



# KOHINOOR SPINNING MILLS LIMITED



ANNUAL REPORT 2015

# CONTENTS

Company Information	02
Directors' Profile	03
Vision	04
Mission	04
Notice of Annual General Meeting Alongwith Relevant Statements	05
SWOT Analysis	07
Directors' Report	08
Statement of Value Addition and Distribution	10
Financial Highlights of Last Six Years	12
Horizontal Analysis	13
Vertical Analysis	14
Graphical Presentation of Financial Highlights	15
Statement of Compliance with the Code of Corporate Governance	16
Review Report To The Members on Statement of Compliance with Best Practices of Code of Corporate Governance	18
Auditors' Report To The Members	19
Balance Sheet	20
Profit and Loss Account	22
Statement of Comprehensive Income	23
Cash Flow Statement	24
Statement of Changes In Equity	25
Notes To The Financial Statements	26
Pattern of Holding of Shares and Disclosures as Per CCG Requirement	51
Form of Proxy	55



# 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)
Mr. Mohammad Tariq Sufi	(Independent 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 jahangir@chakwalgroup.com.pk	BA (LLB), MBA, DTL, FCIS
--	--------------------------

## CHIEF FINANCIAL OFFICER

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

## BANKERS

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

## AUDITOR

Aslam Malik & Co.  
Chartered Accountants  
Suite # 18-19, 1st 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





# DIRECTORS' PROFILE

## **Khawaja Mohammad Jawed:**

Khawaja Muhammad Javed, a legendary businessman, is the Chairman / executive director of the Company and is widely respected in the business community due to his wisdom and vision. He has more than 40 years' experience in textile spinning, weaving, cement, polyester, and banking sector. His role in the company is mainly to give strategic direction and take policy decision.

## **Khawaja Mohammad Jahangir:**

He is serving as a non-executive director on the Board of the Company and has more than 35 years' diversified experience in business and industry especially in Fiber and Textile Spinning. Also, he holds the slot of Chief Executive Officer in Chakwal Spinning Mills Limited (a sister concern of the company). He is the Chairman of Audit Committee of the Company.

## **Khawaja Mohammad Tanveer:**

Serving as an non-executive director on the Board of the Company, his prime responsibility is to look after the administrative matters arising in plant sites of the Company. With more than 25 years' rich business and industry experience, he is also a renowned participant in many social and welfare activities.

## **Khawaja Mohammad Kaleem:**

Khawaja Kaleem is serving in the capacity of non-executive director on the Board of the Company with more than 35 years' diversified experience in various business and industry sectors including Textile Spinning, Cement & Fiber industries. He is energetically involved in the implementation of the company policies and monitors the performance of the all group companies. He is also the Chairman of HR and Remuneration Committee.

## **Khawaja Mohammad Nadeem:**

Mr. Nadeem completed his business graduation from USA and is on the board of the company as a non-executive director and a member of Audit, HR and Human Resource Committees of the Company. With more than a decade experience in the lines of spinning and weaving textile sectors, he is mainly involved in routine business operations including production, marketing and finance activities of Yousaf Weaving Mills Limited (a sister concern of the company) where he hold the position of Chief Executive officer.

## **Mr. Mohammad Naveed:**

Mr. Naveed did his Graduations from the reputed institution of USA. With vast business experience in Fibers, Textile Spinning, Cement and banking sectors, he is leading the company as chief Executive Officer and executive director since 2004. He is also a member of HR and Remuneration Committee of the Company.

## **Mr. Mohammad Hamza Yousaf:**

He is serving as a non-executive director and been with the company since 2009. Having done his Masters in Marketing and Strategy from United Kingdom and with extra skills of negotiation, he markets the product well. He has been delegated the responsibilities of supervision of all matters concerning to Unit-2 of the Company.

Mr. Mohammad Hamza Yousaf, has also completed directors training program during the year through Institute of Chartered Accountants of Pakistan duly approved by the SECP as required in terms of code of corporate Governance.

## **Mr. Mohammad Tariq Sufi**

Mr. Sufi is an independent director of the company and recently elected in the EOGM held on September 10, 2014 in accordance with the requirements of code of corporate Governance. He has excellent experience in textile spinning particularly in the area of store / inventory management. Therefore, we have high expectations from him and expect him to become an intangible asset of the company in near future

# VISION

A TEXTILE COMPANY THAT CATERS TO THE CLOTHING  
NEEDS OF EVERYONE

# MISSION

Kohinoor Spinning Mills Limited is a yarn manufacturing company  
dedicated to provide premium quality yarn products to  
the customers who value quality the most.

We intend to make profit to generate a sufficient return  
for our investors.

We also maintain fair, friendly, and creative work environment,  
which inculcates diversity, new ideas and diligence.



## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of **KOHINOOR SPINNING MILLS LIMITED** will be held on Sunday, January 31, 2016 at 10:00 a.m. at 31-F Main Market Gulberg II, Lahore to deal with the following matters :-

### ORDINARY BUSINESS:

1. To confirm the minutes of last AGM held on October 31, 2014.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2015 together with the reports of directors and auditors thereon.
3. To appoint auditors for the year ending June 30, 2016 and to fix their remuneration. A share holder of the company has given notice under section 253 of the Companies Ordinance, 1984 proposing appointment of M/S Nasir Javaid Maqsood Imran Chartered Accountants as auditors of the company for the year ending June 30, 2016 in place of retiring auditors M/S Aslam Malik & Co, Chartered Accountants.

### SPECIAL BUSINESS:

1. To consider and approve the remuneration of Chief Executive Officer and a Director of the company.
2. To transact any other business which may be brought forward with the permission of the Chair.

Statement u/s 160 along with information u/s 218 of the companies ordinance, 1984 is annexed to the notice of the meeting sent to the shareholders.

### BY ORDER OF THE BOARD

Lahore:  
January 10, 2016

**MUHAMMAD JAHANGIR KHAN**  
Company Secretary/General Manager (Legal)

### BOOK CLOSURE

The Member's Register will remain closed from January 25, 2016 to January 31, 2016 (both days inclusive).

### NOTES:

1. 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.
2. 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.
3. Transfer received in order by the close of business hours on January 24, 2016 will be treated in time. The same or any change in address, if any, alongside valid copy of CNIC for filing annual return of company be sent to our share registrar M/s Corp link (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-35839182.
4. In terms of SECP's SRO 787(1)/2014, members can now receive audited financial statements alongside notice of AGM electronically through email. Therefore members (physical or CDC shareholders) who are interested in receiving the same are required to send their email addresses and consent for electronic transmission to share registrar of the company or directly to their broker(participant)/CDC investor account services, as the case may be.
5. The company has also placed the audited financial statements for the year ended 30-6-2015 alongside directors and auditor's report thereon on its website [www.chakwalgroup.com](http://www.chakwalgroup.com)

### STATEMENT UNDER SECTION 160 OF THE COMPANIES ORDINANCE, 1984

The statement sets out the material facts concerning the special business to be transacted at the 43rd Annual General Meeting of the Company to be held on Sunday, January 31, 2016 at 10:00 a.m. at 31-F Main Market Gulberg II, Lahore

Approval of the shareholders will be sought for the remuneration payable to the Chief Executive Mr. Mohammad Naveed and Director Mr. Mohammad Hamza Yousaf of the company respectively. For this purpose, it is intended to propose that the following resolution be passed as a Special Resolution.

"RESOLVED THAT the company hereby authorizes the payment as remuneration to Chief Executive Mr. Mohammad Naveed and a Director Mr. Mohammad Hamza Yousaf not exceeding in aggregate of Rs. 1,000,000/- and Rs 335,000/- per month respectively inclusive of house rent allowance and exclusive of utilities and other perquisites and benefits w.e.f July 01, 2015 to which they are entitled under their terms of employment".

The Chief Executive and Director may be considered interested in this special business to the extent of remuneration payable to them.



# KOHINOOR SPINNING MILLS LIMITED

## CORPORATE & SHARES DEPARTMENT

7/1, E-3, Main Boulevard Gulberg III, Lahore  
042 35757108

### NOTICE UNDER SECTION 218 OF THE COMPANIES ORDINANCE, 1984

#### TO - ALL MEMBERS OF THE COMPANY

In terms of section 218 of the Companies Ordinance, 1984 the members of the company are informed that the Board of Directors in their meeting held on January 10, 2016 has approved remuneration, perquisites and allowances to Chief Executive Mr. Mohammad Naveed and Mr. Mohammad Hamza Yousaf, being the working Directors of the company as per following -

#### Remuneration

Gross aggregate monthly salary not exceeding Rs. 1,000,000/-(rupees one million only) and Rs. 335,000/- (rupees three hundred thirty five thousand only). respectively. This will exclusive of other allowances as per company policy like medical, conveyance, gratuity etc and take effect from July 1, 2015

Mr. Muhammad Naveed , Chief Executive and Mr. Hamza Yousaf, being director and shareholder of the company have interest to the extent of remuneration and other benefits to which they are entitled.

For and on behalf of Kohinoor Spinning Mills Limited

Lahore:  
January 10, 2016

**Muhammad Jahangir Khan**  
Company Secretary/General Manager (legal)



# SWOT ANALYSIS

## **STRENGTHS:**

- 1) Over 40 years of yarn manufacturing experience;
- 2) One of the largest production facilities for stretch and super stretch yarn;
- 3) Continuous process of machinery up gradation;
- 4) Highly professional and skilled human resources.

## **WEAKNESSES:**

- 1) Limited presence in European market;
- 2) Production facilities are not located in any industrial area.

## **OPPORTUNITIES:**

- 1) GSP PLUS quota for our Textile products by European Union;
- 2) Keenness of Chinese Investors in our textile sector;
- 3) Availability of cheap raw material.

## **THREATS:**

- 1) Volatility of cotton prices;
- 2) Scarcity of energy resources;
- 3) Rupee appreciation.





