



ANNUAL REPORT 2015



Chakwal Spinning Mills Limited



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## Company Information

### BOARD OF DIRECTORS

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Khawaja Mohammad Jahangir	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Khawaja Mohammad Nadeem	(Director)
Mr. Mohammad Naveed	(Director)
Mr. Mohammad Aman	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

### AUDIT COMMITTEE

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Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Jawed	(Member)
Mr. Mohammad Aman	(Member)

### HR & REMUNERATION COMMITTEE

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Khawaja Mohammad Jawed	(Chairman)
Khawaja Mohammad Jahangir	(Member)
Khawaja Mohammad Tanveer	(Member)

### COMPANY SECRETARY

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Mr. Muhammad Jahangir Khan jahangir@chakwalgroup.com.pk	BA (LLB), MBA, DTL, ACIS
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### CHIEF FINANCIAL OFFICER

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Mr. Muhammad Ashraf	(ACMA)
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### BANKERS

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Habib Metro Bank Limited  
Allied Bank of Pakistan  
MCB Bank Limited  
The Bank of Punjab  
Meezan Bank Limited

### AUDITORS

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Aslam Malik & Co.  
Chartered Accountants  
Suite # 18-19, 1st Floor,  
Central Plaza, Civic Centre,  
New Garden Town, Lahore. Pakistan

### CORPORATE & REGISTERED OFFICE

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

### SHARE REGISTRARS

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

### MILLS

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49-Kilometer  
Multan Road, Bhai Phero  
Tel : (04943) 540083-4

## Notice Of Annual General Meeting

Notice is hereby given that the 26th Annual General Meeting of **CHAKWAL SPINNING MILLS LIMITED** will be held on Thursday, October 31, 2013 at 10:00 a.m. at 7/1 - E-3, Main Boulevard Gulberg III, Lahore to deal with the following matters :-

### ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on October 31, 2012.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the reports of directors and auditors thereon.
3. To consider and, if thought fit, approve final cash dividend of 10% ( Rs. 0.50 per ordinary share of Rs. 5/ each) held by the existing shareholders as recommended by the board of directors. This is in addition to the interim cash dividend of 5% ( Rs.0.25 per ordinary share of Rs. 5/- each) already paid to the shareholders during the year.
4. To reappoint auditors for the year ending June 30, 2014 and to fix their remuneration.
5. To transact any other business with the permission of the chair.

Lahore:  
October 09, 2013

BY ORDER OF THE BOARD



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

### NOTES:

1. The share transfer books of the Company will remain closed from October 24, 2013 to October 31, 2013 (both days inclusive).
2. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend this meeting shall produce his/her original CNIC or passport to prove the identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify the change in their address, if any, and also send copy of CNIC for filing annual return of company to our share registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-3583 9182.

## Directors' Report to the Shareholders

The Directors of your company are pleased to present before you the Annual Report as well as Audited Financial Statements for the year ended June 30, 2013.

### Performance of the company

During the period under review, the progress of your company remained very well. Both sales and net profit have increased tremendously. Sales revenue stood at Rs.2,74.832 million as compared to Rs.2,029.439 million for last year. By the grace of Almighty Allah, the company has achieved a milestone of export sale for Rs.1,711.188 million highest ever in the history of the company, compared to Rs.661.634 million during last year. The company earned gross profit of Rs.331.149 million as compared to Rs.160.989 million of previous year. The company registered a net profit of Rs.116.373 million as compared to the net profit of 36.516 million of last year. Increase in profitability is mainly attributed to higher export sale at better prices, stable cotton prices throughout the season and increasing demand of yarn in both international as well as local markets.

Increase in distribution cost as compared to last year was mainly due to higher export volume resulted to additional cost incurred on account of sea freight and other export related expenses. Increase in administrative cost was mainly due to sales tax amount of Rs.27.156 million deposited under protest. Although we managed to bring the finance cost down but there was a increase in operating expenses which was due to provision of Worker's profit Participation Fund.

### BMR of plant and machinery

To ensure supply of premium quality yarn to our customers, continuous BMR of plant and machinery is required. For this purpose the company invested Rs.117.3044 in plant machinery, building and other assets and is currently in process of importing another winding machine. The management hopes that its efforts will prove fruitful and the growth as well as profitability will keep on increasing.

### Dividend

The directors take great pleasure to recommend payment of final cash dividend of Rs. 0.50 (10%) per share for the year ended June 30, 2013 to the minority shareholders. This is in addition to interim cash dividend of Rs.0.25 (5%) per share already paid during the year. However, directors have foregone their right to receive the dividend.

### Future outlook

The major factor hampering the performance of spinning industry is acute shortage of natural gas especially in the province of Punjab in addition to high power tariff. During the month of August 2013, the Government has increased electricity and gas rates and further increase specially in gas tariff is expected later during the year. Due to Government policies and measures, energy cost shall increase significantly during coming years. However, increasing demand of yarn, both in local as well as international markets is expected to continue in future. Cotton prices in local market are continuously rising since the start of season and have crossed the barrier of Rs.7,400/- per muand. However, the cotton experts are hopeful that production of cotton may achieve the targets and prices will be checked.

The directors wish to place on record their appreciation for the true efforts of the executives, officers, staff members and workers of the company in achieving the best possible results. They also thanks their shareholders, customers, banks and financial institutions for their continued support in smooth running of company's operations and are hopeful that their cooperation will be continued with the same spirit in the years to come.

