| **650,000,000**  **395,401,268** |
| **1,045,401,268**  **397,000,000** |
| **7,142,852**  **27,885,024**  **73,897,607**  **65,202,009** |
| **174,127,492** |
| **410,536,348**  **47,972,996**  **1,503,481,637**  **135,920,068**  **4,696,724** |
| **2,102,607,773**  - |
| **3,719,136,533** |

2012

(Rupees)

|  |  |  |
| --- | --- | --- |
| **CAPITAL AND LIABILITIES**  **SHARE CAPITAL AND RESERVES** |  | |
| **Authorised Capital** |
| 130,000,000 (2012 - 130,000,000) ordinary shares of Rupees 5/- each (2012 Rupees 5/- each) |  | 650,000,000 |
| Issued, subscribed and paid up capital |  |  |
| 130,000,000 (2012 - 130,000,000) ordinary shares |  |  |
| of Rupees 5/- each (2012 Rupees 5/- each) | 3 | 650,000,000 |
| Accumulated Profit | 4 | 130,639,714 |
|  |  | 780,639,714 |
| Sub-ordinated loan from directors | 5 | 397,000,000 |
| **NON-CURRENT LIABILITIES** |  |  |
| Long term loan | 6 | 57,142,852 |
| Liabilities against assets subject to | 7 | 21,135,672 |
| finance lease |  |  |
| Supplier's credit | 8 | 138,855,120 |
| Deferred liabilities | 9 | 61,913,471 |
|  |  | 279,047,115 |
| **CURRENT LIABILITIES** |  |  |
| Trade and other payables | 10 | 226,764,714 |
| Accrued Interest on loans and borrowings | 11 | 46,227,892 |
| Short-term borrowings | 12 | 1,104,340,002 |
| Current portion of non current liabilities | 13 | 121,843,886 |
| Provision for taxation | 32 | 3,563,648 |
|  |  | 1,502,740,142 |
| **CONTINGENCIES AND COMMITMENTS** | 14 | - |
|  |  | 2,959,426,971 |

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

Lahore

October 09, 2013

(**Mr. Mohammad Naveed)**

Chief Executive

**AS AT JUNE 30, 2013**

|  |
| --- |
| **2013 (Rupees)**  **1,566,318,684** |
| **14,129,464**  **10,561,342**  **1,081,079** |
| **25,771,885** |
| **96,834,992**  **1,581,737,100**  **321,608,182**  **55,202,829**  **62,078,097**  **9,584,765** |
| **2,127,045,965** |
| **3,719,136,533** |

|  |  |  |
| --- | --- | --- |
|  | **Notes** | 2012 (Rupees) |
| **ASSETS** |  |  |
| **NON CURRENT ASSETS** |  |  |
| Property, plant and equipment | 15 | 1,538,351,388 |
| Long term loans | 16 | 6,964,494 |
| Long term deposits | 17 | 10,561,342 |
| Long term investment | 18 | 795,009 |
|  |  | 18,320,845 |
| **CURRENT ASSETS** |  |  |
| Stores and spares | 19 | 51,646,753 |
| Stock-in-trade | 20 | 1,105,978,071 |
| Trade debts | 21 | 147,622,898 |
| Loans and advances | 22 | 49,972,399 |
| Trade deposits and other receivable | 23 | 41,104,835 |
| Cash and bank balances | 24 | 6,429,782 |
|  |  | 1,402,754,738 |

2,959,426,971

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

(**Khawaja Mohammad Jahangir)**

Director

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED JUNE 30, 2013**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Notes |  | 2012 (Rupees) |
| Sales - net | 25 |  | 5,627,854,703 |
| Cost of sales | 26 |  | (5,064,140,290) |
| **GROSS PROFIT** |  |  | 563,714,413 |
| **OPERATING EXPENSES** |  |  |  |
| Distribution Cost | 27 |  | (88,668,159) |
| Administrative | 28 |  | (91,811,304) |
|  |  |  | (180,479,463) |
| **OPERATING PROFIT** |  |  | 383,234,950 |
| Finance cost | 29 |  | (227,552,849) |
| Other operating expenses | 30 |  | (8,906,780) |
| Other operating income | 31 |  | 9,153,498 |
|  |  |  | (227,306,131) |
| **PROFIT BEFORE TAXATION** |  |  | 155,928,819 |
| TAXATION | 32 |  | (49,525,355) |
| **PROFIT AFTER TAXATION** |  |  | 106,403,464 |

**EARNINGS PER SHARE - BASIC & DILUTED** 33

|  |
| --- |
| **2013 (Rupees)**  **6,230,120,498 (5,371,749,035)** |
| **858,371,463** |
| **(135,385,672)**  **(149,249,715)** |
| **(284,635,387)** |
| **573,736,076** |
| **(238,489,249) (28,422,803)**  **2,870,017** |
| **(264,042,035)** |
| **309,694,041**  **(44,170,086)** |
| **265,523,955** |
| **2.04** |

0.82

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

Lahore

October 09, 2013

(**Mr. Mohammad Naveed)**

Chief Executive

(**Khawaja Mohammad Jahangir)**

Director

**STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2013**

**2013**

**(Rupees)**

2012

(Rupees)

Profit after taxation

**Other comprehensive income**

Items that may be reclassified subsequently to profit and loss Unrealized gain due to change in fair value of long term investments. Items that will not reclassified to profit or loss

Total comprehensive Income for the year

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

**265,523,955**

**286,070**

**-**

**265,810,025**

106,403,464

362,577

-

106,766,041

Lahore

October 09, 2013

(**Mr. Mohammad Naveed)**

Chief Executive

(**Khawaja Mohammad Jahangir)**

Director

**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2013**

|  |  |  |  |
| --- | --- | --- | --- |
|  | **Share**  **Capital** | **Accumulated**  **Profit** | **Total** |
| **Rs.** | **Rs.** | **Rs.** |
| **Balance as on July 01, 2011** | 650,000,000 | 23,873,673 | 673,873,673 |
| Profit for the year after taxation | - | 106,403,464 | 106,403,464 |
| Unrealized gain due to change in fair | **-** | 362,577 | 362,577 |
| value of long term investment |  |  |  |
| **Balance as on June 30, 2012** | 650,000,000 | 130,639,714 | 780,639,714 |
| Interim dividend for year 2013 |  | **(1,048,471)** | **(1,048,471)** |
| Profit for the year after taxation |  | **265,523,955** | **265,523,955** |
| Unrealized gain due to change in fair value of long term investment |  | **286,070** | **286,070** |
| **Balance as on June 30, 2013** | **650,000,000** | **395,401,268** | **1,045,401,268** |
| The annexed notes form an integral part of these financial statements. |  |  |  |

Lahore

October 09, 2013

(**Mr. Mohammad Naveed)**

Chief Executive

(**Khawaja Mohammad Jahangir)**

Director

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED JUNE 30, 2013**

|  |  |  |
| --- | --- | --- |
|  | **Note** | **2012**  **(Rupees)** |
| **CASH GENERATED FROM OPERATIONS** |  |  |
| Cash generated from operations | 34 | 287,791,513 |
| Finance cost paid |  | (238,508,807) |
| Income tax paid |  | (25,436,806) |
| Gratuity paid |  | (14,341,742) |
| **Net cash generated from (used in) operating activities** |  | 9,504,158 |
| **CASH FLOW FROM INVESTING ACTIVITIES** |  |  |
| Fixed capital expenditure |  | (363,104,765) |
| Long term deposits |  | (20,000) |
| Long term advances  Proceeds from disposal of property, plant and equipment  Dividend received |  | (1,677,896)  -  95,800 |
| Profit received on bank accounts |  | 2,820,500 |
| **Net cash (used in) investing activities** |  | (361,886,360) |
| **CASH FLOW FROM FINANCING ACTIVITIES** |  |  |
| Increase/(decrease) of long term financing |  | 117,200,712 |
| Increase in finance lease liabilities |  | 28,941,598 |
| Increase in short term borrowings  (Decrease) in supplier's credit |  | 205,683,109  - |
| **Net cash generated from financing activities** |  | 351,825,419 |

**NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR**

|  |
| --- |
| **2013 (Rupees)**  **120,977,695 (236,744,145) (43,037,009) (20,091,325)** |
| **(178,894,784)** |
| **(120,674,097)**  **- (6,984,970)**  **4,699,178**  **-**  **-** |
| **(122,959,888)** |
| **(50,000,000)**  **16,355,268**  **399,141,635 (60,487,247)** |
| **305,009,656** |
| **3,154,983**  **6,429,782** |
| **9,584,765** |

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

(556,783)

6,986,564

6,429,782

Lahore

October 09, 2013

(**Mr. Mohammad Naveed)**

Chief Executive

(**Khawaja Mohammad Jahangir)**

Director

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013**

**1. THE COMPANY AND ITS OPERATIONS**

**1.1** Kohinoor Spinning Mills Limited-and reduced was incorporated on 23rd July, 1970 as a public limited company in Pakistan under the Companies Act, 1913 (Now Companies Ordinance, 1984) and is quoted on Karachi stock exchange. Its registered office is situated at 7/1 E-3 Main Boulevard Gulberg III, Lahore. The company is engaged in the business of textile spinning.