# DIRECTORS' REPORT TO THE SHAREHOLDERS

The directors of your Company have the pleasure in presenting to you the annual results for the year ended 30 June 2015.

## **Financial Performance:**

Your Company has incurred after tax loss of Rs. 289.683 million as compared to after tax profit of Rs. 120.953 million for the corresponding last year. Ever fluctuating cotton prices, rise in electricity prices, imposition of GIDC and less availability of electricity as compared to the corresponding last year are main causes of this adverse result. Sales have decreased from Rs. 6,823 million in 2014 to Rs. 6,052 million in the current year (a decrease of 11.31%). Sales were reduced mainly due to decrease in cotton prices resulting in lower yarn prices and lower quantity of yarn sold due to less available fuel and power. Similarly, gross profit has registered almost 50% reduction as compared to the corresponding last year (i.e. from 10.95% in 2014 to 5.48% in 2015). The slide in yarn prices was manifold as compared to slide in cotton prices during the year under review.

## **Earnings/(Loss) Per Share (EPS):**

The Basic loss per share (EPS) of the Company for the year 2015 remained at Rs. 2.23 (2014: earning per share was Re. 0.93). There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitment.

## **Major Risks and Risk Management:**

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. Following is the detail of major risks and our policies to mitigate these risks:

### **a) Fluctuation In Cotton Prices**

Cotton is our major raw material. Fluctuation in cotton prices have always been a major risk for a spinning unit. Cotton prices depend on many factors like demand and supply, prices in international market, flood situation in the country, hoarding etc. Though ginned cotton is available throughout the year, best cotton is available in cotton season only. The Company mitigates this risk by procuring cotton when market takes a dip. Also, we spread our procurement throughout the year in a way that maximum cotton is procured in peak season.

### **b) Yarn Demand and Supply**

At our Unit-3, we manufacture stretch and super stretch yarn. This is value-added yarn with better margins. However, demand of this yarn is seasonal. It is very difficult to dispose of this yarn in off-peak season. We mitigate this risk by reducing our stretch and super stretch yarn production.



**c) Exchange Risk**

This year, Pak rupee depreciated against foreign currencies. This resulted in better yarn exports. However, we still are of the opinion that Pak rupee is being artificially kept stronger by Government of Pakistan. We mitigate this risk by diverting our export sale portion in local market. Also, we do not heavily book export order.

**d) Energy Non-Availability:**

Electricity and gas load shedding is one of the major crisis. This crisis appears to have no end in sight. Currently, we are already facing at least eighteen hours gas shut down per day. Even though electricity prices have almost doubled, electricity supply is stagnant. At our Unit-3, we have diesel generators to mitigate this risk.

**e) Interest Rate Risk:**

Though State Bank of Pakistan (SBP) has kept discount rate at just 7%, any upward shift in interest rate would affect our results badly. Economic indicators are monitored to better understand the interest rate trend.

Spinning industry, in Pakistan, has many challenges to face. Despite difficult situation ahead due to uncertain cotton market and power shortages, we are hopeful that your Company would resume its journey of profitability. The management of your Company continues to make best efforts, through strategy of expanding and diversifying product range and targeting new and growing markets.

**Acknowledgement:**

In the end, the Board expresses our deep sense of gratitude for the services, loyalty and efforts being continuously rendered by the employees of the Company. Also, credit must go to our shareholders who have always shown their confidence and faith in the Company.

For and on behalf of the Board

Lahore:  
10 January 2016

**Mohammad Naveed**  
Chief Executive Officer



# STATEMENT OF VALUE ADDITION AND WEALTH DISTRIBUTION FOR THE YEAR ENDED JUNE 30, 2015

	2015 (Rupees)	% age	2014 (Rupees)	% age
Gross Sales Revenue	6,129,728,092		6,929,734,454	
Other operating Income	27,865,922		291,750	
	<b>6,157,594,014</b>		<b>6,930,026,204</b>	
<b>Less:</b>				
Material and factory Cost	5,086,894,754		5,523,773,833	
Administrative and other expenses	48,419,773		71,200,935	
Distribution	157,627,753		152,142,405	
<b>Value Added</b>	<b>864,651,734</b>	100%	<b>1,182,909,030</b>	100%

## Wealth Distributed

### To Employees

Salaries, wages and benefits

### To Govt.

Tax

Worker's Profit participation fund

### To Provider's of Capital

Dividend to share holders

Finance Cost

Loss Incurred

### To Provide for Maintenance and Expansion of Assets

Depreciation

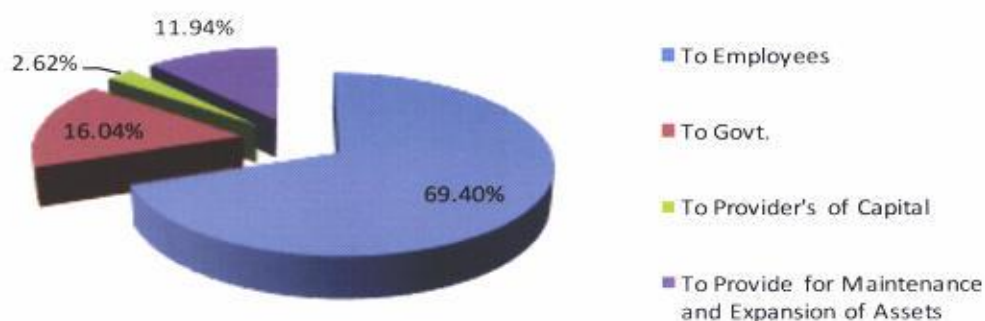
Profit Retained

600,073,311	69%	526,782,152	45%
138,717,050	16%	174,970,675	15%
-	0%	9,956,979	1%
6,131,462	1%	5,432,915	0%
312,299,253	36%	259,814,814	22%
(295,814,954)	-34%		
103,245,612	12%	90,431,738	8%
-		115,519,757	10%
<b>864,651,734</b>		<b>1,182,909,030</b>	