### Salient Aspects of Company's Control and Reporting System

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

- a) Audit Committee
- b) Human Resource Committee

**Independent Director.** The Board welcomed Mr. Mohammad Tariq Sufi who has been elected in EOGM held on March 04, 2013 as independent director on the board and appointed as Chairman of Audit Committee who has been elected.

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

**a) Board of Directors**

Name of Directors	No of Board Meetings	
	held	attended
1. Khawaja Mohammad Javed	4	4
2. Khawaja Mohammad Jahangir	4	3
3. Khawaja Mohammad Tanveer	4	4
4. Khawaja Mohammad Kaleem	4	3
5. Khawaja Mohammad Nadeem	4	4
6. Mr. Mohammad Naveed	4	4
7. Mr. Mohammad Aman	4	4
8. Mr. Mohammad Tariq Sufi	4	1

**b) Audit Committee**

1. Mr. Mohammad Tariq Sufi	5	1
2. Khawaja Mohammad Javed	5	5
3. Mr. Mohammad Aman	5	5

**c) HR & Remuneration Committee**

1. Khawaja Mohammad Javed	5	5
2. Khawaja Mohammad Jahangir	5	5
3. Khawaja Mohammad Tanveer	5	5

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

**Pattern of Share-Holding**

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

**Auditors**

The present auditors Messrs. Aslam Malik & Co., Chartered Accountants will stand retired at the conclusion of the 26th Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee as external Auditors till conclusion of 27th Annual General Meeting on existing terms and conditions.

**Acknowledgement**

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

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

**For and on behalf of the Board**



**(KHAWAJA MOHAMMAD JAHANGIR)**  
Chief Executive

Lahore  
October 09, 2013

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 35 of listing regulations of both Karachi Stock Exchange and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.(CCG)

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

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

Category	Names
Independent Director	1. Mr. Mohammad Tariq Sufi
Executive Directors	1. Khawaja Mohammad Jahangir 2. Khawaja Mohammad Kaleem
Non Executive Directors	1. Khawaja Mohammad Javed 2. Khawaja Mohammad Tanveer 3. Khawaja Mohammad Nadeem 4. Mr. Mohammad Naveed 5. Mr. Mohammad Aman

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.(excluding the listed subsidiaries of listed holding companies wherever applicable)
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other working director(s) have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chief Executive or in his absence other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors at Chakwal Spinning Mills Board are fully conversant with their duties and responsibilities as Director of corporate bodies. The Chief Executive recommends that the members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.

10. The Board has already approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, their remuneration and terms & conditions of employment.
11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee, It comprises of three members, of whom all are non executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration committee; It comprises of three members, including the CEO and the non executive directors while the chairman of the committee is a non executive director.
18. The Board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore  
October 09, 2013

  
(KHAWAJA MOHAMMAD JAHANGIR)  
Chief Executive

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

We have reviewed the Statement of Compliance with the best practices ("the statement") contained in the Code of Corporate Governance prepared by the Board of Directors of Chakwal Spinning Mills Limited ("the Company") to comply with the Listing Regulation of respective stock exchanges where the Company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, sub-regulation (XIII-A) of listing regulations 35 (previously regulations No. 37) notified by The Karachi Stock Exchange Limited vide circular KSE/N-269 dated January 19, 2009 requires the Company to place before the Boards of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

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

Lahore  
Dated: October 09, 2013

**Aslam Malik & Co.**  
Chartered Accountants

Audit Engagement Partner:  
Mohammad Aslam Malik

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **CHAKWAL SPINNING MILLS LIMITED** ("the Company) as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper book of accounts have been kept by the company as required by the Companies Ordinance, 1984.
- (b) in our opinion
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore  
Dated: October 09, 2013

**Aslam Malik & Co.**  
Chartered Accountants

Audit Engagement Partner:  
Mohammad Aslam Malik

## Balance Sheet

	Note	2013 Rupees	2012 Rupees
<b>CAPITAL AND LIABILITIES</b>			
<b>Share Capital and Reserves</b>			
Authorized capital:			
100,000,000 (2012: 50,000,000 of Rs.10/- each) ordinary shares of Rs.5/- each		500,000,000	500,000,000
Issued, subscribed and paid up share capital	3	200,000,000	400,000,000
Accumulated Profit /(loss)		199,007,489	(120,749,105)
		399,007,489	279,250,895
<b>Surplus on Revaluation of Property, Plant and Equipment</b>	4	54,804,506	58,749,253
<b>Loan from directors (subordinated)</b>	5	371,256,000	371,256,000
<b>Non Current Liabilities</b>			
Deferred liabilities	6	65,169,990	58,311,219
<b>Current Liabilities</b>			
Trade and other payables	7	409,929,618	381,348,151
Accrued mark- up	8	8,998,455	6,858,686
Short term borrowings	9	328,247,414	242,791,545
Provision for taxation	10	16,443,174	12,967,421
		763,618,661	643,965,803
<b>Contingencies and Commitments</b>	11	-	-
		1,653,856,646	1,411,533,169

The annexed notes 1 to 37 form an integral part of these financial statements.