**2. SIGNIFICANT ACCOUNTING POLICIES**

**2.1 STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with approved International Accounting Standards as applicable in Pakistan. Approved International Accounting Standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of, or directives issued under Companies Ordinance, 1984 shall prevail.

**2.2 BASIS OF PREPARATION**

These accounts have been prepared under the historical cost convention except retirement benefits which have been recognized at present value determined by actuary.

**2.3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES**

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

**Staff retirement benefits**

Certain actuarial assumption has been adopted as disclosed in note 9.1 the financial statements for valuation of present value of defined benefit obligations.

**Property, plant and equipment**

The Company has made certain estimations with respect to residual value and depreciable lives of property, plant and equipment. The Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

**Income Taxes**

In making the estimates for income taxes payable by the Company, the management considers current Income Tax law and the decisions of appellate authorities on certain cases issued in past.

**2.4 NEW ACCOUNTING STANDARDS / AMENDMENTS AND IFRS INTERPRETATIONS THAT ARE EFFECTIVE FOR THE YEAR ENDED JUNE 30, 2013**

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretation and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Amendments to IAS 1 - Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income

Effective from accounting period beginning on or after July 01, 2012

**2.5 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE**

The following Standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

|  |  |
| --- | --- |
| Amendments to IAS 1 - Presentation of Financial Statements - Clarification of Requirements for Comparative information | Effective from accounting period beginning on or after January 01, 2013 |
| Amendments to IAS 16 - Property, Plant & Equipment - Classification of servicing equipment | Effective from accounting period beginning on or after January 01, 2013 |
| Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction | Effective from accounting period beginning on or after January 01, 2013 |
| Amendments to IAS 32 Financial Instruments Presentation - Offsetting financial assets and financial liabilities | Effective from accounting period beginning on or after January 01, 2014 |
| Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities | Effective from accounting period beginning on or after January 01, 2013 |
| Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities | Effective from accounting period beginning on or after January 01, 2013 |
| IFRIC 20 - Stripping Costs in the Production  Phase of a Surface Mine | Effective from accounting period beginning on or after January 01, 2013 |

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

|  |  |  |
| --- | --- | --- |
| IFRS 1 | - | First Time Adoption of International Financial Reporting Standards |
| IFRS 9 | - | Financial Instruments |
| IFRS 10 | - | Consolidated Financial Statements |
| IFRS 11 | - | Joint Arrangements |
| IFRS 12 | - | Disclosure of Interests in Other Entities |
| IFRS 13 | - | Fair Value Measurement |
| IAS 27 (Revised 2011) | - | Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11 |
| IAS 28 (Revised 2011) | - | Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS |

The potential impact of standards, amendments and interpretations not yet effective on the financial statements on the Company is as follows:

The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1,

2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income.

**2.6 TAXATION Current**

The Charge for current taxation is based on taxable income at current tax rates after taking into account all tax credits and rebates available, if any. In case of loss minimum tax liability is provided in these accounts based on liability worked out under section 113, under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever applicable.

**Deferred**

Deferred tax is provided in full using the liability method on all temporary differences arising at the balance sheet date, between the tax bases of the assets and liabilities and their carrying amounts.

Deferred tax assets are recognized for all deductible temporary differences, unused tax losses and unused tax credits, if any to the extent that it is probable that future taxable profit will be available against which the temporary differences, tax losses and unused tax credits can be utilized.

The carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is probable that sufficient taxable profits will not be available to allow all or part of the deferred tax assets to be utilized.

The tax rates enacted at the balance sheet date are used to determine deferred income tax.

**2.7 PROPERTY, PLANT AND EQUIPMENT Owned assets**

Property, plant and equipment are stated at cost less accumulated depreciation except freehold land and capital work-in-progress which are stated at cost. Cost of tangible operating assets consists of historical cost, borrowing cost pertaining to the erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on property, plant and equipment except free hold land is charged to income applying the reducing balance method as to write off the cost of property, plant and equipment including the related exchange differences over their expected useful life at the rates given in Note 15.

Depreciation on additions is charged from the month in which the assets become available for use, while on disposal depreciation is charged up to the month of disposal.

Gains or losses on disposal of property plant and equipment are charged to income during the period in which they are incurred.

**2.8 STORES AND SPARES**

These are valued at cost, applying moving average method except for stock-in-transit which are valued at cost.

**2.9 INVESTMENTS**

Investments are initially recognised on trade date at cost, comprising of fair value of consideration paid and transaction costs. Its classification is made on the basis of intended purpose for holding such investments, which is determined at the time of purchase and re-valuation is made of such designation on regular basis and presented in the balance sheet on the following basis.

**Held-to-maturity**

These are stated at amortized cost less impairment loss, if any, recognized to reflect irrecoverable amounts. Impairment losses are charged to income statement for the year.

**Held for trading**

These are recognized at fair value and changes in the carrying values are included in the income statement for the year.

**Available for sale**

These are stated at fair value and changes in carrying values are recognized through the statement of changes in equity until the investment is sold, collected, disposed off or determined to be impaired at which time the cumulative gain or loss previously recognized in equity is included in income statement for the year.

Fair value of investment in shares of listed companies is determined on the basis of closing quotations of the stock exchanges at the balance sheet date. while for un-quoted securities, fair value is determined considering breakup value of the securities.

**2.10 STOCK-IN-TRADE**

These are valued at the lower of average cost and net realizable value, except waste stock which is valued at the net realizable value. Average cost signifies, in relation to raw material annual average cost, for work-in-process and finished goods average manufacturing cost including a proportion of related overheads. Net realizable value signifies the prevailing market prices in the ordinary course of business less selling expenses incidental to sales. Stocks of raw material in transit are valued at cost.

**2.11 TRADE DEBTS**

Trade debts are carried at original invoice less an estimate made for doubtful debts based on a review of all outstanding amounts at the year end. Bad debts are written off when identified.

**2.12 STAFF RETIREMENT BENEFITS**

The company operates an unfunded and unapproved gratuity scheme for its employees, which is a defined benefit plan based upon the last salary drawn by an employee. Present value of defined benefit obligation is calculated on the basis of actuarial valuation at the end of the year. The valuation in these accounts is worked out on the Projected Unit Credit Actuarial Cost method.

Actuarial gains/(losses) in excess of 10 percent of the present value of defined benefit obligation are recognized over the expected average future working lives of the employees participating in the scheme. Past service cost is recognized immediately to the extent the benefits already vested.

The amount recognized in the balance sheet represents the present value of the defined benefit obligation adjusted for unrecognized actuarial gains and losses and unrecognized past service cost.

**2.13 FOREIGN CURRENCY TRANSACTIONS**

Transactions in foreign currencies are accounted for in Pak Rupees at the exchange rates prevailing on the date of transactions. Assets and liabilities in foreign currencies are translated into Pak rupees at the exchange rates prevailing on the balance sheet date except where forward exchange rates are booked, which are translated at the contracted rates.

**2.14 REVENUE RECOGNITION**

Sales are recognized on dispatch of goods to the customers. Dividend income on equity investments is recognized as income when the right of receipt is established. Profit on short-term deposits is accounted for on time-apportioned basis on the principal outstanding by using the rate applicable.

**2.15 IMPAIRMENT OF ASSETS**

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets, if any, may have been impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

**2.16 FINANCIAL ASSETS AND LIABILITIES**

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument and are de-recognized, in case of financial assets when the Company loses control of the contractual rights through either realization, surrender or expiration and in case of financial liability on extinguishments, discharge, cancellation or expiration of obligation specified in the contract.

Financial assets include investments, cash and bank balance, trade debts, advances, deposits and other receivables. Trade debts are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts, while other financial assets are stated at cost. Any gain or loss on the recognition and derecognition of the financial assets is included in the net profit and loss for the period in which it arises.

Financial liabilities are classified according to the substance of the contractual arrangement entered into. Significant financial liabilities include creditors, accrued and other liabilities and unclaimed creditors, accrued and other liabilities and unclaimed dividend are stated at their nominal value. financial charges are accounted for on accrual basis. Any gain or loss on the recognition and derecognition of the financial liability is included in the net profit and loss for the period in which it arises.

**2.17 TRADE AND OTHERS PAYABLES**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

**2.18 PROVISIONS**

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

**2.19 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash and bank balances.

**2.20 BORROWING COST**

Borrowing costs are charged to income as and when incurred except to the extent costs directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of asset.

**2.21 OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet if the company has legally enforceable right to set-off the recognised amounts and intents either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.22 TRANSACTIONS WITH RELATED PARTIES AND TRANSFER PRICING**

Transactions with related parties are accounted for using arm's length price in ordinary course of business in accordance with uncontrolled price method.