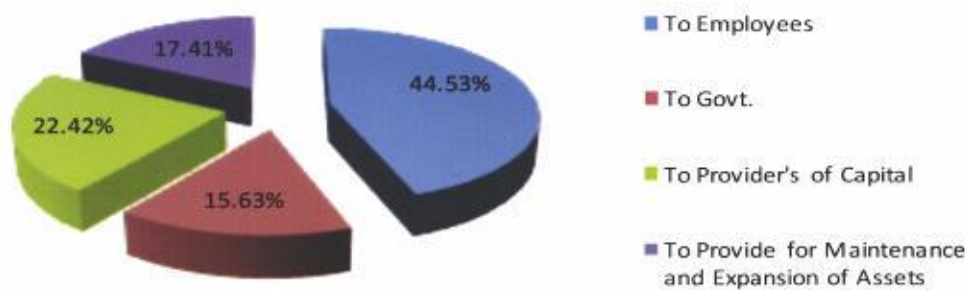
# WEALTH DISTRIBUTION CHARTS



2015



2014





### FINANCIAL HIGHLIGHTS OF LAST SIX YEARS

		Year ended June 30					
		2015	2014	2013	2012	2011	2010
<b>Profit and Loss Summary</b>							
Sales-Net	Pak-Rs.	6,051,526,305	6,822,993,716	6,230,120,496	5,627,854,703	6,809,167,296	4,214,153,122
Gross profit/(Loss)	Pak-Rs.	331,657,539	747,432,402	846,897,751	563,714,413	890,296,612	667,300,903
Operating Profit/(Loss)	Pak-Rs.	56,140,102	472,318,028	573,736,076	363,234,950	677,820,752	477,883,403
Profit/(Loss) before Tax	Pak-Rs.	(229,168,229)	189,182,609	309,694,041	155,928,819	362,751,628	173,742,196
Profit/(Loss) after tax	Pak-Rs.	(289,683,492)	120,952,672	265,523,955	106,403,464	291,567,330	143,474,219
Profit before Interest,tax, depreciation and amortization (EBITDA)	Pak-Rs.	186,376,636	539,429,162	638,861,412	456,180,125	729,804,432	542,743,140
<b>Balance Sheet Summary</b>							
Share Capital	Pak-Rs.	650,000,000	650,000,000	650,000,000	650,000,000	650,000,000	1,300,000,000
Accumulated Profit	Pak-Rs.	192,304,938	488,020,366	377,513,397	130,639,714	23,873,673	(916,612,715)
Share Holder's Equity	Pak-Rs.	842,304,938	1,138,020,366	1,027,513,397	780,639,714	673,873,673	383,387,285
Non Current Liabilities (Excluding loan from directors)	Pak-Rs.	514,902,679	254,512,419	192,015,363	279,047,115	195,742,780	375,036,922
Loan From Directors	Pak-Rs.	700,000,000	700,000,000	397,000,000	397,000,000	397,000,000	397,000,000
Current Assets	Pak-Rs.	1,953,183,048	2,374,470,887	2,127,045,965	1,402,754,738	1,329,721,732	1,472,304,666
Current Liabilities	Pak-Rs.	2,013,340,116	2,288,975,876	2,102,607,774	1,502,740,142	1,326,850,732	1,527,763,747
Working Capital	Pak-Rs.	(60,157,068)	85,495,021	24,438,191	(99,985,404)	2,771,000	(55,459,082)
Property, plant and Equipment	Pak-Rs.	2,085,557,422	1,979,823,212	1,566,318,684	1,538,351,388	1,247,945,081	1,199,288,501
Other Non Current Assets	Pak-Rs.	31,807,264	27,214,551	25,771,885	18,320,845	15,900,372	11,594,788
Total Assets	Pak-Rs.	4,070,547,733	4,381,508,661	3,719,136,534	2,959,426,971	2,593,567,185	2,683,187,954
Total Liabilities (Excluding loan from directors)	Pak-Rs.	2,528,242,795	2,543,488,295	2,294,623,137	1,781,787,257	1,522,693,512	1,902,800,669
Total Borrowings	Pak-Rs.	2,121,833,209	1,913,261,694	1,743,692,693	1,442,908,251	1,091,070,483	1,474,221,696
Capital Employed	Pak-Rs.	2,963,938,147	3,051,282,060	2,771,206,090	2,223,547,965	1,764,944,156	1,857,608,980
<b>Cash Flow Summary</b>							
Cash flows of Operating Activities	Pak-Rs.	3,224,316	38,311,172	(178,694,784)	9,504,158	505,610,781	96,949,888
Cash flows of Investing Activities	Pak-Rs.	(212,155,296)	(505,233,243)	(122,959,889)	(361,886,360)	(115,467,898)	(44,673,616)
Cash flows of Financing Activities	Pak-Rs.	208,745,239	468,247,389	305,009,666	351,825,419	(386,160,235)	(50,629,496)
Net change in cash and cash equivalents	Pak-Rs.	(185,741)	1,325,318	3,154,983	(556,783)	3,982,647	1,646,776
Cash and cash equivalents at the end of the year	Pak-Rs.	10,724,341	10,910,682	9,584,765	6,429,782	6,986,564	3,003,916
<b>Profitability and Operating Ratios</b>							
Gross Profit Margin	%	5.48	10.95	13.59	10.02	13.19	15.83
Net Profit to sales	%	(4.79)	1.77	4.26	1.89	4.28	3.40
PBITDA margin to sales	%	3.08	7.91	10.25	8.11	10.72	12.88
Return on Equity	%	(34.39)	10.63	25.84	13.63	43.27	37.42
Return on Capital employed	%	(9.77)	3.96	9.58	4.79	16.52	7.72
<b>Liquidity Ratios</b>							
Current	Times	0.97	1.04	1.01	0.93	1.00	0.96
Quick/Acid test	Times	0.26	0.22	0.21	0.16	0.28	0.28
Cash to current liabilities	Times	0.005	0.005	0.005	0.004	0.005	0.002
Cash flows from Operations to sales	Times	0.001	0.006	(0.029)	0.002	0.074	0.023
<b>Activity/Turnover Ratios</b>							
Inventory Turnover	Times	3.45	3.42	3.80	4.78	5.91	3.53
No. of Days in inventory	Days	106	107	96	76	62	104
Debtors Turnover	Times	15.42	17.99	19.37	38.12	31.53	25.67
No. of Days in Receivables	Days	24	20	19	10	12	14
Creditors Turnover	Times	41.68	18.46	21.42	54.23	25.08	11.56
No. of Days in Payable	Days	9	20	17	7	15	32
Total Assets Turnover	Times	1.43	1.68	1.87	2.03	2.58	1.60
Fixed Assets Turnover	Times	2.90	3.45	3.98	3.66	5.46	3.51
Operating Cycle	Days	121	107	98	79	59	86
<b>Investment/Market Ratios</b>							
Earning Per share	Times	(2.23)	0.93	2.04	0.82	2.24	1.1
<b>Capital Structure Ratio</b>							
Gearing Ratio	%	71.58	62.70	62.92	64.89	61.82	79.36

## HORIZONTAL ANALYSIS

2015	%age Inc./ (Dec.) Vs. Last Year	2014	%age Inc./ (Dec.) Vs. Last Year	2013	%age Inc./ (Dec.) Vs. Last Year	2012	%age Inc./ (Dec.) Vs. Last Year	2011	%age Inc./ (Dec.) Vs. Last Year	2010
Rs. In Millions		Rs. In Millions		Rs. In Millions		Rs. In Millions		Rs. In Millions		Rs. In Millions

### Profit and Loss Account

Sales-net	6,052	(11)	6,823	10	6,230	11	5,628	(17)	6,809	62	4,214
Cost of Sales	5,720	(6)	6,076	13	5,383	6	5,064	(14)	5,911	67	3,547
Gross Profit	332	(56)	747	(12)	847	50	564	(37)	898	35	667
Admin and Distribution Expenses	276	0	275	1	273	51	180	(18)	220	16	189
Operating Profit / (Loss)	56	(88)	472	(18)	574	50	383	(43)	678	42	478
Finance Cost	312	20	260	9	238	5	228	(25)	302	(0)	303
Other Operating Expenses	1	(96)	24	(17)	28	219	9	(55)	20	103	10
Other Operating Income	28	9,451	0	(90)	3	(69)	9	44	6	(26)	9
Profit / (Loss) before Tax	(229)	(221)	189	(39)	310	99	156	(57)	363	109	174
Taxation	61	(11)	68	54	44	(11)	50	(30)	71	135	30
Profit / (Loss) after tax	(290)	(340)	121	(54)	266	150	106	(64)	292	103	143

### Balance Sheet

Assets											
Property, plant and Equipment	2,086	5	1,980	26	1,566	2	1,538	23	1,248	4	1,199
Others Non Current Assets	32	17	27	6	26	41	18	15	16	37	12
Current Assets	1,953	(18)	2,374	12	2,127	52	1,403	5	1,330	(10)	1,472
Total Assets	4,071	(7)	4,382	18	3,719	26	2,959	14	2,594	(3)	2,683

### Share holder's Equity and Liabilities

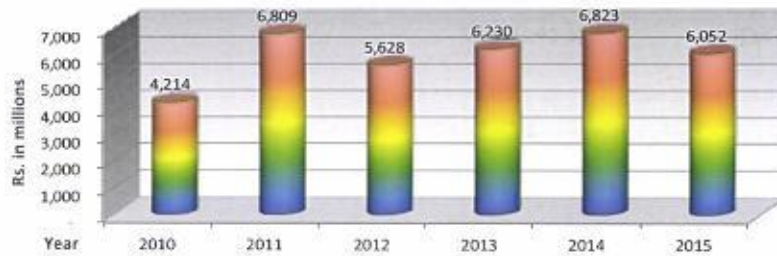
Shareholder's Equity	842	(26)	1,138	11	1,028	32	781	16	674	76	383
Loan From Directors	700	-	700	76	397	-	397	-	397	-	397
Non Current Liabilities	515	102	255	33	192	(31)	279	43	196	(48)	375
Current Liabilities	2,013	(12)	2,289	9	2,103	40	1,503	13	1,327	(13)	1,528
Total Equity and liabilities	4,071	(7)	4,382	18	3,719	26	2,959	14	2,594	(3)	2,683



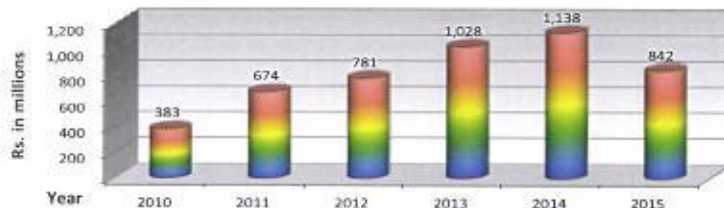
VERTICAL ANALYSIS							
2015		% age	2014		% age	2012	
Rs. In Millions			Rs. In Millions			Rs. In Millions	
							% age
<b>Profit and Loss Account</b>							
Sales-net	6,052	100	6,823	100	6,230	100	100
Cost of Sales	(5,720)	(95)	(6,076)	(89)	(5,383)	(86)	(90)
Gross Profit	332	5	747	11	847	14	10
Admin and Distribution Expenses	(276)	(5)	(275)	(4)	(273)	(4)	(3)
Operating Profit/ (Loss)	56	1	472	7	574	9	7
Finance Cost	(312)	(5)	(260)	(4)	(238)	(4)	(4)
Other Operating Expenses	(1)	(0)	(24)	(0)	(28)	(0)	(0)
Other Operating Income	28	0	0	0	3	0	0
Profit / (Loss) before Tax	(229)	(4)	189	3	310	5	3
Taxation	(61)	(1)	(68)	(1)	(44)	(1)	(1)
Profit / (Loss) after tax	(290)	(5)	121	2	266	4	2
<b>Balance Sheet</b>							
<b>Assets</b>							
Property, plant and Equipment	2,086	51	1,980	45	1,566	42	52
Others Non Current Assets	32	1	27	1	26	1	1
Current Assets	1,953	48	2,374	54	2,127	57	47
Total Assets	4,071	100	4,382	100	3,719	100	100
<b>Share holder's Equity and Liabilities</b>							
Shareholder's Equity	842	21	1,138	26	1,028	28	26
Loan From Directors	700	17	700	16	397	11	13
Non Current Liabilities	515	13	255	6	192	5	9
Current Liabilities	2,013	49	2,289	52	2,103	57	51
Total Equity and liabilities	4,071	100	4,382	100	3,719	100	100