(Khawaja Mohammad Jahangir)  
Chief Executive

Lahore  
October 09, 2013

**AS AT JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
<b>ASSETS</b>			
<b>Non Current Assets</b>			
Property, plant and equipment	12	936,286,340	874,603,363
Capital Work In Progress - Building	13	564,470	-
		<u>936,850,810</u>	<u>874,603,363</u>
Long term loans	14	5,424,997	4,749,997
Long term deposits	15	6,357,191	5,605,449
		<u>11,782,188</u>	<u>10,355,446</u>
<b>Current Assets</b>			
Stores and spares	16	14,612,074	15,235,089
Stock in trade	17	367,498,693	275,735,171
Trade debts	18	104,670,793	139,661,197
Loans and advances	19	194,334,009	70,724,231
Trade deposits, prepayments, accrued interest and other receivables	20	23,380,429	22,587,169
Cash and bank balances	21	727,650	2,631,503
		<u>705,223,648</u>	<u>526,574,360</u>
		<u>1,653,856,646</u>	<u>1,411,533,169</u>


  
(Khawaja Mohammad Kaleem)  
Director

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
Sales	22	2,741,831,972	2,029,439,318
Cost of sales	23	<u>(2,410,682,473)</u>	<u>(1,868,450,385)</u>
<b>Gross Profit</b>		331,149,499	160,988,933
Distribution cost	24	<u>(67,580,564)</u>	<u>(23,614,445)</u>
Administrative expenses	25	<u>(83,251,488)</u>	<u>(45,245,921)</u>
		<u>(150,832,052)</u>	<u>(68,860,366)</u>
<b>Operating Profit</b>		180,317,447	92,128,567
Finance cost	26	(36,160,280)	(39,642,812)
Other operating expenses	27	(7,860,460)	(3,475,964)
Other operating income	28	<u>2,001,188</u>	<u>6,883,375</u>
<b>Profit before Taxation</b>		138,297,895	55,893,166
Taxation	29	<u>(21,924,876)</u>	<u>(19,376,775)</u>
<b>Profit after Taxation</b>		<u>116,373,019</u>	<u>36,516,391</u>
<b>Earnings per Share - Basic &amp; Diluted</b>	30	<u>2.91</u>	<u>0.91</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore  
October 09, 2013

  
(Khawaja Mohammad Jahangir)  
Chief Executive


  
(Khawaja Mohammad Kaleem)  
Director

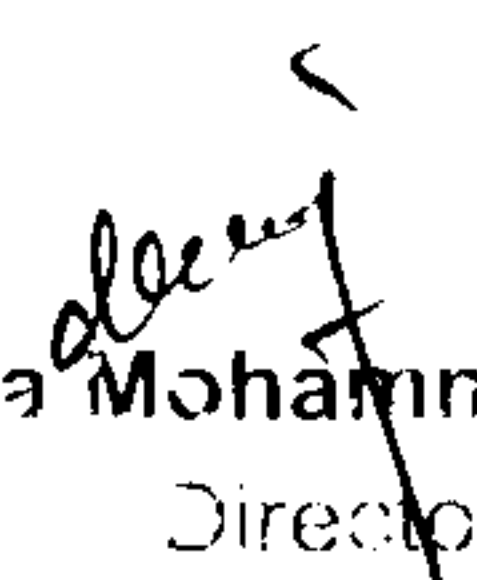
**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2013**

	2013 Rupees	2012 Rupees
Profit after taxation	116,373,019	36,516,391
Other comprehensive income for the year	-	-
Total comprehensive Profit for the year	<u>116,373,019</u>	<u>36,516,391</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore  
October 09, 2013

  
(Khawaja Mohammad Jahangir)  
Chief Executive

  
(Khawaja Mohammad Kaleem)  
Director

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2013**

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	138,297,895	55,893,166
<b>Adjustments for:</b>		
- Depreciation	54,901,845	51,099,048
- Provision for gratuity	8,005,070	6,710,976
- Gain on disposal of property, plant and equipment	(1,299,155)	(1,249,849)
- Interest income	-	(1,162,739)
- Unclaimed liabilities written back	(391,549)	(4,319,217)
- Finance cost	36,160,280	39,642,812
- Workers' (profit) participation fund	7,210,460	2,875,964
	<u>104,586,950</u>	<u>93,596,995</u>
<b>Operating profit before working capital changes</b>	242,884,845	149,490,161
- Stores and spares	623,015	143,890
- Stock in trade	(91,763,522)	44,539,232
- Trade debts	34,990,404	(50,969,001)
- Loans and advances	(111,368,784)	(20,955,470)
- Trade deposits, prepayments, accrued interest and other receivables	4,806,740	(7,828,522)
<b>Increase / (decrease) in current liabilities</b>	<u>21,201,385</u>	<u>17,349,145</u>
- Trade and other payables	(141,510,762)	(17,720,726)
<b>Cash generated from operations</b>	101,374,083	131,769,435
Finance cost paid	(34,020,512)	(42,772,574)
Gratuity paid	(4,146,299)	(5,443,943)
Long term advance	3,000,000	-
Income tax paid	(30,690,113)	(11,860,815)
<b>Net cash from Operating Activities</b>	35,517,158	71,692,103
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant and equipment	(117,304,678)	(77,656,749)
Capital Work n Progress	(564,470)	-
Long term loans	(675,000)	(1,971,497)
Long term Financing	-	(42,000,000)
Long term deposits	(751,742)	-
Proceeds from disposal of property, plant and equipment	2,019,010	1,675,000
Interest received	(5,600,000)	2,320,219
<b>Net Cash used in Investing Activities</b>	(122,876,880)	(117,633,027)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Short term borrowings	85,455,869	15,549,667
<b>Net Cash from Financing Activities</b>	85,455,869	15,549,667
<b>Net Decrease in Cash and Cash Equivalents</b>	(1,903,853)	(30,391,257)
Cash and cash equivalents at the beginning of the year	2,631,503	33,022,760
	<u>727,650</u>	<u>2,631,503</u>

The annexed notes 1 to 37 form an integral part of these financial statements.