**2.23 DIVIDEND**

The dividend distribution to the shareholders is recognized as a liability in the period in which it is approved by the shareholders.

**3 SHARE CAPITAL**

**Issued, subscribed and paid up**

127,725,000 (2012:127,725,000) ordinary shares of Rupees 5/- each (2012 : Rupees 5/- each) fully paid in cash

2,275,000 (2012:2,275,000) ordinary shares of of Rupees 5/- each (2012 : Rupees 5/- each) issued as fully paid bonus shares.

**2013 (Rupees)**

**638,625,000**

**11,375,000**

**650,000,000**

2012 (Rupees)

638,625,000

11,375,000

650,000,000

**2012**

**(Rupees)**

|  |
| --- |
| **2013 (Rupees)**  **396,368,659 (1,048,471)**  **81,080** |
| **395,401,268** |
| **397,000,000** |
| **397,000,000** |
| **50,000,000 (42,857,148)** |
| **7,142,852** |

**4 ACCUMULATED PROFIT**

Accumulated profit

Interim Cash Dividend 2012-2013

Unrealized gain/(loss) on long term investments

**5 Related parties - Unsecured**

Loans from directors 5.1

130,844,704

- (204,990)

130,639,714

397,000,000

397,000,000

**5.1**

This loan is un-secured and free of interest.

**6 LONG TERM LOAN**

**Banking Company - Secured**

Demand finance 6.1

Less : Current portion 13

100,000,000 (42,857,148)

57,142,852

**6.1** This loan is secured against specific charge of fixed assets. It carries mark up based on three months KIBOR plus

2%. The loan is repayable in 42 equal monthly installments of Rs.3.571 million each commencing from February,

2011 and ending on August 2014.

**7 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE**

**2013**

**2012**

Rupees

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Minimun lease**  **Payments** | **Present value** | **Minimun lease**  **Payments** | **Present value** |
| Within one year | **24,855,900** | **19,167,348** | 14,125,014 | 9,561,432 |
| After one year but not not more than five year | **31,147,121** | **27,885,024** | 24,755,295 | 21,135,672 |
| Total minmum lease payments | **56,003,021** | **47,052,372** | 38,880,309 | 30,697,104 |
| Amount represeting finance charges | **(8,950,649)** | **-** | (8,183,205) | **-** |
| Present value of minmum lease payments | **47,052,372** | **47,052,372** | 30,697,104 | 30,697,104 |
| Less: Current portion | **(19,167,348)** | **(19,167,348)** | (9,561,432) | (9,561,432) |
|  | **27,885,024** | **27,885,024** | 21,135,672 | 21,135,672 |

**7.1** The aggregate total lease rentals due under the lease agreements amounting to Rupees 59,538,265 (2012 - Rupees

32,760,065) are repayable in equal monthly installments under the lease agreement latest by June, 2016. Taxes, repairs, replacement and insurance costs are to be borne by the lessee. A discount rate ranging from 3 month KIBOR plus 5.25%.to 5.50% is applicable to above financing.

**2013**

**2012**

**8 SUPPLIER'S CREDIT-UNSECRUED**

**Note**

**(Rupees) (Rupees)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Loan from machinery supplier | 8.1 | **147,793,179** |  | 208,280,426 |
| Less : Current portion | 13 | **(73,895,572)** |  | (69,425,306) |
|  |  | **73,897,607** |  | 138,855,120 |

8.1 This loan is unsecured and interest free. This loan is repayable in 6 equal half year installemts of Rs.36.948 million (Euro 287,356.4) each commencing from August 2012 and ending on February, 2014 with 15% payment at the time of presentation of shipping documents of machinery.

**9 DEFERRED LIABILITIES**

Gratuity 9.1

**65,202,009**

**65,202,009**

61,913,471

61,913,471

Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions is used for valuation of this scheme. The latest actuarial valuation was carried out by M/S Nauman Associates as on June 30,

2013.

**9.1 Staff Gratuity-Defined Benefit Plan**

The amounts recognized in financial statements are determined as follows :-

**9.1.1 Reconciliation of amount recognised in the balance sheet**

|  |
| --- |
| **83,089,880 (17,887,871)** |
| **65,202,009** |
| **15,145,442**  **8,234,421** |
| **23,379,863** |
| **61,913,471**  **23,379,863 (20,091,325)** |
| **65,202,009** |
| **17,203,004**  **6,176,859** |
| **23,379,863** |
| **10.5%**  **9.5%**  **6 years** |

Present value of defined benefit obligation

Plus Actuarial gains/less to be recognized in later periods

**9.1.2 The amounts recognized in the profit and loss account are as follows**

Current service cost

Interest cost

63,341,700

(1,428,229)

61,913,471

18,971,341

7,662,567

26,633,908

**9.1.3 Movement in liability recognized in the balance sheet**

At the beginning of the year

Amount recognized during the year - as shown above

Benefit payments

**9.1.4 Allocation of charge for the year**

Cost of sales 26

Administrative expenses 28

**9.1.5 The principal actuarial assumptions used were as follows**

Discount rate

Expected rate of increase in salary

Average expected remaining working life of employees

49,621,303

26,633,908

(14,341,740)

61,913,471

20,578,036

6,055,872

26,633,908

13%

12%

6 years

**10 TRADE AND OTHER PAYABLES**

**Note**

**2013 (Rupees)**

**2012 (Rupees)**

**Secured**

Creditors 10.1

**Un-secured**

Creditors 10.2

Accrued expenses

Un-claimed dividend

Workers' profit participation fund 10.3

Other liabilities

**41,816,391**

**185,816,289**

**82,398,317**

**1,194,191**

**99,209,035**

**102,125**

**410,536,348**

45,324,358

31,243,358

73,761,610

961,129

75,372,135

102,125

226,764,715

**10.1** These are secured against letter of credits issued by the bankers of the company.

**10.2** These include Rs. 0.519 million (2012 Rs. - 0.278 million) payable to Chakwal Textile Mills Limited (an assiciated undertaking).

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **10.3** | **Workers' profit participation fund** |  | | | |
|  | Opening balance |  | **75,372,135** |  | 61,059,414 |
|  | For the year |  | **16,299,686** |  | 8,206,780 |
|  | Interest recognized during the year | 10.3.1 | **7,537,214** |  | 6,105,941 |
|  |  |  | **23,836,900** |  | 14,312,721 |
|  |  |  | **99,209,035** |  | 75,372,135 |

**10.3.1**

The company retains workers' profit participation fund for its business operations. Interest is allocated

@ 10% (2012 - 10%) on funds utilized by the company.

**11 ACCRUED INTEREST ON LOANS AND BORROWINGS**

Accrued interest / mark up on:

|  |  |
| --- | --- |
| Long term loans (Secured) | 4,161,356 |
| Short term finances (Secured) | 42,066,536 |
|  | 46,227,892 |

**12 SHORT-TERM BORROWINGS**

**Banking companies - Secured**

Running / export finance 12.1

**Related parties - unsecured**

1,103,930,721

Loan from directors 12.2 409,281

|  |
| --- |
| **1,782,976**  **46,190,020** |
| **47,972,996** |
| **1,498,847,142**  **4,634,495** |
| **1,503,481,637** |

1,104,340,002

**12.1** This represents short-term finances utilized under mark-up arrangements against aggregate limit of Rupees 1,522 million (2012 - Rupees 1,221 million). These arrangements are normally for a period of twelve months and are renewable. These facilities are secured against pledge of raw material stock and hypothecation of stock-in trade, foreign bills drawn against letters of credit and personal guarantee of all directors. The mark-up on the above facilities ranges from three months KIBOR plus 2% to 3%.

**12.2**

This represent interest free loan obtained from directors for working capital requirements of the company.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Note** | **2013 (Rupees)** |  | **2012 (Rupees)** |
| **13** | **CURRENT PORTION OF NON CURRENT LIABILITIES** |  |  |  |  |
|  | Long term loans | 6 | **42,857,148** |  | 42,857,148 |
|  | Liabilities against assets subject to finance lease | 7 | **19,167,348** |  | 9,561,432 |
|  | Supplier’s credit | 8 | **73,895,572** |  | 69,425,306 |
|  |  |  | **135,920,068** |  | 121,843,886 |
| **14** | **CONTINGENCIES AND COMMITMENTS** |  |  |  |  |

**14.1** No provision has been made for the amount of tax demanded by tax authories of Rs. 5,673 million for various assessment years because the management belives that the outcome of the appeals regarding this demand will be decided in favour of the company.

**14.2** The company has paid an amount of Rs.11.665 million (note 23) as fuel price adjustment (FPA) to Islamabad Electricity Supply Corporation (IESCO). Total amount payable as arrears of FPA is Rs.45.974 million. As per order of Honorable Islamabad High Court, arrears of FPA are payable in six equal monthly installments. The remaining amount was charged as current FPA by IESCO in monthly electricity bill for the month of June 2013. The company has gone into apeal against the payment to IESCO for FPA. The management belives that it has strong ground of appeal and payment/accrual of such charges will not be required.