# GRAPHICAL PRESENTATION OF FINANCIAL HIGHLIGHTS

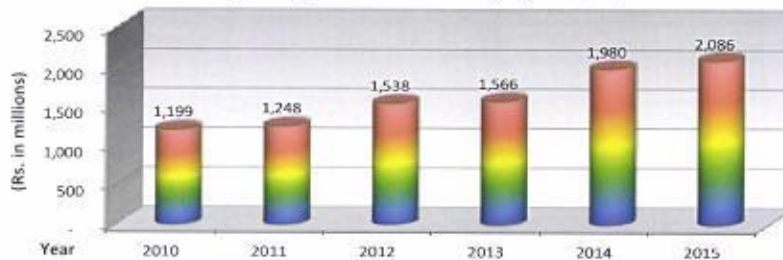
## Sales



## Shareholders' Equity

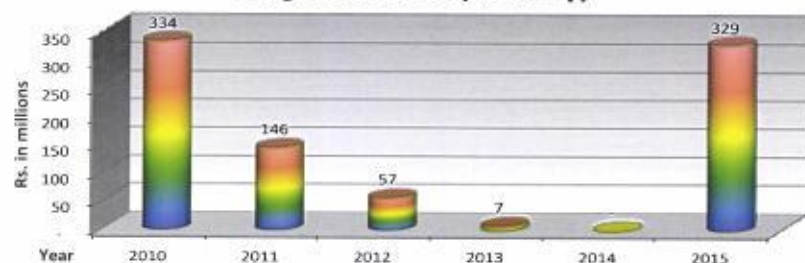


## Property, Plant and Equipment

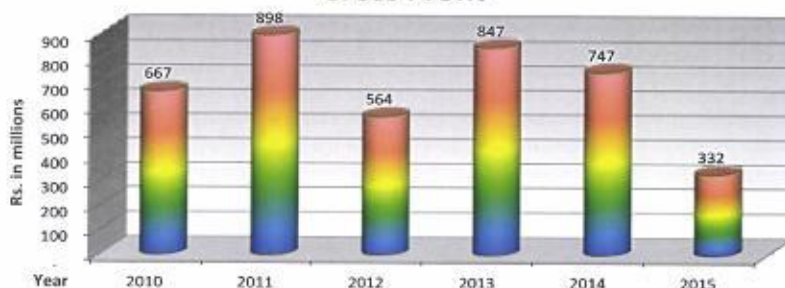


## LONG TERM LOAN (LIABILITY)

## Long Term Loan (Liability)



## Gross Profit



## GROSS PROFIT





# 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. 5.19 of Karachi Stock Exchange Guarantee Limited 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.(CG)

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 and directors representing minority interests on its Board of Directors. At present the Board includes -

Category	Names
Executive Directors	1. Khawaja Mohammad Javed 2. Khawaja 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
Independent Director	1. Mr. Muhammad Tariq Sufi

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)

The Independent director meets the criteria of independence under clause 5.19.1.(b) of the CCG.

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. Mr. Mohammad Hamza Yousaf, Director of the Company has completed directors training program during the year through Institute of Chartered Accountants of Pakistan. The other directors of the company are exempted from directors training program due to 14 years of education and 15 years of experience on the board of listed company which covered compliance of Code of Corporate Governance.
10. 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.



11. The Board has already approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms & conditions of employment.
12. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
13. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
14. 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.
15. The company has complied with all the corporate and financial reporting requirements of the CCG.
16. 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 from non executive directors.
17. 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.
18. 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.
19. The Board has set up an effective internal audit function which was duly reviewed and ratified by the audit committee and approved by the Board of Directors of the Company.

20. 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.
21. 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.
22. 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).
23. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
24. 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.
25. We confirm that all other material principles enshrined in the CCG have been complied with.

**Mohammad Naveed**  
Chief Executive Officer

Lahore:  
10 January 2016

*(Signature)*



## 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 contained in the Code of Corporate Governance prepared by the Board of Directors of **Kohinoor Spinning Mills Limited** to comply with the Listing Regulation of Karachi Stock Exchange (Guarantee) 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.

The Code requires the Company to place before, the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions 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 and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures 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 of Compliance 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, 2015.

Lahore  
January 10, 2016





**Aslam Malik & Co.**  
Chartered Accountants

Audit Engagement Partner:  
**Mohammad Aslam Malik**

### Other Offices at:

**Islamabad:** House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.  
Tel: +92-51-2840487-88, Fax: +92-51-2840486

**Karachi:** Suite # 602-B, 6th Floor, Business & Finance Center, I.I. Chundrigar Road, Karachi  
Tel: +92-21-32412212, 32443706 Fax: +92-21-32472235



## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **KOHINOOR SPINNING MILLS LIMITED** as at June 30, 2015 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 includes 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 except for changes as stated in note 3 with which we concur.
  - (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, 2015 and of the profit, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion Zakat deductible at source under the Zakat and Usher Ordinance, 1980(XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

Lahore  
January 10, 2016



  
**ASLAM MALIK & CO.**  
Chartered Accountants

Audit Engagement Partner:  
Mohammad Aslam Malik

### Other Offices at:

**Islamabad:** House # 726, Street 34, Margalla Town, off Murree Road, Islamabad.  
Tel: +92-51-2840487-88, Fax: +92-51-2840486

**Karachi:** Suite # 602-B, 6th Floor, Business & Finance Center, I.I. Chundrigar Road, Karachi  
Tel: +92-21-32412212, 32443706 Fax: +92-21-32472235




**BALANCE SHEET**

	Notes	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>CAPITAL AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
<b>Authorised Capital</b>			
130,000,000 (2014:130,000,000) ordinary shares of Rupees 5/- each (2014:Rupees 5/- each)		<u>650,000,000</u>	<u>650,000,000</u>
Issued, subscribed and paid up capital 130,000,000 (2014:130,000,000) ordinary shares of Rupees 5/- each (2014:Rupees 5/- each)	3	650,000,000	650,000,000
Accumulated Profit	4	<u>192,304,938</u> <u>842,304,938</u>	<u>488,020,366</u> <u>1,138,020,366</u>
Sub-ordinated loan from directors	5	700,000,000	700,000,000
<b>NON-CURRENT LIABILITIES</b>			
Long Term Loans	6	329,411,764	-
Liabilities against assets subject to finance lease	7	15,749,077	36,792,879
Supplier's credit	8	51,838,869	119,363,604
Deferred liabilities	9	117,902,969 <u>514,902,679</u>	98,355,936 <u>254,512,419</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	10	231,634,423	469,415,415
Accrued Interest on loans and borrowings	11	43,276,302	50,828,993
Short-term borrowings	12	1,577,354,453	1,572,548,727
Current portion of noncurrent liabilities	13	147,965,653	184,869,366
Provision for taxation	32	13,109,285 <u>2,013,340,116</u>	11,313,375 <u>2,288,975,876</u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14	-	-
		<u>4,070,547,733</u>	<u>4,381,508,661</u>

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

Lahore  
January 10, 2016

  
**(Mr. Mohammad Naveed)**  
Chief Executive

**AS AT JUNE 30, 2015**

	Notes	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	15	2,085,557,422	1,979,823,212
Long term Loans	16	20,713,699	15,863,190
Long term deposits	17	10,561,342	10,561,342
Long term investments	18	532,223	790,019
		31,807,264	27,214,551
<b>CURRENT ASSETS</b>			
Stores and spares	19	92,447,285	104,229,569
Stock-in-trade	20	1,345,357,207	1,772,659,213
Trade debts	21	392,476,476	379,248,864
Loans and advances	22	67,815,170	60,623,579
Trade deposits, pre-payments and other receivables	23	44,362,569	46,799,589
Cash and bank balances	24	10,724,341	10,910,082
		1,953,183,048	2,374,470,897

**4,070,547,733**

**4,381,508,661**

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, 2015**

	Notes	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Sales - net	25	6,051,526,305	6,822,993,716
Cost of sales	26	(5,719,868,766)	(6,075,561,314)
<b>GROSS PROFIT</b>		<b>331,657,539</b>	<b>747,432,402</b>
<b>OPERATING EXPENSES</b>			
Distribution Cost	27	(157,627,753)	(152,142,405)
Administrative	28	(117,889,684)	(122,971,969)
		(275,517,437)	(275,114,374)
<b>OPERATING PROFIT</b>		<b>56,140,102</b>	<b>472,318,028</b>
Finance cost	29	(312,299,253)	(259,814,814)
Other operating expenses	30	(875,000)	(23,612,354)
Other operating income	31	27,865,922	291,750
		(285,308,331)	(283,135,418)
<b>(LOSS)/PROFIT BEFORE TAXATION</b>		<b>(229,168,229)</b>	<b>189,182,610</b>
TAXATION	32	(60,515,263)	(68,229,937)
<b>(LOSS)/PROFIT AFTER TAXATION</b>		<b>(289,683,492)</b>	<b>120,952,673</b>
<b>EARNINGS PER SHARE - BASIC &amp; DILUTED</b>	33	<b>(2.23)</b>	<b>0.93</b>

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



**(Mr. Mohammad Naveed)**  
Chief Executive



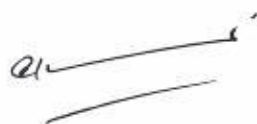
**(Khawaja Mohammad Jahangir)**  
Director

Lahore  
January 10, 2016

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2015**

	<b>June 30, 2015 (Rupees)</b>	<b>June 30, 2014 (Rupees)</b>
(Loss)/profit after taxation	(289,683,492)	120,952,672
Other comprehensive income		
Items that may be reclassified subsequently to profit and loss		
Unrealized loss due to change in fair value of long term investments.	(257,796)	(291,060)
Experience adjustment due to actuarial valuation ( Note 9.1.2)	357,322	(4,721,728)
Total comprehensive (Loss)/Income for the year	<u>(289,583,966)</u>	<u>115,939,884</u>

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



**(Mr. Mohammad Naveed)**  
Chief Executive



**(Khawaja Mohammad Jahangir)**  
Director

Lahore  
January 10, 2016



**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>CASH GENERATED FROM OPERATIONS</b>			
Cash generated from operations	34	402,154,378	378,451,371
Finance cost paid		(319,851,944)	(256,958,818)
Income tax paid		(58,719,352)	(61,613,286)
Gratuity paid		(20,358,765)	(21,568,096)
<b>Net cash generated from operating activities</b>		<b>3,224,316</b>	<b>38,311,171</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Property, Plant & equipments		(210,237,787)	(504,227,517)
Long term advances		(5,003,509)	(1,580,726)
Proceeds from disposal of property, plant and equipment		3,086,000	575,000
<b>Net cash (used in) investing activities</b>		<b>(212,155,296)</b>	<b>(505,233,242)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Increase/(Decrease) of long term financing		385,714,290	(35,714,290)
Increase in long term loan from directors		-	303,000,000
(Decrease)/increase in finance lease liabilities		(28,976,051)	23,211,305
Increase in short term borrowings		4,805,726	69,067,090
(Decrease)/increase in supplier's credit		(152,798,726)	108,683,284
<b>Net cash generated from financing activities</b>		<b>208,745,239</b>	<b>468,247,389</b>
<b>NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(185,741)</b>	<b>1,325,317</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>10,910,082</b>	<b>9,584,765</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>		<b>10,724,341</b>	<b>10,910,082</b>