Lahore  
October 09, 2013

  
**(Khawaja Mohammad Jahangir)**  
Chief Executive


  
**(Khawaja Mohammad Kaleem)**  
Director

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

	Paid Up Share Capital	Accumulated (Loss)/ Profit	Total
	Rupees	Rupees	Rupees
<b>Balance as at June 30, 2011</b>	400,000,000	(160,614,173)	239,385,827
Profit for the year	-	36,516,392	36,516,392
Dividend		-	-
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax	-	3,348,676	3,348,676
<b>Balance as at June 30, 2012</b>	400,000,000	(120,749,105)	279,250,895
Reduction of share Capital	(200,000,000)	200,000,000	-
Profit for the year		116,373,019	116,373,019
Interim dividend declared		(561,171)	(561,171)
Transfer from surplus on revaluation of property, plant and equipment in respect of incremental depreciation charged in current year - net of deferred tax		3,944,747	3,944,747
<b>Balance as at June 30, 2013</b>	<u>200,000,000</u>	<u>199,007,489</u>	<u>399,007,489</u>

The annexed notes 1 to 17 form an integral part of these financial statements

Lahore  
October 09, 2013

  
(Khawaja Mohammad Jahangir)  
Chief Executive

  
(Khawaja Mohammad Kaleem)  
Director

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013****1. THE COMPANY AND ITS OPERATIONS**

The Company was incorporated in Pakistan on January 31, 1988 as a Public Limited Company. Its shares are quoted on the Karachi and Lahore Stock Exchanges. The registered office of the Company 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 accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards ('IFRSs') issued by the International Accounting Standards Board as notified under the provisions of the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives under the Companies Ordinance, 1984 shall prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except certain property plant and equipment that have been stated at revalued amount and 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 6.1 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 effect the remaining amounts of respective items of property, plant and equipments with a corresponding effect on the depreciation charge and impairment.

**Income Taxes**

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

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

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

Amendments to IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	Effective from accounting period beginning on or after July 01, 2012
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**2.5 NEW ACCOUNTING STANDARDS AND IFRS INTERPRETATIONS THAT ARE NOT YET EFFECTIVE**

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

Amendments to IAS 1 – Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IAS 16 – Property, Plant & Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IAS 32 Financial Instruments: Presentation – Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IAS 32 Financial Instruments: Presentation – Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
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Amendments to IAS 34 – Interim Financial Reporting – Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
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IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013
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Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

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

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

The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income.

## **2.6 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.

## **2.7 Provisions**

Provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

## **2.8 Trade and other payables**

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

**2.9 Taxation*****Current***

Charge for taxable income is based at current tax rates after taking into account all tax credits and rebates available, if any. In case of taxable loss of minimum tax u/s 113 and presumptive tax u/s 154 of the Income Tax Ordinance is provided in the accounts.

***Deferred***

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets, as required by IAS-12 (Income Taxes), are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

**2.10 Property, plant and equipment*****Owned assets***

Property, plant and equipment are stated at cost / revalued amount less accumulated depreciation and identified impairment losses except free hold land that is stated at cost. Cost of property, plant and equipment consist of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets to working condition.

Depreciation on property, plant and equipment has been provided for using the reducing balance method at the rates specified in Note 12. Depreciation on all additions is charged from the month the asset is ready for the intended use and on disposals is charged upto the month in which the asset is disposed off

Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gain or loss on disposal of property, plant and equipment are included in the current year income.

***Leased assets***

Assets subject to finance lease are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of such assets. The related obligations under the lease are accounted for at net present value of liabilities. The assets so acquired are depreciated over their expected useful life at the same rates and basis as of owned assets given in Note 12. The depreciation is charged to current year's income.

***Capital work-in-progress***

Capital work-in-progress is stated at cost less any identified impairment loss.

**2.11 Impairment**

Carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and impairment losses are recognized in the profit and loss account.

**2.12 Stocks and stores**

These are valued at lower of cost and net realisable value. Costs are determined using the following basis:

Stores and spare parts	- at moving average cost
Raw material	- at average cost
Work in process	- at manufacturing cost using average cost method
Finished goods	- at average manufacturing cost .
Goods in transit	- at cost comprising invoice value plus other charges incurred thereon.

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labour and appropriate manufacturing overheads.

Net realizable value signifies estimated selling price in the ordinary course of business less necessary cost to make the sale.

**2.13 Trade debts**

All outstanding receivables are reviewed at the balance sheet date. The Company recognizes and carries these receivables at original invoice amount less an allowance for any uncollectible amounts, if any. Bad debts, if any, are written off as incurred and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

**2.14 Foreign currency transactions and translation**

Transactions denominated in foreign currencies are initially recorded at Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the balance sheet date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in income currently.

**2.15 Cash and cash equivalents**

For the purpose of cash flow statement, cash and cash equivalents include cash in hand, cheques in hand and deposits with banks.