**14.3 Commitments**

(i) Letter of credit for import of raw material

(ii) Letter of credit for import of Machinary

**2013 (Rupees)**

**5.178 Million**

**14.080 Million**

**2012 (Rupees)**

68.129 Million

9.187 Million

**15. PROPERTY, PLANT AND EQUIPMENT.**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| PARTICULARS | C O S T | | | | R  A T E  % | D E P R E C I A T I O N | | | | WRITTEN DOWN VALUE AS ON  JUNE  30, 2013 |
| AS ON JULY  01, 2012 | ADDITIONS  /(DELETIONS) | TRANSFER/ ADJUSTMENT | AS ON JUNE  30, 2013 | AS ON JULY  01, 2012 | ADJUSTMENTS | FOR THE YEAR | AS ON JUNE  30, 2013 |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| **15.1** | **OWNED** |  | | | | | | | | | |
|  | **FREEHOLD LAND** | **11,675,239** |  |  | **11,675,239** |  | **-** |  | **-** | **-** | **11,675,239** |
|  | **BUILDINGS ON FREE HOLD LAND** | **365,471,216** | **3,987,651** |  | **369,458,867** | **5** | **198,498,234** |  | **8,487,733** | **206,985,967** | **162,472,900** |
|  | **PLANT AND MACHINERY** | **2,339,798,809** | **94,066,320** | **(18,440,000)** | **2,415,425,129** | **5** | **1,084,297,428** | **-** | **64,476,114** | **1,148,773,541** | **1,266,651,588** |
|  | **TUBE WELLS** | **1,545,577** | **-** |  | **1,545,577** | **10** | **1,223,952** |  | **32,165** | **1,256,117** | **289,460** |
|  | **ELECTRIC INSTALLATIONS** | **72,404,800** | **287,082** |  | **72,691,881** | **10** | **33,257,178** |  | **3,929,119** | **37,186,297** | **35,505,584** |
|  | **TOOLS AND EQUIPMENTS** | **4,241,145** | **-** |  | **4,241,144** | **10** | **3,841,203** |  | **40,308** | **3,881,511** | **359,633** |
|  | **TELEPHONE INSTALLATIONS** | **1,017,190** | **-** |  | **1,017,190** | **10** | **821,799** |  | **19,538** | **841,337** | **175,853** |
|  | **OFFICE EQUIPMENTS** | **16,520,248** | **1,699,583** |  | **18,219,831** | **10** | **5,890,071** |  | **1,116,224** | **7,006,295** | **11,213,536** |
|  | **FURNITURE AND FIXTURES** | **9,983,991** | **-** |  | **9,983,991** | **10** | **6,609,750** |  | **338,087** | **6,947,837** | **3,036,154** |
|  | **VEHICLES** | **51,644,821** | **15,233,461** | **1,081,600** | **55,982,882** | **20** | **34,598,997** | **(5,928,523)** | **4,316,940** | **33,516,699** | **22,466,183** |
| **(7,957,200) (4,019,800) 529,285** | | | | | | | | | | | |

**2013 - Rupees**

|  |  |  |
| --- | --- | --- |
| **2,874,303,035 115,274,097 1,081,600 2,960,241,731** |  | **1,369,038,612 (5,928,523) 82,756,228 1,446,395,601 1,513,846,130** |
| **(7,957,200) (22,459,800)** |  | **529,285** |

|  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | **2012 - Rupees** | **2,542,876,735** | **363,104,765** | **(31,678,465)** | **2,874,303,033** |  | **1,297,628,944** | **-** | **71,409,665** | **1,369,038,611** | **1,505,264,423** |
| **15.2** | **LEASED** |  |  |  |  |  |  |  |  |  |  |
|  | **PLANT AND MACHINERY** | **22,480,000** | **-** | **18,440,000** | **40,920,000** | **5** | **749,334** | **-** | **5,090,133** | **5,839,467** | **35,080,533** |
|  | **Vehicles** | **13,243,265** | **5,400,000** | **4,019,800** | **21,581,465** | **20** | **1,886,966** | **(529,285)** | **2,831,763** | **4,189,444** | **17,392,021** |

**- (1,081,600)**

**20 -**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **2013 - Rupees** | **35,723,265 5,400,000 22,459,800 62,501,465** |  | **2,636,300 (529,285) 7,921,896 10,028,911 52,472,554** |
|  | **- (1,081,600)** |  | **-** |
|  | **-** |  | **-** |
| **Total as on** | **2,910,026,300 120,674,097 23,541,400 3,022,743,196** |  | **1,371,674,912 (6,457,808) 90,678,124 1,456,424,512 1,566,318,684** |
|  | **June 30, 2013** | **(7,957,200) (23,541,400)** |  | **-** |

**Total as on**

26

*Limited*

*Mills*

*Spinning*

*Kohinoor*

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**June 30, 2012**

**2,546,921,535 363,104,765 - 2,910,026,298**

**1,298,976,454 -**

**72,698,455 1,371,674,911 1,538,351,388**

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*Limited*

*Mills*

*Spinning*

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**PROPERTY, PLANT AND EQUIPMENT.**

C O S T D E P R E C I A T I O N WRITTEN

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| PARTICULARS AS ON JULY | | | ADDITIONS  /(DELETIONS) | TRANSFER/ ADJUSTMENT | AS ON A AS ON ADJUSTMENTS FOR THE AS ON DOWN VALUE JUNE T JULY YEAR JUNE AS ON | | | | | |
|  | | 01, 2011 |  |  | 30, 2012 | E | 01, 2011 |  | 30, 2012 | JUNE |
|  | |  |  |  |  | % |  |  |  | 30, 2012 |
| **OWNED** | |  |  |  |  |  |  |  |  |  |
| **FREE HOLD LAND** | | **11,675,239** |  |  | **11,675,239** |  | **-** | **-** | **-** | **11,675,239** |
| **OFFICE BUILDING FREE HOLD LAND** | | **3,125,084** | **-** |  | **3,125,084** | **5** | **1,801,316** | **66,182** | **1,867,498** | **1,257,586** |
| **FACTORY BUILDING ON FREE HOLD LAND** | | **286,448,336** | **12,110,141** |  | **298,558,476** | **5** | **150,275,665** | **7,234,878** | **157,510,543** | **141,047,933** |
| **COLONY BUILDING ON FREE HOLD LAND** | | **63,787,656** | **-** |  | **63,787,656** | **5** | **37,821,904** | **1,298,289** | **39,120,193** | **24,667,463** |
| **PLANT AND MACHINERY** | | **2,026,701,427** | **313,097,382** | **-** | **2,339,798,809** | **5** | **1,033,063,587** | **- 51,233,841** | **1,084,297,427** | **1,255,501,382** |
| **TUBE WELLS** | | **1,545,577** | **-** |  | **1,545,577** | **10** | **1,191,592** | **32,360** | **1,223,952** | **321,625** |
| **ELECTRIC INSTALLATION** | | **63,017,742** | **9,387,058** |  | **72,404,799** | **10** | **29,067,062** | **4,190,116** | **33,257,178** | **39,147,621** |
| **TOOLS AND EQUIPMENTS** | | **4,241,145** | **-** |  | **4,241,144** | **10** | **3,796,765** | **44,438** | **3,841,203** | **399,941** |
| **TELEPHONE INSTALLATION** | | **1,017,190** | **-** |  | **1,017,190** | **10** | **800,090** | **21,709** | **821,799** | **195,391** |
| **OFFICE EQUIPMENTS** | | **14,394,355** | **2,125,893** |  | **16,520,248** | **10** | **4,859,333** | **1,030,738** | **5,890,071** | **10,630,177** |
| **FURNITURE AND FIXTURE** | | **9,834,591** | **149,401** |  | **9,983,991** | **10** | **6,239,672** | **370,078** | **6,609,750** | **3,374,241** |
| **VEHICLES** | | **57,088,395** | **26,234,891** | **(31,678,465)** | **51,644,821** | **20** | **28,711,959** | **- 5,887,038** | **34,598,997** | **17,045,824** |
| **- -** | | | | | | | | | | |
| **2012 - Rupees 2,542,876,735** | | | **363,104,765** | **(31,678,465)** | **2,874,303,033** |  | **1,297,628,944** | **- 71,409,665** | **1,369,038,611** | **1,505,264,423** |
| **- -** | | | | | | | | | | |
| **LEASED** | |  |  | |  |  |  |  |  |  |
| **PLANT AND MACHINERY** | | **-** | **- 22,480,000** | | **22,480,000** | **5** | **-** | **- 749,334** | **749,334** | **21,730,666** |
| **Vehicle** | | **4,044,800** | **- 9,198,465** | | **13,243,265** | **20** | **1,347,510** | **- 539,456** | **1,886,966** | **11,356,299** |
| **- 20 - -** | | | | | | | | | | |
| **2012 - Rupees** | **4,044,800 - 31,678,465 35,723,265** | | | | |  | **1,347,510** | **- 1,288,790** | **2,636,300** | **33,086,965** |
|  | **-** | | | | |  |  | **-** |  |  |
|  | **(1,481,600)** | | | | |  |  | **(504,695)** |  |  |
| **Total as on** | **2,546,921,535 363,104,765 - 2,910,026,298** | | | | |  | **1,298,976,454** | **- 72,698,455** | **1,371,674,911** | **1,538,351,388** |
| **June 30, 2012** | **-** | | | | |  |  | **-** |  |  |