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



Lahore  
January 10, 2016

**(Mr. Mohammad Naveed)**  
Chief Executive



**(Khawaja Mohammad Jahangir)**  
Director

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	Share Capital	Accumulated Profit	Total
	Rs.	Rs.	Rs.
<b>Balance as on July 01, 2013</b>	650,000,000	377,513,397	1,027,513,397
Interim dividend for year 2014	-	(5,432,915)	(5,432,915)
Profit for the year after taxation	-	120,952,672	120,952,672
Experienced adjustment due to actuarial valuation	-	(4,721,728)	(4,721,728)
Unrealized gain due to change in fair value of long term investment	-	(291,060)	(291,060)
<b>Balance as on June 30, 2014</b>	650,000,000	488,020,366	1,138,020,366
Interim dividend for year 2014	-	(6,131,462)	(6,131,462)
Loss for the year after taxation	-	(289,683,492)	(289,683,492)
Experienced adjustment due to actuarial valuation	-	357,322	357,322
Unrealized loss due to change in fair value of long term investment	-	(257,796)	(257,796)
<b>Balance as on June 30, 2015</b>	<b>650,000,000</b>	<b>192,304,938</b>	<b>842,304,938</b>

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

Lahore  
January 10, 2016

  
**(Mr. Mohammad Naveed)**  
Chief Executive

  
**(Khawaja Mohammad Jahangir)**  
Director



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2015****1. THE COMPANY AND ITS OPERATIONS**

- 1.1** Kohinoor Spinning Mills Limited 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 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

### 2.4.1 Standards, Interpretations and amendments to published approved accounting standards that are effective in the current year

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the company.

### 2.4.2 Standards, interpretations and amendments to existing standards that are applicable to the company but are not yet effective:

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2015 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant & Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The amendments have no impact on Company's financial statements as the company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the ascertained useful lives.

IFRS 10 'Consolidated Financial Statements' - (effective for annual period beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the company.

IFRS 11 'Joint Arrangements' (effective for annual period beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the company.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual period beginning on or after 1 January 2015). The adoption of this standard is not likely to have an impact on company's financial statements.

IFRS 13 'Fair Value Measurement' (effective for annual period beginning on or after 1 January 2015). The adoption of this standard is not likely to have an impact on company's financial statements.

Amendment to IAS 27 'Separate Financial Statement' (effective for annual period beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Agriculture: Bearer Plants [Amendments to IAS 16 and IAS 41] (effective for annual period beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual period beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual Improvements 2012-2014 cycles (amendments are effective for annual period beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. These amendments are not likely to have any implication on the company's financial statements.

IFRS 7 'Financial Instruments - Disclosures'. These amendments are not likely to have any implication on the company's financial statements.

IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the company's financial statements.

IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the company's financial statements.



**2.4.3 Standards, interpretations and amendments to published standards that are effective but not relevant to the company.**

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

**2.5 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 or under sections 154 and 153 of the Income Tax Ordinance, 2001, whichever of these liability is higher.

**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.

**2.6 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.

**2.7 STORES AND SPARES**

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

**2.8 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.

**2.9 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.

**2.10 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.

**2.11 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.



**2.12 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.

**2.13 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.

**2.14 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.

**2.15 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.

**2.16 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.

**2.17 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.

**2.18 CASH AND CASH EQUIVALENTS**

Cash and cash equivalents comprise of cash and bank balances.

**2.19 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.

**2.20 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 intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.21 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.

**2.22 DIVIDEND**

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

	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>3 SHARE CAPITAL</b>		
<b>Issued, subscribed and paid up</b>		
127,725,000 (2014:127,725,000) ordinary shares of Rupees 5/- each (2014:Rupees 5/- each) fully paid in cash	638,625,000	638,625,000
2,275,000 (2014:2,275,000) ordinary shares of Rupees 5/- each (2014:Rupees 5/- each) issued as fully paid bonus shares.	11,375,000	11,375,000
	<b>650,000,000</b>	<b>650,000,000</b>
<b>4 ACCUMULATED PROFIT</b>		
Accumulated profit	227,637,839	517,321,331
Cash dividend	(12,612,848)	(6,481,386)
Unrealized (loss) on long term investments	(467,776)	(209,980)
Unrealized amount charged to retained earning due to valuation	(1,428,229)	(1,428,229)
Actuarial remeasurment-experience adjustments	(20,824,048)	(21,181,370)
	<b>192,304,938</b>	<b>488,020,366</b>



**5 SUB-ORDINATED LOAN FROM DIRECTORS**

	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Loans from directors-related parties	5.1	700,000,000	700,000,000
		<b>700,000,000</b>	<b>700,000,000</b>

5.1 The directors have injected unsecured and interest free loans for the repayment of the liabilities of the banks and BMR of the Company. The loan is repayable at the time at the convenience of the company. The directors of the company have confirmed that they would not demand repayment of loan for a period of 12 months of the balance sheet date. Hence the loan has been classified as long term liability.

**6 LONG TERM LOANS**

**Banking Companies - Secured**

Demand finance I	6.1	-	14,285,710
Less : Current portion		-	(14,285,710)
		-	-
Demand finance II	6.2	400,000,000	-
Less : Current portion	13	(70,588,236)	-
		<b>329,411,764</b>	-
		<b>329,411,764</b>	-

6.1 This loan is secured by a letter of hypothecation providing charge over fixed assets of the company. It carries mark up based on three months KIBOR plus 2%. The loan was repayable in 42 equal quarterly installments of Rs.3.571 million each commencing from February, 2011 and ending on August 2014.

6.2 This loan is secured by a first pari passu charge with 25% margin on fixed assets of unit-3 of the company. It carries mark up based on six months KIBOR plus 2.75%. The loan is repayable in 17 equal quarterly installments of Rs.23.53 million each commencing from December, 2015 and ending on December 2019.

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

	June 30, 2015		June 30, 2014	
	Minimum lease Payments	Present Value	Minimum lease Payments	Present Value
	Rupees		Rupees	
Within one year	29,858,501	25,538,549	42,435,569	33,470,798
After one year but not more than five years	12,604,619	15,749,077	42,053,770	36,792,879
Total minimum lease payments	42,463,120	41,287,626	84,489,339	70,263,677
Amount representing finance charges	(5,495,446)	-	(14,225,662)	-
Present value of minimum lease payments	41,287,626	41,287,626	70,263,677	70,263,677
Less: Current portion	(25,538,549)	(25,538,549)	(33,470,798)	(33,470,798)
	<b>15,749,077</b>	<b>15,749,077</b>	<b>36,792,879</b>	<b>36,792,879</b>

- 7.1 The total lease rentals due under the lease agreements aggregating Rs. 42,463,120 (2014: Rs. 84,489,339) are repayable in equal monthly installments latest by April, 2018. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of approximately 14.34 to 15.46 (2014: 14.34 to 15.40) percent per annum. If any lease is terminated, the lessee is required to pay the purchase price specified in the lease agreements. Taxes, repairs, replacements and insurance costs are to be borne by the lessee. The liability is secured by the specific charge over leased assets. The estimated residual value assets acquired on finance lease is Rs. 49.199 Million (2014: 43.349 Million). The company intends to exercise the option of purchasing the lease assets at residual value upon completion of lease term.

## 8 SUPPLIER'S CREDIT-UNSECURED

	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>Loan 1</b>			
Loan from machinery supplier	8.1	-	77,431,056
Less : Current portion		-	(77,431,056)
<b>Loan 2</b>			
Loan from machinery supplier	8.2	103,677,737	179,045,407
Less : Current portion	13	(51,838,868)	(59,681,803)
		51,838,869	119,363,604
		51,838,869	119,363,604

- 8.1 This loan is unsecured and interest free. This loan is repayable in 6 equal half year instalments of Rs. 39.241 million (Euro 287,356.4) each commencing from August 2012 and ending on February, 2015 with 15% payment at the time of presentation of shipping documents of machinery.
- 8.2 This loan is unsecured and interest free. This loan is repayable in 6 equal half year instalments of Rs. 25.183 million (Euro 221,486.69) each commencing from August 2014 and ending on August, 2017 with 15% payment at the time of presentation of shipping documents of machinery.

## 9 DEFERRED LIABILITIES

Gratuity	9.1	117,902,969	98,355,936
		117,902,969	98,355,936

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 TRT Associates as on June 30, 2015.

### 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

Current service cost	28,579,727	24,520,314
Interest cost	11,683,393	7,592,112
	40,263,120	32,112,426



	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>9.1.2 Movement in liability recognized in the balance sheet</b>			
At the beginning of the year		98,355,936	83,089,880
Amount recognized during the year - as shown above		40,263,120	32,112,424
Experience adjustment		(357,322)	4,721,728
Benefit payments		(20,358,765)	(21,568,096)
		<u>117,902,969</u>	<u>98,355,936</u>

## 9.1.3 Allocation of charge for the year

Cost of sales	26.2	30,197,340	23,223,783
Administrative expenses	28.1	10,065,780	8,888,641
		<u>40,263,120</u>	<u>32,112,424</u>

## 9.1.4 The principal actuarial assumptions used were as follows

Discount rate	9.5%	13.25%
Expected rate of increase in salary	8.5%	12.25%
Average expected remaining working life of employees	8 years	6 years

## 10 TRADE AND OTHER PAYABLES

### Secured

Creditors	10.1	48,633,015	58,628,750
-----------	------	------------	------------

### Un-secured

Creditors	10.2	40,105,019	188,324,156
Accrued expenses		69,988,535	94,540,502
Un-claimed dividend		2,022,967	1,816,413
Workers' profit participation fund	10.3	55,623,476	119,086,918
Advances from customers		15,261,411	7,018,675
		<u>231,634,423</u>	<u>469,415,415</u>

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

10.2 These include Rs. Nil million (2014:Rs.0.519 million) payable to Chakwal Textile Mills Limited-an associated undertaking.