**2.16 Financial instruments**

Financial instruments are recognized in the financial statements when the Company becomes a party to the contract and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when the liability is extinguished. Any gain or loss on subsequent remeasurement / derecognition is charged to income.

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

**2.17 Related party transactions**

Transactions with related parties are made at arm's length prices using comparable uncontrolled price method except in circumstances where it is not in the interest of the Company to do so.

**2.18 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.

**2.19 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 Dividend**

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

**2.22 Functional and presentation currency**

The financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency.

**2.23 Revenue recognition**

- Revenue from local sales is recognized on despatch of goods to customers and from exports at the time of bill of lading.
- Dividend income is accounted for when the right to receive dividend has been established.
- Profit / interest is accounted for on accrual basis.
- Rebates are accounted for as and when allowed.

Note 3

**Issued, Subscribed and Paid up Capital**

2013	2012		2013	2012
No. of shares			Rupees	Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 5 each (2012 Rs.10) fully paid up in cash.	200,000,000	400,000,000

**3.1** The paid up Capital of the company has been reduced to the extent of 50% i.e. Rs. 200 million by cancelling the issued and paid up capital of the company which has been lost and are un- presented by its available assets as per orders of honorable Lahore High Court, Lahore vide CO No.54/2011 duly acknowledged by Securities and Exchange Commission of Pakistan.

**3.2** Shares held by related parties are as follows:

	2013	2012
	No. of Shares	No. of Shares
<b>Naveed Industries (Private) Limited</b>	250,000	250,000
Percentage of equity held 0.625% (2012: 0.625%)		

Note 4

**Surplus on Revaluation of Property Plant and Equipment**

	2013	2012
	Rupees	Rupees
<b>Plant and machinery</b>		
Balance at the beginning of the year	58,749,253	63,135,579
Related deferred tax	(530,799)	(1,037,650)
Incremental depreciation charged on revalued plant and machinery in current year transferred to retained earnings	(3,413,948)	(3,348,676)
	<u>54,804,506</u>	<u>58,749,253</u>

**4.1** This represents amount transferred (to)/from deferred tax liability due to change in proportion of local and export sales that has resulted in change in estimate of deferred tax on surplus on revaluation of property, plant and equipment.

**4.2** Revaluation was carried out on May 18, 1996 by an independent valuer and certified by an independent firm of Chartered Accountants.

Note 5

**Loan from related parties**

	2013	2012
	Rupees	Rupees
Loan from directors	<u>371,256,000</u>	<u>371,256,000</u>

**5.1** The directors have injected unsecured and interest free loans for the repayment of liabilities of the banks and BMR of the Company. This loan shall be repaid after the repayment of liabilities of the banks or improvement in the financial position of the Company, whichever is earlier. This loan is unsecured and interest free. This loan is subordinated to Habib Metro Bank Ltd.

Note 6

Deferred Liabilities

		2013	2012
		Rupees	Rupees
Gratuity payable	6.1	15,163,908	11,305,137
Long term deposit	6.2	50,006,082	47,006,082
		<u>65,169,990</u>	<u>58,311,219</u>

6.1 Staff Gratuity-Defined Benefit Plan

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 services. The future contribution rates of the scheme include allowances for deficit and surplus. Project unit credit method based on the following significant assumptions used for valuation of this scheme. The latest actuarial valuation was carried out by Nauman Associates as on June 30, 2013.

6.1.1	Present value of defined benefit obligation	25,295,621	15,321,449
	Plus actuarial gain / (loss) to be recognized in later period	<u>(10,131,713)</u>	<u>(4,016,312)</u>
		<u>15,163,908</u>	<u>11,305,137</u>

6.1.2 The amounts recognised in the profit and loss account and balance sheet are as follows:

	Current service cost	5,599,254	5,669,417
	Interest cost	1,991,788	1,185,792
	Actuarial (Gain)/Loss	414,028	(144,233)
		<u>8,005,070</u>	<u>6,710,976</u>

6.1.3 Movement in liability recognized in the balance sheet

	At the beginning of the year	11,305,137	10,038,104
	Amount recognised during the year - as shown	8,005,070	6,710,976
	Benefits payments	<u>(4,146,299)</u>	<u>(5,443,943)</u>
		<u>15,163,908</u>	<u>11,305,137</u>

6.1.4 Allocation of charge for the year

	Cost of sales	23.2	5,296,090	4,936,576
	Administrative expenses	26.1	2,378,980	1,774,400
			<u>8,005,070</u>	<u>6,710,976</u>

6.1.5 The principal actuarial assumptions used were as follows

	Discount rate	10.50%	13%
	Expected rate of increase in salary	9.50%	12%
	Average expected remaining working life of employees	6 Years	5 Years

6.2 This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of six years. The same has been extended / renewed for a further period of five years and shall be adjusted in the year 2017 or shall be extended / renewed for a further term as mutually agreed between the parties.

## Note 7

**Trade and Other Payables**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Creditors			
- Secured		47,671,133	19,921,004
- Unsecured	7.1	257,927,070	281,684,613
Accrued liabilities		55,280,960	36,198,932
Other liabilities		6,387,041	168,058
Advances from customers		31,148,577	35,055,787
Unclaimed dividend		195,013	195,013
Dividend payable		561,171	-
Income tax payable		1,688,291	2,879,985
Provision for Doubtful Debts and Claim		1,859,902	-
Workers' (profit) participation fund	7.2	7,210,460	5,244,759
		<u>409,929,618</u>	<u>381,348,151</u>

**7.1** This includes an amount of Rs. 1,422,363 (2012: Rs. 1,422,363) due to associated undertaking Kohinoor Spinning Mills Ltd as at June 30, 2013.