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*Limited*

*Mills*

*Spinning*

*Kohinoor*

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**2013**

**15.3 Disposal of property, plant and equipment**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| **Particulars** | **Cost** | **Accumulated depreciation** | **Written down value** | **Sale proceeds** | **Gain** | **Mode of disposal** | **Particulars of purchaser** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Honda City LWH-9955 | 880,500 | 649,682 | 230,818 | 850,000 | 619,182 | Claim Settlement against insurance Claim |
| Suzuki Liana LEB-3875 | 714,600 | 527,271 | 187,329 | 525,000 | 337,671 | Negotiation Mr. Rashid Ashraf Mughal, Lahore. |
| Honda Civic LZ-35 | 1,193,000 | 1,022,871 | 170,129 | 860,000 | 689,871 | Negotiation Mr. Imran Baig, Lahore. |
| Toyota Corolla LEF-08-9288 | 1,619,100 | 1,020,163 | 598,937 | 1,280,000 | 681,063 | Negotiation Mr. Zahid Rashid, Lahore. |
| Toyota Camary LE-06-9755 | 2,950,000 | 2,265,822 | 684,178 | 684,178 | - | Negotiation Mr. Tallat Mahmmod, Lahore. |
| Suzuki Cultus LEC-07-8046 | 600,000 | 442,714 | 157,286 | 500,000 | 342,714 | Negotiation Mr. Hasan Nasir Lahore |
|  | **7,957,200** | **5,928,523** | **2,028,677** | **4,699,178** | **2,670,501** |  |

**15.4 Depreciation/amortization has been apportioned as under : -**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Cost of sales | 26 | **87,846,359** |  | 72,159,001 |
| Administrative expenses | 28 | **2,831,763** |  | 539,456 |
|  |  | **90,678,122** |  | 72,698,457 |

**Note**

**2013 (Rupees)**

**2012 (Rupees)**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **16** | **LONG-TERM LOANS** |  | | | |
|  | Loans to Executives - Considered good | 16.1 | **14,609,464** |  | 7,624,494 |
|  | Less: Current portion | 22 | **(480,000)** |  | (660,000) |
|  |  |  | **14,129,464** |  | 6,964,494 |

**16.1** These represent long term loans made to executives as per policy of the company against house building finance.

These are secured against the employees gratuity balances and are free of interest.

Aggregate maximum balance due at the end of any month during the year

**14,129,464**

6,964,494

**17 LONG-TERM DEPOSITS**

Security deposits

Utilities

**10,411,342**

10,411,342

Others

**150,000**  150,000

**10,561,342**

10,561,342

**18 LONG TERM INVESTMENT Held as available for sale**

**Others - Quoted**

\* KASB Modaraba

166,320 modaraba certificates of Rupees 10 each.

**19 STORES AND SPARES**

Stores

**1,081,079**

**1,081,079**

**80,971,612**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Spares | | **15,863,380** |  | 21,118,892 |
| **96,834,992** |  |  |
| **20** | **STOCK-IN-TRADE** |  |  |  |
|  | Raw material | **1,233,765,610** |  | 858,083,277 |
|  | Work-in-process | **131,924,270** |  | 88,960,264 |
|  | Finished goods | **209,093,017** |  | 154,240,067 |
| Waste | | **6,954,203** |  | 4,694,463 |
|  | 1,105,978,071 |  |

795,009

795,009

30,527,861

51,646,753

**2013**

**2012**

**Note**

|  |  |  |  |
| --- | --- | --- | --- |
| 21.1 | **298,148,421** |  | 142,343,477 |
|  | **321,608,182** |  | 147,622,898 |

**(Rupees) (Rupees)**

**21 TRADE DEBTS - Considered good**

Foreign - Secured

Local - Un-secured

**23,459,761**

5,279,421

**21.1**

This includes balances receivables from the following associated undertakings: -

|  |  |  |  |
| --- | --- | --- | --- |
| Chakwal Spinning Mills Limited | **1,422,363** |  | 1,422,363 |
| Yousaf Weaving Mills Limited | **9,947,107** |  | 5,242,426 |
| Khawaja Mohammad Jawed (Pvt) Ltd | **1,219,000** |  | 2,719,000 |
|  | **12,588,470** |  | 9,383,789 |

**22 LOANS AND ADVANCES**

|  |  |  |  |
| --- | --- | --- | --- |
| Current portion of loans to executives | **480,000** |  | 660,000 |
| **Advances - considered good** |  |  |  |
| Suppliers and contractors | **29,338,436** |  | 29,151,879 |
| Staff - interest free | **23,697,564** |  | 19,824,441 |
| Letters of credit | **1,686,829** |  | 336,079 |
|  | **55,202,829** |  | 49,972,399 |

**23 TRADE DEPOSITS AND OTHER RECEIVABLES**

Deposits

Margin with banks

Other receivables - considered good

Sales tax receivable

IESCO (refer note 14.2)

**24 CASH AND BANK BALANCES**

**27,983,911**

18,079,291

|  |  |  |
| --- | --- | --- |
| **22,428,840** |  | 23,025,544 |
| **11,665,346** |  | - |
| **62,078,097** |  | 41,104,835 |

|  |  |  |  |
| --- | --- | --- | --- |
| Cash in hand | **411,067** |  | 109,136 |
| Cash at banks |  |  |  |
| In current accounts | **8,851,198** |  | 3,457,883 |
| In saving accounts | **322,500** |  | 2,862,763 |
|  | **9,584,765** |  | 6,429,782 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | | **Notes** | **2013 (Rupees)** |  | **2012 (Rupees)** |
| **25** | **SALES - NET** |  |  |  |  |
|  | Local |  | **3,626,223,734** |  | 4,129,630,270 |
|  | Export |  | **2,603,896,764** |  | 1,498,224,433 |
|  |  |  | **6,230,120,498** |  | 5,627,854,703 |
| **26** | **COST OF SALES** |  |  |  |  |
|  | Raw material consumed | 26.1 | **4,175,320,650** |  | 3,931,188,275 |
|  | Salaries, wages and benefits | 26.2 | **434,974,078** |  | 358,249,271 |
|  | Fuel and power |  | **531,973,464** |  | 484,392,358 |
|  | Insurance |  | **20,173,142** |  | 18,121,371 |
|  | Packing material |  | **120,789,757** |  | 99,648,102 |
|  | Repairs and maintenance |  | **4,226,965** |  | 3,567,167 |
|  | Stores and spares consumed |  | **72,253,712** |  | 60,266,834 |
|  | Miscellaneous |  | **24,267,574** |  | 15,552,017 |
|  | Depreciation | 15 | **87,846,359** |  | 72,159,001 |
|  |  |  | **5,471,825,701** |  | 5,043,144,396 |
|  | Work-in-process |  |  |  |  |
|  | Opening |  | **88,960,294** |  | 66,763,577 |
|  | Closing |  | **(131,924,270)** |  | (88,960,264) |
|  | Cost of goods manufactured |  | **5,428,861,725** |  | 5,020,947,709 |
|  | Finished goods and waste |  |  |  |  |
|  | Opening stock |  | **158,934,530** |  | 202,127,111 |
|  | Closing stock |  | **(216,047,220)** |  | (158,934,530) |
|  |  |  | **5,371,749,035** |  | 5,064,140,290 |
|  | **26.1 RAW MATERIAL CONSUMED** |  |  |  |  |
|  | Opening stock |  | **858,083,277** |  | 657,969,284 |
| Purchases | |  | **4,575,442,467** |  | 4,152,425,821 |
|  | |  | **5,433,525,744** |  | 4,810,395,105 |
| Cost of raw material sold | |  | **(24,439,484)** |  | (21,123,553) |
|  | |  | **5,409,086,260** |  | 4,789,271,552 |
| Closing stock | |  | **(1,233,765,610)** |  | (858,083,277) |
|  | |  | **4,175,320,650** |  | 3,931,188,275 |

**26.2**

It includes Rs.17,203,004 (2012 : Rs.20,578,036) in respect of gratuity.