## 10.3 Workers' profit participation fund

Opening balance		119,086,918	99,209,035
For the year		-	9,956,979
Paid for the year		(75,372,134)	-
Interest recognized during the year	10.3.1	11,908,692	9,920,904
		<u>(63,463,442)</u>	<u>19,877,883</u>
		<u>55,623,476</u>	<u>119,086,918</u>

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

	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>11 ACCRUED INTEREST ON LOANS AND BORROWINGS</b>			
Accrued interest / mark up on:			
Long term loans (Secured)		1,996,822	677,984
Short term finances (Secured)		41,279,480	50,151,009
		<u>43,276,302</u>	<u>50,828,993</u>

**12 SHORT-TERM BORROWINGS**

**Banking companies - Secured**

Running finance	12.1	142,509,635	130,605,310
Export finance	12.1	287,717,598	243,766,539
Others	12.1	1,146,440,614	1,197,863,996
		<u>1,576,667,846</u>	<u>1,572,235,845</u>

**Related parties - unsecured**

Loan from directors	12.2	686,607	312,883
		<u>1,577,354,453</u>	<u>1,572,548,727</u>

**12.1** This represents short-term finances utilized under mark-up arrangements against aggregate limit of Rupees 1,632 million (2014:Rupees 1,593 million). These arrangements are normally for a period of twelve months and are renewable. These facilities are secured against hypothecation charge over fixed assets,pledge of raw material and finished goods, hypothecation of stock-in trade, lien on export contracts/documents and personal guarantees of directors. The mark-up on the above facilities ranges from three months KIBOR plus 2% to 3.5%.

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

		June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>13 CURRENT PORTION OF NONCURRENT LIABILITIES</b>			
Long term loans	6	70,588,236	14,285,710
Liabilities against assets subject to finance lease	7	25,538,549	33,470,798
Supplier's credit	8	51,838,868	137,112,858
		<u>147,965,653</u>	<u>184,869,366</u>



**14 CONTINGENCIES AND COMMITMENTS****14.1 CONTINGENCIES**

- 14.1.1** No provision has been made for the amount of tax demanded by tax authorities of Rs. 5,673 million (2014:Rs.5.673 million) for various assessment years because the management believes that the outcome of the appeals regarding this demand will be decided in favour of the company.
- 14.1.2** Guarantee of Rs.30.725 million (2014: Rs.30.725 million) is given by bank of the company to Sui Northern Gas Pipelines Limited (SNGPL) against gas connection.

<b>14.2 COMMITMENTS</b>	<b>June 30, 2015 (Rupees)</b>	<b>June 30, 2014 (Rupees)</b>
(i) Letters of credit for import of raw material	<b>58.771 Million</b>	26.945 Million
(ii) Letters of credit for import of Machinery	<b>14.494 Million</b>	10.461 Million

2015

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, 2015	
	AS ON JULY 01, 2014	ADDITIONS (/DELETIONS)	TRANSFER/ ADJUSTMENT		AS ON JUNE 30, 2015	A D J U S T M E N T S	FOR THE YEAR		AS ON JUNE 30, 2015
15.1.1 OWNED									
FREEHOLD LAND	11,675,239			11,675,239	-	-	-	11,675,239	
BUILDING ON FREE HOLD LAND	381,512,026	90,167,919	129,065,718	600,745,663	5	215,460,859	12,191,438	227,652,297	
PLANT AND MACHINERY	2,575,956,072	110,230,667	149,167,319	2,835,354,058	5	1,215,245,781	74,605,767	1,289,851,547	
TUBE WELLS	1,545,577	-		1,545,577	10	1,285,065	26,050	1,311,115	
ELECTRIC INSTALLATION	76,932,193	1,726,676		78,658,869	10	40,787,422	3,720,885	44,508,407	
TOOLS AND EQUIPMENTS	4,241,145	-		4,241,145	10	3,917,477	32,374	3,949,851	
TELEPHONE INSTALLATION	1,017,190	-		1,017,190	10	858,920	24,369	883,289	
OFFICE EQUIPMENTS	18,879,693	601,976		19,481,669	10	8,172,105	1,087,003	9,259,108	
FURNITURE AND FIXTURE	10,158,992	-		10,158,992	10	7,255,832	292,755	7,548,587	
VEHICLES	57,237,852	7,510,550	(4,762,500)	56,362,218	20	37,308,003	(2,365,627)	39,310,862	
		(3,623,584)							
2015 - Rupees	3,139,155,979	210,237,787	(4,762,500)	3,619,240,718		1,530,291,464	(2,365,627)	1,624,275,063	
		(3,623,584)	278,233,037						
2014 - Rupees	2,960,241,729	224,840,680	-	3,139,155,976		1,446,395,599	-	1,530,291,473	
		(1,111,030)	(44,815,403)				(819,780)	1,608,864,503	



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, 2015	
	AS ON JULY 01, 2014	ADDITIONS (/DELETIONS)	TRANSFER/ ADJUSTMENT		AS ON JUNE 30, 2015	AS ON JULY 01, 2014	ADJUSTMENTS		FOR THE YEAR

15.1.2 LEASED										
PLANT AND MACHINERY										
Vehicles	85,735,403	-	-	85,735,403	5	8,077,148	-	3,882,913	11,960,061	73,775,342
	22,735,265	-	4,762,500	27,497,765	20	7,667,847	-	3,013,482	10,681,329	16,816,436
		-	-		20					-
2015 - Rupees	108,470,668	-	4,762,500	113,233,168		15,744,995	-	6,896,395	22,641,390	90,591,778
2014 - Rupees	62,501,465	1,153,800	44,815,403	108,470,668		10,028,911	-	5,716,094	15,744,995	92,725,673
		-	-				-			
15.2 CAPITAL WORK IN PROGRESS										
Factory Buildings	129,065,718	-	(129,065,718)	-		-	-	-	-	-
Plant & Machinery	149,167,319	-	(149,167,319)	-		-	-	-	-	-
	-	(278,233,037)		-		-	-	-	-	-
2015 - Rupees	278,233,037	(278,233,037)		-		-	-	-	-	-
		(278,233,037)								
2014 - Rupees	278,233,037	-		278,233,037		-	-	-	-	278,233,037
		-					-			
Total as on June 30, 2015	3,525,859,683	(67,995,250)	-	4,010,706,923		1,546,036,459	(2,365,627)	103,245,622	1,646,916,453	2,085,557,422
		(281,856,621)	278,233,037				-			
Total as on June 30, 2014	3,300,976,231	225,994,480	44,815,403	3,525,859,681		1,456,424,510	-	90,431,748	1,546,036,468	1,979,823,213
		(1,111,030)	278,233,037				(819,780)			

## 2014

39



## 15.3 Disposal of property, plant and equipment

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Mode of disposal	Particulars of purchaser
LEV-09-5161	1,439,554	1,028,640	410,914	1,600,000	1,189,086	Claim	Settlement against insurance Claim
LEA-11-3354	2,029,730	1,237,612	792,118	1,435,000	642,882	Negotiation	Mr. Mian Bilal Ahmed, Lahore
LEN-10-7259	83,400	55,217	28,183	20,000	(8,183)	Negotiation	Mr. Adeel Alam, Lahore
LER-10-7941	70,900	44,158	26,742	31,000	4,258	Negotiation	Mr. Imran Latif, Lahore
	<b>3,623,584</b>	<b>2,365,627</b>	<b>1,257,957</b>	<b>3,086,000</b>	<b>1,828,043</b>		

	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>15.4 Depreciation/amortization has been apportioned as under:</b>			
Cost of sales	26	100,232,130	86,191,981
Administrative expenses	28	3,013,482	4,239,757
		<u>103,245,612</u>	<u>90,431,738</u>
<b>16 LONG-TERM LOANS</b>			
Loans to Executives - Considered good	16.1	21,193,699	16,190,190
Less: Current portion	22	(480,000)	(327,000)
		<u>20,713,699</u>	<u>15,863,190</u>
<b>16.1</b> These represent long term loans made to executives as per policy of the company against house building finance. These are secured against the employee's gratuity balances and are free of interest.			
Aggregate maximum balance due at the end of any month during the year		<u>21,193,699</u>	<u>16,190,190</u>
<b>17 LONG-TERM DEPOSITS</b>			
Security deposits			
Utilities		10,411,342	10,411,342
Others		150,000	150,000
		<u>10,561,342</u>	<u>10,561,342</u>
<b>18 LONG TERM INVESTMENTS</b>			
Held as available for sale			
Others - Quoted			
* KASB Modaraba			
166,320 modaraba certificates of Rupees 10 each.		532,223	790,019
		<u>532,223</u>	<u>790,019</u>
<b>19 STORES AND SPARES</b>			
Stores		23,023,771	44,597,836
Spares		69,423,514	59,631,733
		<u>92,447,285</u>	<u>104,229,569</u>
<b>20 STOCK-IN-TRADE</b>			
Raw material		920,609,685	1,331,618,902
Work-in-process		138,645,953	125,987,330
Finished goods		280,053,044	311,423,510
Waste		6,048,525	3,629,471
		<u>1,345,357,207</u>	<u>1,772,659,213</u>