**7.2 Workers' (profit) participation fund**

Opening balance	5,244,759	2,077,890
Contribution for the year	7,210,460	2,875,964
Interest on funds utilized in Company's business	-	290,905
	<u>12,455,219</u>	<u>5,244,759</u>
Payment during the year	<u>(5,244,759)</u>	<u>-</u>
	<u>7,210,460</u>	<u>5,244,759</u>

The Company retained workers' (profit) participation fund for its business operations. Interest was provided at the prescribed rate under the Companies Profits (Workers' Participation) Act, 1968.

## Note 8

**Accrued Interest / Mark- up**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Accrued mark up / interest on:			
- Short term borrowings from banking companies		8,998,455	6,858,686
		<u>8,998,455</u>	<u>6,858,686</u>

## Note 9

**Short Term Borrowings**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
<b>Banking companies - Secured</b>			
Running / cash finance	9.1	325,797,105	234,055,458
Unpresented cheques	9.2	1,390,129	2,605,539
<b>Related parties - Unsecured</b>			
Loan from directors and others	9.3	1,060,180	6,130,548
		<u>328,247,414</u>	<u>242,791,545</u>

**9.1** These represent utilized portion of short term finance facilities of Rs. 390 million (2012: Rs. 285 million) available from various banks under mark up arrangements. These are secured against pledge of cotton bales, yarn, synthetic / polyester fiber of appropriate value, lien over export L/Cs, 1st charge of Rs.400 million over property, plant & equipment and personal guarantees of directors. Mark-up on the above facilities ranges from 11.31% to 13.99% per annum, payable quarterly. These facilities shall expire on September 30, 2013 and are in the process of renewal.

**9.2** This represents cheques issued in excess of bank balance that have not been presented at the balance sheet date but have been cleared subsequently.

**9.3** These are un-secured and interest free funds obtained to meet the working capital requirements of the Company.

Note 10

**Provision for Taxation - Net**

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
Balance at the beginning of the year	12,967,421	19,583,185
Provision for the year	22,455,675	20,414,425
	35,423,096	39,997,610
Paid / adjusted during the year	(18,979,922)	(27,030,189)
Balance at the end of the year	<u>16,443,174</u>	<u>12,967,421</u>

**10.1** Assessments upto and including tax year 2012 have been finalized by deeming provisions of the Income Tax Ordinance, 2001. Tax liability for Rs.4,870,776 has been demanded by the concerned assessing officer for the various assessment years against which company has filed appeals. No provision for this amount has been made because the management is confident that the decision shall be in favour of the company.

Note 11

**Contingencies and Commitments**

**Contingencies**

The Company has provided bank guarantee in favour of Sui Northern Gas Pipelines Limited amounting to Rs.25.592 million (2012: Rs.21.395 million) on account of payment of dues against consumption of natural gas.

**Commitments**

	<b>2013</b>	<b>2012</b>
	Rupees in million	
Commitments for:		
- Purchase of raw materials	47.500	25.000
- Fixed capital expenditure	-	12.906

Note 12

Property, Plant and Equipment

2013

PARTICULARS	OWNED								Sub Total	Grand Total	
	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures			Vehicles
<b>COST</b>											
Balance as at July 01, 2012	5,009,292	237,213,966	24,914,405	1,243,157,828	74,185,289	1,942,356	3,418,413	5,908,237	14,004,920	1,609,754,706	1,609,754,706
Additions	-	20,217,728	-	91,150,160	-	-	284,415	65,000	5,587,375	117,304,678	117,304,678
Deletions	-	-	-	-	-	-	-	-	(2,575,925)	(2,575,925)	(2,575,925)
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at June 30, 2013</b>	<b>5,009,292</b>	<b>257,431,694</b>	<b>24,914,405</b>	<b>1,334,307,988</b>	<b>74,185,289</b>	<b>1,942,356</b>	<b>3,702,828</b>	<b>5,973,237</b>	<b>17,016,370</b>	<b>1,724,483,459</b>	<b>1,724,483,459</b>
<b>DEPRECIATION</b>											
Balance as at July 01, 2012	-	133,074,266	16,578,958	535,780,898	33,178,066	1,658,774	2,375,612	3,864,075	8,640,694	735,151,343	735,151,343
Charge for the year	-	10,599,076	833,545	37,104,428	4,100,722	28,358	124,006	210,970	1,900,739	54,901,845	54,901,845
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-	-
Adjustment	-	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	(1,856,069)	(1,856,069)	(1,856,069)
<b>Balance as at June 30, 2013</b>	<b>-</b>	<b>143,673,342</b>	<b>17,412,503</b>	<b>572,885,326</b>	<b>37,278,788</b>	<b>1,687,132</b>	<b>2,499,618</b>	<b>4,075,045</b>	<b>8,685,364</b>	<b>788,197,119</b>	<b>788,197,119</b>
Written Down Value as at June 30, 2013	5,009,292	113,758,352	7,501,902	761,422,662	36,906,501	255,224	1,203,210	1,898,192	8,331,006	936,286,340	936,286,340
Rates %	-	10%	10%	5% & 10%	10%	10%	10%	10%	20%	-	-