**Notes**

**2013 (Rupees)**

**2012 (Rupees)**

**27 DISTRIBUTION COST**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Local expenses including freight and octroi |  | **29,081,859** |  | 31,874,220 |
| Export expenses including freight |  | **106,303,813** |  | 56,793,939 |
|  |  | **135,385,672** |  | 88,668,159 |
| **28** | **ADMINISTRATIVE** |  |  |  |  |
|  | Salaries, wages and benefits | 28.1 | **55,360,230** |  | 47,169,722 |
|  | Travelling and conveyance |  | **5,255,542** |  | 6,444,123 |
|  | Rent, rates and taxes |  | **1,939,661** |  | 1,823,265 |
|  | Printing and stationery |  | **1,193,652** |  | 909,162 |
|  | Communications |  | **6,697,101** |  | 6,244,255 |
|  | Entertainment |  | **3,931,227** |  | 2,497,843 |
|  | Electricity and gas |  | **5,163,394** |  | 4,851,251 |
|  | Vehicles running |  | **16,857,095** |  | 10,876,956 |
|  | Fee and subscription |  | **4,562,452** |  | 2,096,734 |
|  | Legal and Professional |  | **383,100** |  | 362,850 |
|  | Repairs and maintenance |  | **13,457,538** |  | 3,319,512 |
|  | Guest house expenses |  | **452,576** |  | 521,421 |
|  | Donations | 28.2 | **2,855,725** |  | 46,821 |
|  | Advertisement |  | **52,720** |  | 43,633 |
|  | Miscellaneous |  | **5,592,289** |  | 4,064,300 |
|  | Sales tax paid | 28.3 | **22,663,650** |  | - |
|  | Depreciation | 15 | **2,831,763** |  | 539,456 |
|  |  |  | **149,249,715** |  | 91,811,304 |

**28.1** It includes Rs.6,176,859 (2012 : Rs.6,055,872) in respect of gratuity.

**28.2** None of the directors or their spouses had any interest in any of the donees.

**28.3** This represents payments made by the Company under SRO 179(I)/2013. This SRO was issued by Federal Board of Revenue for Sales Tax Amnesty Scheme. The purpose of this scheme was to facilitate textile sector in clearing past sales tax liabilities. The Company made this payment under protest and in compliance with general consensus of textile sector.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **29** | **FINANCE COST**  Interest / mark-up on: |  | | |
|  | Long term loan | **9,554,489** |  | 20,796,310 |
|  | Finance leases | **5,074,782** |  | 1,152,146 |
|  | Short-term borrowings | **181,895,248** |  | 175,973,625 |
|  | Worker’s profit participation fund | **7,537,214** |  | 6,105,941 |
|  | Inland Letters of credit | **10,603,852** |  | 6,416,750 |
| Bank charges and commission  **23,823,664**  17,108,077 | | | | |
|  | | **238,489,249** |  | 227,552,849 |

**30 OTHER OPERATING EXPENSES**

Auditors' remuneration 30.1

Exchange loss

Worker’s profit participation fund

**800,000**

**11,323,117**

**16,299,686**

**28,422,803**

700,000

-

8,206,780

8,906,780

**Notes**

**2013 (Rupees)**

**2012 (Rupees)**

**30.1 Auditors' remuneration**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Statutory audit | | | **700,000** |  | 600,000 |
|  | Half yearly review and review of code of corporate governance |  | **100,000** |  | 100,000 |
|  |  |  | **800,000** |  | 700,000 |
| **31** | **OTHER OPERATING INCOME** |  |  |  |  |
|  | Gain on sale of fixed assets |  | **2,670,501** |  | - |
|  | Profit on short term deposits |  | **-** |  | 1,947,750 |
|  | Profit on sale of raw material | 31.1 | **199,516** |  | 147,446 |
|  | Profit from trading activity |  | **-** |  | 5,834,666 |
|  | Divided Income |  | **-** |  | 95,800 |

Miscellaneous

**31.1 Profit on sale of raw material**

**-**

**2,870,017**

1,127,836

9,153,498

Gross Sales

**(24,439,484)** 21,270,999

Less Cost of Sales

**32 TAXATION**

Opening balance

For the year 32.1

Priod year

Less: Paid / adjusted

**24,639,000**

**199,516**

**3,563,648**

**44,170,086**

**- (43,037,009)**

**4,696,724**

(21,123,553)

147,446

-

56,278,547 (6,753,192) (45,961,707)

3,563,648

**32.1** This represents liability provided under Section 113 and 154 of the Income Tax Ordinance, 2001 on the basis of gross turnover from all sources.

**32.2** The income tax assessment of the company has been finalized upto and including tax year 2012 by deeming provisions of income tax ordinance 2001, however appeals before different appellate forums are pending on various legal issues.

**32.3** No numeric tax rate reconciliation is presented in these financial statements as the Company is liable to pay minimum tax under Section 113 and under Section 154 of the Income Tax Ordinance 2001.

**32.4** Deferred tax asset amounting to Rs.81 million arising due to brought forward losses amounting Rs.989 million has not been recoginized in the current year, as the attributeable temporary differences are not expected to reverse in the forseeable future.

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | | **2013 (Rupees)** |  | **2012 (Rupees)** |
| **33** | **EARNINGS PER SHARE - Basic** |  |  |  |
|  | Profit after taxation | **265,523,955** |  | 106,403,464 |
|  | Number of ordinary shares | **130,000,000** |  | 130,000,000 |
|  | Earnings per share - Basic | **2.04** |  | 0.82 |
|  | **33.1** Diluted earning per share |  |  |  |

There is no dilution effect on the basic earning per share of the Company as the company has no such commitments.

**34 CASH FLOW FROM OPERATING ACTIVITIES**

**Profit before taxation**

**Adjustments of non cash charges and other items**

**309,694,041**

155,928,819

|  |  |  |  |
| --- | --- | --- | --- |
| Depreciation / amortization | **90,678,122** |  | 72,698,457 |
| Gratuity | **23,379,863** |  | 26,633,908 |
| Workers' Profit Participation Fund | **16,299,686** |  | 8,206,780 |
| Gain on sale of fixed assets | **(2,670,501)** |  | - |
| Interest Income | **-** |  | (1,947,750) |
| Dividend income | **-** |  | (95,800) |
| Dividend paid | **(815,409)** |  | - |
| Finance cost | **238,489,249** |  | 227,552,849 |
| **Operating profit before working capital changes** | **675,055,051** |  | 488,977,263 |

**(Increase)/decrease in current assets**

|  |  |  |  |
| --- | --- | --- | --- |
| Stores and spares | **(45,188,236)** |  | (18,392,992) |
| Stock-in-trade | **(475,759,029)** |  | (179,118,099) |
| Trade debts | **(173,985,284)** |  | 68,347,403 |
| Loan and advances | **(5,410,430)** |  | (10,937,439) |
| Trade deposits, prepayments & other receivables | **(20,973,262)** |  | 8,253,689 |
| Short term Investment | **-** |  | 36,500,000 |
|  | **(721,316,241)** |  | (95,347,438) |

**(Decrease)/Increase in current liabilities**

Trade and other payables

**167,238,885**

**120,977,695**

(105,838,312)

287,791,513

**35 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2013 (Rupees)** | | | **2012 (Rupees)** | | |
| **CHIEF EXECUTIVE** | **DIRECTORS** | **EXECUTIVES** | **CHIEF EXECUTIVE** | **DIRECTORS** | **EXECUTIVES** |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Remuneration | **4,000,000** | **7,296,000** | **8,800,440** | 2,240,000 | 6,750,000 | 10,182,544 |
| House rent | **1,800,000** | **3,283,200** | **3,960,198** | 1,008,000 | 3,037,500 | 4,582,145 |
| Medical | **834,779** | **1,290,742** | **926,163** | 363,569 | 2,298,078 | 566,885 |

Gratuity

**- - 1,015,055** -

- 1,230,391

Utilities

Number of persons

**200,000 364,800 440,022** 112,000 337,500 509,127

**6,834,779 12,234,742 15,141,878** 3,723,569 12,423,078 17,071,092

**1 3 7** 1 3 10

The Chief Executive, Directors and certain Executives were provided with company maintained cars.

During the Last AGM held on October 31, 2012 the shareholders of the Company approved revision of remuneration of Mr. Muhammad Naveed, Chief Exective and Whole-time working Directors of the Company. They approved a sum of Rs. 500,000/- towards monthly remuneration of the CEO and Rs. 912,000/- for the whole time working Directors along with other facilities as per Company policy W.E.F. 01.07.2012.

**36 TRANSACTIONS WITH RELATED PARTIES**

**36.1** Transactions with related parties comprise associated undertakings and other related parties through directorship and close family members of the directors of the company.