	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>21 TRADE DEBTS - Considered good</b>			
Foreign - Secured		71,123,180	18,006,227
Local - Un-secured	21.1	321,353,296	361,242,637
		<u>392,476,476</u>	<u>379,248,864</u>
<b>21.1</b> This includes balances receivables from the following associated undertakings:			
Chakwal Spinning Mills Limited		1,356,933	1,356,933
Yousaf Weaving Mills Limited		7,266,736	6,358,842
		<u>8,623,669</u>	<u>7,715,775</u>
<b>22 LOANS AND ADVANCES</b>			
Current portion of loans to executives		480,000	327,000
<b>Advances - considered good</b>			
Suppliers		26,082,659	31,439,725
Services Providers		4,126,663	1,001,408
Others		1,295,646	210,535
Staff - interest free		34,267,604	26,932,802
Letters of credit		1,562,598	712,109
		<u>67,815,170</u>	<u>60,623,579</u>
<b>23 TRADE DEPOSITS, SHORT TERM PREPAYMENTS AND OTHER RECEIVABLES</b>			
<b>Deposits</b>			
Margin with banks		20,561,991	18,510,191
Pre-payments - insurance		1,008,025	1,249,546
<b>Other receivables - considered good</b>			
Sales tax receivable		22,792,553	27,039,853
		<u>44,362,569</u>	<u>46,799,590</u>
<b>24 CASH AND BANK BALANCES</b>			
Cash in hand		800,616	1,127,050
In current accounts		9,906,831	9,669,098
In saving accounts		16,894	113,934
		<u>10,724,341</u>	<u>10,910,082</u>

	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>25 SALES - NET</b>			
Local		3,372,774,151	4,225,006,665
Export		2,678,752,154	2,597,987,051
		<u>6,051,526,305</u>	<u>6,822,993,716</u>
<b>26 COST OF SALES</b>			
Raw material consumed	26.1	4,106,848,211	4,444,333,027
Salaries, wages and benefits	26.2	532,741,882	465,595,500
Fuel and power		626,287,294	845,528,081
Insurance		27,168,597	26,389,524
Packing material		146,573,333	137,993,480
Repairs and maintenance		8,723,431	11,763,674
Stores and spares consumed		102,367,864	109,981,017
Vehicle running and maintenance		6,511,847	7,154,048
Communication		1,205,993	1,287,716
Travelling and conveyance		2,376,667	2,832,298
Doubling charges		12,086,800	6,800,000
Miscellaneous		30,451,928	22,779,789
Depreciation	15	100,232,130	86,191,981
		<u>5,703,575,977</u>	<u>6,168,630,135</u>
Work-in-process			
Opening		125,987,330	131,924,270
Closing		(138,645,953)	(125,987,330)
Cost of goods manufactured		<u>5,690,917,354</u>	<u>6,174,567,075</u>
Finished goods and waste			
Opening stock		315,052,981	216,047,220
Closing stock		(286,101,569)	(315,052,981)
		<u>5,719,868,766</u>	<u>6,075,561,314</u>
<b>26.1 RAW MATERIAL CONSUMED</b>			
Opening stock		1,331,618,902	1,233,765,610
Purchases		3,698,282,527	4,558,108,855
		<u>5,029,901,429</u>	<u>5,791,874,465</u>
Cost of raw material sold		(2,443,533)	(15,922,536)
		<u>5,027,457,896</u>	<u>5,775,951,929</u>
Closing stock		(920,609,685)	(1,331,618,902)
		<u>4,106,848,211</u>	<u>4,444,333,027</u>

**26.2** It includes Rs.30,197,340 (2014 : Rs.23,223,783) in respect of gratuity.



	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>27 DISTRIBUTION COST</b>			
Commission to selling agents		67,613,141	74,083,237
Ocean freight		20,988,662	18,770,094
Local Freight		41,760,600	39,976,260
Clearing & forwarding		7,998,950	7,149,273
Export development surcharge		6,675,737	5,408,453
Others		12,590,663	6,755,088
		<u>157,627,753</u>	<u>152,142,405</u>
<b>28 ADMINISTRATIVE</b>			
Salaries, wages and benefits	28.1	67,331,429	61,186,652
Travelling and conveyance		1,533,609	2,666,667
Rent, rates and taxes		3,097,394	2,400,818
Printing and stationery		1,098,787	798,442
Communication		4,911,469	4,373,576
Entertainment		3,564,731	3,318,081
Electricity and gas		2,332,580	6,124,821
Vehicles running		6,147,868	12,556,655
Fee and subscription		2,441,846	1,834,651
Legal and professional		952,900	199,200
Repairs and maintenance		9,489,777	10,478,997
Donations	28.2	5,320,672	5,057,113
Miscellaneous		6,653,140	7,736,539
Depreciation	15	3,013,482	4,239,757
		<u>117,889,684</u>	<u>122,971,969</u>
<b>28.1</b>	It includes Rs.10,065,780 (2014 : Rs.8,888,641) in respect of gratuity.		
<b>28.2</b>	None of the directors or their spouses had any interest in any of the donees.		
<b>29 FINANCE COST</b>			
Interest / mark-up on:			
Long term loans		26,927,986	3,810,008
Finance leases		8,386,687	7,904,999
Short-term borrowings		186,529,578	197,818,072
Workers profit participation fund		11,908,692	9,920,904
Inland Letter's of Credit		37,609,558	6,435,547
Bank charges and commissions		40,936,752	33,925,284
		<u>312,299,253</u>	<u>259,814,814</u>
<b>30 OTHER OPERATING EXPENSES</b>			
Auditors' remuneration	30.1	875,000	800,000
Exchange loss		-	10,438,180
Workers profit participation fund		-	9,956,979
Loss on sales of raw material		-	2,417,195
		<u>875,000</u>	<u>23,612,354</u>

	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>30.1 Auditors' remuneration</b>		
Statutory audit	700,000	700,000
Half yearly review and review of code of corporate governance	175,000	100,000
	<b>875,000</b>	<b>800,000</b>
<b>31 OTHER OPERATING INCOME</b>		
Gain on sale of fixed assets	1,828,043	283,750
Profit on sale of raw material	248,590	-
Profit from trading activity	6,191	8,000
Dividend Income	35,925	-
Exchange gain	25,747,173	-
	<b>27,865,922</b>	<b>291,750</b>
<b>31.1 Profit on sale of raw material</b>		
Gross Sales	2,692,123	-
Less Cost of Sales	(2,443,533)	-
	<b>248,590</b>	<b>-</b>
<b>32 TAXATION</b>		
Opening balance	11,313,375	4,696,724
For the year	60,515,283	68,229,937
Less: Paid / adjusted	(58,719,352)	(61,613,286)
	<b>13,109,285</b>	<b>11,313,374</b>
<b>32.1</b>	This represents liability provided under Section 113 and 154 of the Income Tax Ordinance, 2001 on the basis of gross turnover from all sources.	
<b>32.2</b>	The income tax assessment of the company has been finalized upto and including tax year 2014 by deeming provisions of Income Tax Ordinance 2001, however appeals before different appellate forums are pending on various legal issues.	
<b>32.3</b>	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.	
<b>32.4</b>	Deferred tax asset amounting to Rs.81 million arising due to brought forward losses amounting Rs.989 million has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.	



	Note	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>33 EARNINGS PER SHARE - Basic</b>			
(Loss)/profit after taxation		(289,683,492)	120,952,672
Weighted average number of ordinary shares		130,000,000	130,000,000
(Loss)/earnings per share - Basic		<u>(2.23)</u>	<u>0.93</u>
<b>33.1 Diluted earning per share</b>			
There is no dilution effect on the basic earning per share of the Company as the company has no such commitments.			
<b>34 CASH FLOW FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before taxation		(229,168,229)	189,182,609
<b>Adjustments of non cash charges and other items</b>			
Depreciation / amortization		103,245,612	90,431,738
Gratuity		40,263,130	32,112,424
Workers' Profit Participation Fund		-	9,956,979
Gain on sale of fixed assets		(1,828,043)	(283,750)
Dividend paid		(5,924,908)	(4,810,693)
Finance cost		312,299,253	259,814,814
<b>Operating profit before working capital changes</b>		<u>218,886,815</u>	<u>576,404,121</u>
<b>(Increase)/decrease in current assets</b>			
Stores and spares		11,782,284	(7,394,577)
Stock-in-trade		427,302,006	(190,922,113)
Trade debts		(13,227,612)	(57,640,682)
Loan and advances		(7,038,591)	(5,573,750)
Trade deposits, prepayments & other receivables		2,437,021	15,278,507
		<u>421,255,108</u>	<u>(246,252,615)</u>
<b>(Decrease)/Increase in current liabilities</b>			
Trade and other payables		(237,987,546)	48,299,863
		<u>402,154,377</u>	<u>378,451,371</u>

## 35 CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES REMUNERATION

	June 30, 2015 (Rupees)			June 30, 2014 (Rupees)		
	CHIEF EXECUTIVE	DIRECTORS	EXECUTIVES	CHIEF EXECUTIVE	DIRECTORS	EXECUTIVES
Remuneration	4,000,000	7,700,000	12,086,600	4,000,000	6,761,300	11,553,080
House rent	1,800,000	3,465,000	5,438,970	1,800,000	3,042,000	5,198,886
Medical	768,706	3,670,695	1,131,934	834,779	3,428,362	1,020,463
Gratuity	-	-	1,648,173	-	-	1,672,075
Utilities	200,000	385,000	604,330	200,000	336,700	577,654
	<b>6,768,706</b>	<b>15,220,695</b>	<b>20,910,007</b>	<b>6,834,779</b>	<b>13,568,362</b>	<b>20,022,158</b>
Number of persons	<b>1</b>	<b>3</b>	<b>11</b>	<b>1</b>	<b>3</b>	<b>12</b>

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

During the year under review, Board of Directors of the Company approved revision of remunerations of Mr. Khawaja Muhammad Naveed, Chief Executive and Whole-time working Directors of the Company. The Board approved a sum of Rs. 500,000/- towards monthly remuneration of the CEO and Rs. 962,500/- for the whole time working Directors along with other facilities as per Company policy.