2012

PARTICULARS	OWNED								Sub Total	Grand Total	
	Freehold land	Factory Buildings on free hold land	Colony Buildings on free hold land	Plant & Machinery	Power House	Tools & equipment	Office equipment	Furniture and fixtures			Vehicles
<b>COST</b>											
Balance as at July 01, 2011	5,009,292	208,117,966	24,914,405	1,195,800,079	74,185,289	1,942,356	3,418,413	5,908,237	15,284,695	1,534,580,732	1,534,580,732
Additions	-	29,096,000	-	47,357,749	-	-	-	-	1,203,000	77,656,749	77,656,749
Deletions	-	-	-	-	-	-	-	-	(2,482,775)	(2,482,775)	(2,482,775)
<b>Balance as at June 30, 2012</b>	<b>5,009,292</b>	<b>237,213,966</b>	<b>24,914,405</b>	<b>1,243,157,828</b>	<b>74,185,289</b>	<b>1,942,356</b>	<b>3,418,413</b>	<b>5,908,237</b>	<b>14,004,920</b>	<b>1,609,754,706</b>	<b>1,609,754,706</b>
Balance as at July 01, 2011	-	124,648,855	15,652,797	500,161,004	28,621,708	1,627,265	2,259,745	3,636,946	9,501,599	686,109,919	686,109,919
Charge for the year	-	8,425,411	926,161	35,619,894	4,556,358	31,509	115,867	227,129	1,196,719	51,099,048	51,099,048
Transfer / Adjustment	-	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	(2,057,624)	(2,057,624)	(2,057,624)
<b>Balance as at June 30, 2012</b>	<b>-</b>	<b>133,074,266</b>	<b>16,578,958</b>	<b>535,780,898</b>	<b>33,178,066</b>	<b>1,658,774</b>	<b>2,375,612</b>	<b>3,864,075</b>	<b>8,640,694</b>	<b>735,151,343</b>	<b>735,151,343</b>
Written Down Value as at June 30, 2012	5,009,292	104,139,700	8,335,447	707,376,930	41,007,223	283,582	1,042,801	2,044,162	5,364,226	874,603,363	874,603,363
Rates %	-	10%	10%	5% & 10%	10%	10%	10%	10%	20%	-	-

**12.1** Revaluation of plant and machinery was carried out as on may 18, 1996 by an independent valuer on replacement cost basis. Had there been no revaluation, the cost, accumulated depreciation and book values of the revalued assets would have been as follows:

	As at June 30, 2013			As at June 30, 2012		
	Cost Rupees	Accumulated depreciation Rupees	Written Down Value Rupees	Cost Rupees	Accumulated depreciation Rupees	Written Down Value Rupees
Plant and machinery	845,454,797	402,019,146	443,435,651	845,454,797	378,680,428	466,774,369

**12.2** The depreciation charge for the year has been allocated as under

	2013 Rupees	2012 Rupees
Note		
Cost of sales	52,666,129	49,559,332
Administrative expenses	2,235,716	1,539,716
	<u>54,901,845</u>	<u>51,099,048</u>

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

Particulars	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
Suzuki Liana LEB 4525-06	940,325	726,690	213,635	528,000	314,365	Nogaciation	Mr. Abid hussain S/o Muhammad hussain Bhawalnagar
Honda CG 125 LEY 11-9693	93,100	27,183	65,917	76,010	10,093	Claim	Settlement against insurance Claim
Honda Civic Reborn LEC 07-15	1,542,500	1,102,197	440,303	1,415,000	974,697	Nogaciation	Naeem Rana S/o Rana Mubarak Din Johar Town Lahore
	<u>2,575,925</u>	<u>1,856,070</u>	<u>719,855</u>	<u>2,019,010</u>	<u>1,299,155</u>		

**12.4** Certain property, plant and equipments are under charge by way of mortgage against financing from banks (refer to Note 9).

Note 13

**Capital Work in process -Building**

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
Capital Work in Process - Building	564,470	-

**13.1** This represent the Construction of Weight brigade in factory premises.

Note 14

**Long Term Loans**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Loans to employees - Unsecured and considered good	14.1	6,018,997	5,253,997
Current portion		(594,000)	(504,000)
		<u>5,424,997</u>	<u>4,749,997</u>

**14.1** These represent interest free long term loans given to employees (other than chief executive, and directors) as per the policy of the Company, as house building finance.

Note 15

**Long Term Deposits**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Deposits against:			
- Utilities		2,151,246	2,151,246
- Margin on letter of guarantee		4,205,945	3,454,203
		<u>6,357,191</u>	<u>5,605,449</u>

Note 16

**Stores and Spares**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Stores		10,123,245	10,555,136
Spares		4,488,829	4,679,953
		<u>14,612,074</u>	<u>15,235,089</u>

**16.1** Stores and spares include items which may result in capital expenditure but are not distinguishable.

Note 17

**Stock in Trade**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Raw materials		284,933,614	165,401,295
Work in process		33,383,881	51,805,377
Finished goods		49,181,197	58,528,499
		<u>367,498,693</u>	<u>275,735,171</u>

**17.1** Raw materials and finished goods are under first charge by way of pledge as security for certain short term borrowings (refer to Note 9).