Transactions with related parties undertaken during the year were as follows:-

|  |  |  |  |
| --- | --- | --- | --- |
|  | **2013 (Rupees)** |  | **2012 (Rupees)** |
| Purchases of raw materials and goods |  |  |  |
| (Chakwal Textile Mills Limited) | **10,355,113** |  | 24,834,996 |
| (Yousaf Weaving Mills Limited) | **2,922,400** |  | - |
|  | **13,277,513** |  | 24,834,996 |
| Sales of raw materials and goods |  |  |  |
| (Yousaf Weaving Mills Limited) | **39,669,611** |  | 614,900 |
| (Chakwal Textile Mills Limited) | **12,583,755** |  | 4,200,054 |
|  | **52,253,366** |  | 4,814,954 |
| Aggregate maximum balance due at the end of any month during the year. | **12,545,337** |  | 11,652,952 |

**37 Financial Risk Management**

**37.1** The Company has exposures to the following risks from its use of financial instruments: Market Risk

Credit Risk

Liquidity Risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

**a) Market Risk**

**i) Currency Risk**

Currency risk is the risk that the fair value of 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) & (Euro). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk was as follows:

**2013 2012**

**Rupees in thousand**

|  |  |  |
| --- | --- | --- |
| Trade debts-USD | 23,460 | 5,279 |
| Supplier's credit-EURO | 147,793 | 208,280 |
| The following significant exchange rates were applied during the year. |  |  |
| Average rate (Rupees per US Dollar) | 95.78 | 84.85 |
| Reporting date rate (Rupees per US Dollar) | 98.40 | 85.95 |
| Average rate (Rupees per Euro) | 124.95 | 117.84 |
| Reporting date rate (Rupees per Euro) | 128.58 | 120.80 |

**Foreign ExchangeRisk Management**

Foreign currency risk arises mainly where receivables and payables exist due to transactions with foreign undertakings and balances held in foreign currency. However the company is not materially exposed to foreign currency risk on assets and liabilities. As at June 30, 2013 financial assets include Rs.23.460 million (2012: Rs.5.279 million) and financial liabilities include Rs. 147.793 million (2012: Rs. 208.280 million) which are subject to foreign currency risk against US Dollars and Euro respectively.

**Foreign Currency Sensitivity Analysis**

At June 30, 2013 if the Rupee had weakened / strengthened by 10% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower / higher by Rs. 17.125 million (2012: Rs.21.356 million) mainly as a result of foreign exchange gains / losses on transaction of foreign currency trade debts and US Dollar and Euro denominated borrowings.

**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 marker 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 instrument traded in the market. The Company is not exposed to equity and commodity price risk.

**Sensitivity analysis**

**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 has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing, lease liabilities and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

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

|  |  |  |
| --- | --- | --- |
| **Floating rate instruments** | **2013**  **Rupees** | **2012**  **Rupees** |
| **Financial Liabilities** |  |  |
| Long term financing | 7,142,852 | 57,142,852 |
| Liabilities against assets subject to finance lease | 27,885,024 | 21,135,672 |
| Short term borrowings | 1,498,847,142 | 1,103,930,721 |
| **Financial Assets** |  |  |
| Bank Balances - Saving Accounts | 322,500 | 2,862,763 |

**Cash flow sensitivity analysis for variable rate instruments**

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 14.98 million (2012: Rs. 11.03 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet 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. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:-

**2013**

Rupees

**2012**

Rupees

|  |  |  |
| --- | --- | --- |
| Long term loans | 14,129,464 | 6,964,494 |
| Long term deposits | 10,561,342 | 10,561,342 |
| Trade debts | 321,608,182 | 147,622,898 |
| Advances, trade deposits and other receivables | 55,202,829 | 49,972,399 |
| Cash and bank balances | 9,584,765 | 6,429,782 |

The credit rist on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating. The names and credit rating of major banks where the Company maintains its bank balances are as follows.

**Name of Bank**

**Rating Agency**

**Credit Rating Short-term Long-term**

|  |  |  |  |
| --- | --- | --- | --- |
| Askaribank Limited | PACRA | A1+ | AA |
| MCB Bank Limited | PACRA | A-1+ | A-1+ |
| National Bank of Pakistan Limited | JCR-VIS | A-1+ | A-1+ |
| Habib Metrobank Limited | PACRA | A1+ | A1+ |
| Meezan Bank Limited | PACRA | A1+ | AA |

**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. As at the balance sheet date, the Company had Rs. 1522 million worth short term borrowing limits available from financial institutions and Rs. 9.585 million cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2013:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Carrying** | **Contractual** | **Less then** | **Between** | **5 years** |
| **Amount** | **cash flows** | **1 year** | **1 to 5 years** | **and above** |
| **Rupees** | **Rupees** | **Rupees** | **Rupees** | **Rupees** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Supplier's credit | 147,793,179 | 147,793,179 | 74,711,260 | 73,081,919 - |
| Long-term finances | 50,000,000 | 55,515,000 | 42,857,148 | 12,657,852 - |
| Liabilities against leased assets | 47,052,372 | 56,003,021 | 24,855,900 | 31,147,121 - |
| Trade and other payables | 410,536,348 | 410,536,348 | 410,536,348 | - - |
| Accrued interest | 47,972,996 | 47,972,996 | 47,972,996 | - - |
| Short term finances | 1,498,847,142 | 1,671,664,217 | 1,671,664,217 | - - |

Contractual maturities of financial liabilities as at June 30, 2012:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Carrying** | **Contractual** | **Less then** | **Between** | **5 years** |
| **Amount** | **cash flows** | **1 year** | **1 to 5 years** | **and above** |
| **Rupees** | **Rupees** | **Rupees** | **Rupees** | **Rupees** |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Supplier's credit | 208,280,426 | 208,280,426 | 69,425,306 | 138,855,120 - |
| Long-term finances | 100,000,000 | 118,717,188 | 55,296,438 | 63,420,750 - |
| Liabilities against leased assets | 30,697,104 | 38,880,309 | 14,125,014 | 24,755,295 - |
| Trade and other payables | 226,764,714 | 226,764,714 | 226,764,714 | - - |
| Accrued interest | 46,227,892 | 46,227,892 | 46,227,892 | - - |
| Short term finances | 1,103,930,721 | 1,257,045,912 | 1,257,045,912 | - - |

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 respective notes to these financial statements.

**37.2 Fair values of financial assets and liabilities**

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

**37.3 Capital Risk Management**

The Company's prime object when managing capital to safeguard its ability to continue as a going concern in order to provide adequate 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 dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

**2013**

**2012**

**(Rupees) (Rupees)**

|  |  |  |  |
| --- | --- | --- | --- |
| Total borrowings  Less: Cash and bank balances  Net debt  Total equity | **1,950,481,637** |  | 1,601,340,002 |
| **9,584,765** |  | 6,429,782 |
| **1,940,896,872** |  | 1,594,910,220 |
| **1,045,401,268** |  | 780,639,714 |
| Total capital employed | **2,986,298,140** |  | 2,375,549,934 |
| Gearing ratio | **64.99%** |  | 67.14% |

|  |  |  |  |
| --- | --- | --- | --- |
| **38** | **PLANT CAPACITY AND PRODUCTION** |  | |
|  | Number of spindles installed  Installed capacity in 20's count based on triple shift for 365 (2012 - 365) days (kgs) - Approximately | **78,984**  **35,552,608** | 78,504  35,336,548 |
|  | Actual production after conversion into 20's count (kgs) | **27,926,635** | 31,711,363 |

The conversion into 20's count depicts the approximate efficiency as it fluctuates with changes in count of yarn spun and count mix in a particular period.

Under utilization of available capacity was due to normal maintenance power outages and time cost in shifting of counts.

**39 NUMBER OF EMPLOYEES**

The total number of permanent employees at the year end were 2,813 (2012 -2,765).

**40 DATE OF AUTHORIZATION OF ISSUE**

These financial statements were authorized for issue on October 09, 2013 by the Board of Directors of the Company.

**41 GENERAL**

Figures have been rounded off to the nearest rupees.

**42 SUBSEQUENT EVENT**

The Board of Directors have proposed dividend of Rs.1.50 per shares as final dividend for the year ended June 30, 2013. This is in addition to an interim dividend of Rs. 0.5 per share already approved by the Board of Directors and paid to the shareholders. However the Directors have foregone their right to receive the dividend.