## 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:-

	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>Purchases of raw materials and goods</b>		
(Yousaf Weaving Mills Limited)	<u>248,711</u>	<u>-</u>
	<b>248,711</b>	<b>-</b>
<b>Sales of raw materials and goods</b>		
(Yousaf Weaving Mills Limited)	<u>1,841,100</u>	<u>13,326,022</u>
(Chakwal Textile Mills Limited)	<u>-</u>	<u>2,674,440</u>
	<b>1,841,100</b>	<b>16,000,462</b>
<b>Short Term Loan from Directors</b>		
Loan from directors	<b>686,607</b>	312,883
Aggregate maximum balance due at the end of any month during the year.	<b>9,752,032</b>	9,786,484

## 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:

	June 30, 2015 Rupees in thousand	June 30, 2014 Rupees in thousand
Trade debts-USD	71,123	18,006
Supplier's credit-EURO	103,678	256,476
The following significant exchange rates were applied during the year:		
Average rate (Rupees per US Dollar)	100.86	98.58
Reporting date rate (Rupees per US Dollar)	101.70	98.75
Average rate (Rupees per Euro)	125.14	131.66
Reporting date rate (Rupees per Euro)	113.79	134.73

#### Foreign Exchange Risk 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, 2015 financial assets include Rs.71.123 million (2014: Rs.18.006 million) and financial liabilities include Rs. 103.678 million (2014: Rs. 256.476 million) which are subject to foreign currency risk against US Dollars and Euro respectively.

#### Foreign Currency Sensitivity Analysis

At June 30, 2015 if the Rupee had weakened / strengthened by 5% against the US Dollar and Euro with all other variables held constant, profit for the year would have been lower / higher by Rs. 1.628 million (2014: Rs.11.924 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 market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial 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:

	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
<b>Floating rate instruments</b>		
<b>Financial Liabilities</b>		
Long term financing	329,411,764	-
Liabilities against assets subject to finance lease	15,749,077	36,792,879
Short term borrowings	1,577,354,453	1,572,236,844
<b>Financial Assets</b>		
Bank Balances - Saving Accounts	16,894	113,934



## 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 before taxation for the year would have been Rs. 17,108 million (2014: Rs. 15,72 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:-

Long term loans	20,713,699	15,863,190
Long term deposits	10,561,342	10,561,342
Trade debts	392,476,476	379,248,864
Advances, trade deposits and other receivables	67,815,170	60,623,579
Cash and bank balances	10,724,341	10,910,082

The credit risk 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	A1+	AAA
National Bank of Pakistan Limited	PACRA	A-1+	AAA
Habib Metrobank Limited	PACRA	A1+	AA+
Meezan Bank Limited	JCR-VIS	A-1+	AA
Allied Bank Limited	PACRA	A1+	AA+
Standard Chartered Bank (Pakistan) Limited	PACRA	A1+	AAA

### 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. 1632 million worth short term borrowing limits available from financial institutions and Rs. 11,224 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, 2015:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Supplier's credit	103,677,737	103,677,737	51,838,868	51,838,869	-
Long-term finances	400,000,000	552,960,000	132,357,648	420,602,352	-
Liabilities against leased assets	41,287,626	42,463,120	31,033,995	11,429,125	-
Trade and other payables	231,634,423	231,634,423	231,634,423	-	-
Accrued interest	43,276,302	43,276,302	43,276,302	-	-
Short term finances	1,577,354,453	1,757,567,588	1,757,567,588	-	-

Contractual maturities of financial liabilities as at June 30, 2014:

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Supplier's credit	256,476,463	147,793,179	74,711,260	73,081,919	-
Liabilities against leased assets	70,263,677	55,515,000	42,857,148	12,657,852	-
Trade and other payables	469,415,415	56,003,021	24,855,900	31,147,121	-
Accrued interest	50,828,993	409,871,048	409,871,048	-	-
Short term finances	1,572,235,844	47,972,996	47,972,996	-	-

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.

	June 30, 2015 (Rupees)	June 30, 2014 (Rupees)
Total borrowings	2,677,354,453	1,924,171,776
Less: Cash and bank balances	10,724,341	10,910,082
Net debt	2,666,630,112	1,913,261,694
Total equity	842,304,938	1,138,020,366
Total capital employed	3,508,935,050	3,051,282,060
Gearing ratio	76.00%	62.70%

## 38 PLANT CAPACITY AND PRODUCTION

Number of spindles installed	79,944	79,944
Installed capacity in 20's count based on triple shift for 365 (2014 - 365) days (kgs) - Approximately	35,984,727	35,984,727
Actual production after conversion into 20's count (kgs)	25,477,304	28,956,019

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 2,551 (2014 - 2,644).

## 40 DATE OF AUTHORIZATION OF ISSUE

These financial statements were authorized for issue on January 10, 2016 the Board of Directors of the Company.

## 41 GENERAL

Figures have been rounded off to the nearest rupees.



(Mr. Mohammad Naveed)  
Chief Executive



(Khawaja Mohammad Jahangir)  
Director

Lahore  
January 10, 2016

FORM 34

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

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 **30-06-2015**

4. No. of Shareholders	-----Shareholding-----		Total Shares Held
	From	To	
60	1	100	1,960
57	101	500	22,917
54	501	1,000	51,344
97	1,001	5,000	250,742
30	5,001	10,000	239,360
7	10,001	15,000	88,600
2	15,001	20,000	33,500
3	25,001	30,000	85,000
2	45,001	50,000	100,000
3	50,001	55,000	156,100
1	55,001	60,000	55,067
1	70,001	75,000	73,000
3	95,001	100,000	296,500
3	110,001	115,000	337,500
1	140,001	145,000	145,000
1	145,001	150,000	145,500
1	150,001	155,000	154,500
1	180,001	185,000	183,500
1	215,001	220,000	219,500
1	235,001	240,000	240,000
2	245,001	250,000	491,500
1	420,001	425,000	423,500
1	540,001	545,000	540,827
1	625,001	630,000	629,500
1	750,001	755,000	752,500
1	2,075,001	2,080,000	2,079,500
1	3,425,001	3,430,000	3,426,000
1	4,205,001	4,210,000	4,205,250
1	5,610,001	5,615,000	5,610,500
1	6,180,001	6,185,000	6,181,500
1	16,095,001	16,100,000	16,095,600
1	17,485,001	17,490,000	17,489,500
1	19,960,001	19,965,000	19,960,250
1	20,530,001	20,535,000	20,532,500
1	28,700,001	28,705,000	28,701,983
<b>345</b>			<b>130,000,000</b>



5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	102,105,154	78.5424
5.2 Associated Companies, undertakings and related parties.	0	-
5.3 NIT and ICP	100	0.0001
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	11,225	0.0086
5.5 Insurance Companies	53,100	0.0408
5.6 Modarabas and Mutual Funds	597,827	0.4599
5.7 Share holders holding 10% or more	112,248,404	86.3449
5.8 General Public	24,989,995	19.2231
5.9 Others (to be specified)		
1- Joint Stock Companies	72,800	0.0560
2- Investment Companies	2,079,500	1.5996
3- Foreign Companies	15,300	0.0118
4- Pension Funds	55,067	0.0424
5- Others	19,932	0.0153

6. Signature of  
Company Secretary

7. Name of Signatory

8. Designation

9. NIC Number

10. Date

30	06	2015
----	----	------

**Catagories of Shareholding required under Code of Coprorate Governance (CCG)  
As on June 30, 2015**

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
4	CDC TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	540,827	0.4160

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

1	KHAWAJA MOHAMMAD JAVAID	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	28,710,554	22.0850
5	KHAWAJA MOHAMMAD NADEEM	17,489,500	13.4535
6	KHAWAJA MOHAMMAD NAVEED	25,132,100	19.3324
7	MR. MOHAMMAD HAMZA YOUSAF	1,500	0.0012
8	MR. MOHAMAMD TARIQ SUFI	1,000	0.0008

**Executives:**

- -

**Public Sector Companies & Corporations:**

- -

**Banks, Development Finance Institutions, Non Banking Finance**

119,892 0.0922

**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 KALEEM	28,710,554	22.0850
2	KHAWAJA MOHAMMAD NAVEED	25,132,100	19.3324
3	KHAWAJA MOHAMMAD JAVAID	20,383,750	15.6798
4	MR. NADEEM BASHIR (CDC)	20,532,500	15.7942
5	KHAWAJA MOHAMMAD NADEEM	17,489,500	13.4535

**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 NAVEED	2,978,900	-
2	MR. MOHAMAMD TARIQ SUFI	-	1000
3	MRS. NUSRAT ARFEEN W/O KHAWAJA MOHAMMAD TANVEER	112,500	-
4	MRS. ANDLEEB KHANUM W/O KHAWAJA MOHAMMAD NADEEM	112,500	-

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



Form of Proxy - 43rd Annual General Meeting

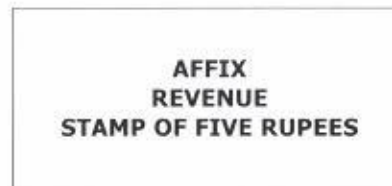
The Corporate Secretary  
**Kohinoor Spinning Mills Limited**  
7/1 E-3 Main Boulevard Gulberg III, Lahore

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

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 43rd Annual General Meeting of the Company to  
be held on <sup>Sunday</sup> \_\_\_\_\_, 31st January, 2016 at 10:00 a.m. at 31-F Main Market Gulberg II, Lahore and at every adjournment  
thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016.

1. Witness: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC: \_\_\_\_\_



2. Witness: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
CNIC: \_\_\_\_\_

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 than 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.

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