Lahore

October 09, 2013

(**Mr. Mohammad Naveed)**

Chief Executive

(**Khawaja Mohammad Jahangir)**

Director

**KEY FINANCIAL DATA OF LAST SIX YEARS**

Rupees in '000

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **3,719,136**  **2,102,607** | 2,959,427  1,502,740 | 2,593,567  1,326,951 | 2,683,188  1,527,764 | 2,593,116  1,347,931 | 2,287,555  1,055,337 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **2013** | **2012** | 2011 | 2010 | 2009 | 2008 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Sales** | **6,230,120** | 5,627,855 | 6,809,167 | 4,214,153 | 2,885,619 | 2,511,538 |
| **Gross Profit** | **856,371** | 563,714 | 898,297 | 667,301 | 240,089 | 268,744 |
| **Profit Before Taxation** | **309,694** | 155,929 | 362,752 | 173,742 | (191,207) | 23,269 |
| **Tax** | **(44,170)** | (49,525) | (71,184) | (30,268) | (11,025) | (12,652) |
| **Profit After Taxation** | **265,523** | 106,403 | 291,567 | 143,474 | (202,232) | 10,617 |

**Total Assets**

**Current Liabilities**

**1,616,529** 1,456,687 1,266,616 1,155,424 1,245,185 1,232,218

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **650,000**  **395,401** | 650,000  130,639 | 650,000  23,874 | 1,300,000 (916,613) | 1,300,000 (1,059,846) | 1,300,000 (856,774) |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Share Capital** |  | | | | | |
| **Accumulated Loss** |
| **Equity** | **1,045,401** | 780,639 | 673,874 | 383,387 | 240,154 | 443,226 |
| **Long Term Loans & Leases** | **432,029** | 475,279 | 543,121 | 733,753 | 972,226 | 757,554 |

|  |  |
| --- | --- |
| **Supplier's Credit** | **73,897** 138,855 - - - - |
| **Deferred Liability** | **65,202** 61,914 49,621 38,284 32,805 31,438 |
|  | **1,616,529** 1,456,687 1,266,616 1,155,424 1,245,185 1,232,218 |

**Catagories of Shareholding required under Code of Coprorate Governance (CCG) As on June 30, 2013**

|  |  |  |  |
| --- | --- | --- | --- |
| **Sr. No.** | **Name** | **No. of Shares**  **Held** | **Percentage** |

**Associated Companies, Undertakings and Related Parties (Name Wise Detail):** - -

**Mutual Funds (Name Wise Detail)**

|  |  |  |  |
| --- | --- | --- | --- |
| 1 | GOLDEN ARROW SELECTED STOCK FUND | 500 | 0.0004 |
| 2 | PRUDENTIAL STOCK FUND LTD. (CDC) | 6,000 | 0.0046 |
| 3 | PRUDENTIAL STOCK FUND LTD. (03360) (CDC) | 50,000 | 0.0385 |

**Directors and their Spouse and Minor Children (Name Wise Detail):**

|  |  |  |  |
| --- | --- | --- | --- |
| 1 | KHAWAJA MOHAMMAD JAVED | 20,383,750 | 15.6798 |
| 2 | KHAWAJA MOHAMMAD JAHANGIR PHINO | 6,181,500 | 4.7550 |
| 3 | KHAWAJA MOHAMMAD TANVEER | 4,205,250 | 3.2348 |
| 4 | KHAWAJA MOHAMMAD KALEEM | 38,073,054 | 29.2870 |
| 5 | KHAWAJA MOHAMMAD NADEEM | 17,489,500 | 13.4535 |
| 6 | MR. MOHAMMAD NAVEED | 38,111,000 | 29.3162 |
| 7 | MR. MOHAMMAD HAMZA YOUSAF | 1,500 | 0.0012 |
| 8 | MRS. NUSRAT ARFEEN W/O KHAWAJA MOHAMMAD TANVEER | 112,500 | 0.0865 |
| 9  **Executives: Public Sector** | MRS. ANDLEEB KHANUM W/O KHAWAJA MOHAMMAD NADEEM  **Companies & Corporations:** | 112,500  -  - | 0.0865  -  - |

**Banks, Development Finance Institutions, Non Banking Finance** 160,392 0.1234

**Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:**

**Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **NAME** | **Holding** | **%Age** |
| 1 | KHAWAJA MOHAMMAD JAVED | 20,383,750 | 15.6798 |
| 2 | KHAWAJA MOHAMMAD KALEEM | 38,073,054 | 29.2870 |
| 3 | KHAWAJA MOHAMMAD NADEEM | 17,489,500 | 13.4535 |
| 4 | MR. MOHAMMAD NAVEED | 38,111,000 | 29.3162 |

**All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **S.No** |  | **NAME** | **SALE** | **PURCHASE** |
|  | 1 | KHAWAJA MOHAMMAD KALEEM |  | - 6,740,008 |

**THE COMPANIES ORDINANCE 1984 (Section 236(1) and 464) PATTERN OF SHAREHOLDING**

**FORM 34**

1. Incorporation Number **L-01895**

2. Name of the Company **KOHINOOR SPINNING MILLS LIMITED**

3. Pattern of holding of the shares held by the shareholders as at **30-06-2013**

------Shareholding------

**4. No. of Shareholders From To Total Shares Held**

|  |  |  |  |
| --- | --- | --- | --- |
| 47 | 1 | 100 | 1,807 |
| 54 | 101 | 500 | 20,828 |
| 44 | 501 | 1,000 | 40,396 |
| 87 | 1,001 | 5,000 | 223,932 |
| 24 | 5,001 | 10,000 | 196,980 |
| 6 | 10,001 | 15,000 | 79,909 |
| 3 | 15,001 | 20,000 | 55,500 |
| 2 | 20,001 | 25,000 | 46,000 |
| 1 | 25,001 | 30,000 | 30,000 |
| 2 | 35,001 | 40,000 | 76,000 |
| 1 | 40,001 | 45,000 | 41,000 |
| 2 | 45,001 | 50,000 | 100,000 |
| 4 | 50,001 | 55,000 | 213,023 |
| 1 | 55,001 | 60,000 | 55,067 |
| 1 | 60,001 | 65,000 | 61,500 |
| 1 | 90,001 | 95,000 | 95,000 |
| 1 | 95,001 | 100,000 | 100,000 |
| 16 | 110,001 | 115,000 | 1,802,500 |
| 1 | 185,001 | 190,000 | 188,500 |
| 1 | 420,001 | 425,000 | 423,500 |
| 1 | 490,001 | 495,000 | 495,000 |
| 2 | 540,001 | 545,000 | 1,083,600 |
| 1 | 600,001 | 605,000 | 602,327 |
| 1 | 4,205,001 | 4,210,000 | 4,205,250 |
| 1 | 6,180,001 | 6,185,000 | 6,181,500 |
| 1 | 17,485,001 | 17,490,000 | 17,489,500 |
| 1 | 19,960,001 | 19,965,000 | 19,960,250 |
| 1 | 38,020,001 | 38,025,000 | 38,020,131 |
| 1 | 38,110,001 | 38,115,000 | 38,111,000 |
| **309** |  |  | **130,000,000** |

**5. Categories of shareholders Share held Percentage**

5.1 Directors, Chief Executive Officers, 124,670,554 95.9004 and their spouse and minor childern

|  |  |  |
| --- | --- | --- |
| 5.2 Associated Companies, | 0 | - |
| undertakings and related |  |  |
| parties.  5.3 NIT and ICP | 602,427 | 0.4634 |
| 5.4 Banks Development | 11,725 | 0.0090 |

Financial Institutions, Non

Banking Financial Institutions.

|  |  |  |  |
| --- | --- | --- | --- |
| 5.5 Insurance Companies | 53,100 |  | 0.0408 |
| 5.6 Modarabas and Mutual  Funds | 97,000 |  | 0.0746 |
| 5.7 Share holders holding 10% | 114,057,304 |  | 87.7364 |
| 5.8 General Public a. Local | 3,904,895 |  | 3.0038 |
| b. Foreign |  |  |  |
| 5.9 Others (to be specified)  1- Joint Stock Companies | 91,800 |  | 0.0706 |
| 2- Foreign Companies | 511,500 |  | 0.3935 |
| 3- Pension Funds | 55,067 |  | 0.0424 |
| 4- Others | 1,932 |  | 0.0015 |
| 6. Signature of  Company Secretary |  |  |  |
| 7. Name of Signatory | Muhammad Jahangir Khan |  |  |
| 8. Designation | Company Secretary |  |  |
| 9. NIC Number |  |  |  |
| 10 Date | 30 06 | 2013 |  |

Form of Proxy - 41st Annual General Meeting

|  |  |
| --- | --- |
| **Folio # / CDC A/C #.** |  |
| **Participant**  **I.D** |  |
| **Account #** |  |
| **Shares held** |  |

The Corporate Secretary

**Kohinoor Spinning Mills Limited**

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

I/We of

being a member (s) of KOHINOOR SPINNING MILLS LIMITED hold ordinary shares hereby appoint

Mr./Mrs./Miss of or

failing him/her

of as my /our

Proxy to attend and vote for me/us and on my/our behalf at the 41st Annual General Meeting of the Company to be held on Thursday, 31st October, 2013 at 11:00 a.m. at 7/1 E-3 main boulevard gulberg III, Lahore and at every adjournment thereof.

Signed this \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ da y of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_2013.

1. Witness:

Signature: Name: Address: CNIC:

2. Witness: Signature:

Name: Address:

CNIC:

**AFFIX REVENUE**

**STAMP OF FIVE RUPEES**

Signature:

(Signature appended above should agree with the specimen signatures registered with the Company.)

**IMPORTANT**

1. This Form of proxy, duly completed and signed, must be received at the registered office of the company, at

7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less then 48 hours before the time of holding the meeting.

2. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.