Note 18

**Trade Debts**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Local - Unsecured and considered good	18.1	70,195,045	95,784,592
Foreign - Secured and considered good		34,475,748	43,876,605
		<u>104,670,793</u>	<u>139,661,197</u>
Local - Unsecured and considered doubtful		1,915,902	2,346,742
Less: Provision for doubtful debts		(1,915,902)	(2,346,742)
		-	-
		<u>104,670,793</u>	<u>139,661,197</u>

**18.1** This includes Rs. NIL (2012: Rs. 343,440) due from Yousaf Weaving Mills Limited, an associated undertaking on account of Processing Charges .

Note 19

**Loans and Advances**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Current portion of loans to employees	14	594,000	504,000
Advances - Considered good			
- Suppliers and contractors	19.1	172,810,597	63,558,977
- Employees	10.2	725,054	948,493
- Sales tax and federal excise duty		7,963,364	5,712,761
- Income tax		12,240,994	-
		<u>194,334,009</u>	<u>70,724,231</u>

**19.1** This includes Rs. 226,537 (2012: Rs. 226,537) due from Chakwal Textile Mills Limited (associated undertaking) on account of purchase of raw material.

**19.2** Amount due from directors, chief executive and executives of the Company is Nil (2012: Nil)

Note 20

**Trade Deposits, Prepayments, Accrued Interest and Other Receivables**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Margin against letter of credit		17,253,090	21,594,441
Prepayments		496,364	992,728
Insurance Claims receivable		30,975	-
Report margin		5,600,000	-
		<u>23,380,429</u>	<u>22,587,169</u>

Note 21

**Cash and Bank Balance**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Cash in hand		120,494	153,704
With banks			
- Current accounts		607,156	2,477,799
		<u>727,650</u>	<u>2,631,503</u>

Note 22

**Sales**

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
Local	971,095,938	1,379,808,822
Export	1,711,188,567	661,633,628
Local - Yarn processing Charges	97,662,015	-
	<u>2,779,946,520</u>	<u>2,041,442,450</u>
Sales tax	(8,692,221)	-
Commission to selling agents	(29,422,327)	(12,003,132)
	<u>(38,114,548)</u>	<u>(12,003,132)</u>
	<u>2,741,831,972</u>	<u>2,029,439,318</u>

Note 23

**Cost of Sales**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Raw materials consumed	23.1	1,699,118,560	1,360,513,948
Fuel and power		230,158,071	213,151,165
Salaries, wages and benefits	23.2	166,608,264	148,139,822
Store and spares consumed		62,622,692	54,828,133
Packing material		51,667,996	40,021,335
Repairs and maintenance		12,837,109	8,677,929
Insurance		3,657,404	3,277,717
Yarn Doubling Charges		103,577,450	-
Depreciation	12.2	52,666,130	49,559,332
		<u>2,382,913,676</u>	<u>1,878,169,381</u>
<b>Work in process</b>			
- Opening		51,805,377	51,694,739
- Closing		(33,383,881)	(51,805,377)
		<u>18,421,496</u>	<u>(110,638)</u>
Cost of goods manufactured		<u>2,401,335,171</u>	<u>1,878,058,743</u>
<b>Finished goods</b>			
- Opening stock		58,528,499	48,920,141
- Closing stock		(49,181,197)	(58,528,499)
		<u>9,347,302</u>	<u>(9,608,358)</u>
		<u>2,410,682,473</u>	<u>1,868,450,385</u>
<b>23.1</b>	Raw materials consumed		
	Opening stock	165,401,295	219,659,523
	Purchases	1,836,666,416	1,311,253,150
		<u>2,002,067,711</u>	<u>1,530,912,673</u>
	Sales	(18,015,537)	(4,997,430)
	Closing stock	(284,933,614)	(165,401,295)
		<u>1,699,118,560</u>	<u>1,360,513,948</u>

**23.2** This includes Rs. 5,626,090 (2012: Rs. 4,936,576) in respect of employee benefits - gratuity scheme.

Note 24

**Distribution Cost**

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
Export expenses	62,513,672	19,395,845
Freight	5,066,892	4,218,600
	<u>67,580,564</u>	<u>23,614,445</u>

Note 25

**Administrative Expenses**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Salaries, wages and benefits	25.1	13,692,423	11,232,088
Director's remuneration		6,000,000	4,500,000
Travelling and conveyance		5,320,317	2,883,597
Rent, rates and taxes		2,400,000	2,434,400
Postage, fax and telephone		2,055,243	1,652,957
Repairs and maintenance		3,334,395	1,600,557
Insurance		1,463,785	1,388,357
Utilities		2,743,520	3,064,043
Printing and stationery		2,137,008	1,825,943
Entertainment		2,948,680	2,609,129
Vehicle running and maintenance		6,199,851	5,218,221
Fees and subscriptions		1,065,651	483,867
Legal and professional charges		1,180,870	970,683
Advertisement and publicity		48,800	60,200
Donations	25.2	1,300,000	1,400,000
Provision for doubtful debts		1,915,902	2,346,742
Sales Tax against amnesty Scheme deposited under protest		27,156,449	
Depreciation	12.2	2,235,716	1,539,716
Miscellaneous		52,880	35,435
		<u>83,251,488</u>	<u>45,245,921</u>

**25.1** This includes Rs. 2,378,980 (2012: Rs. 1,774,400) in respect of employee benefits - gratuity scheme.

**25.2** None of the directors and their spouses had any interest in any of the donees.

Note 26

**Finance Cost**

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
Interest / mark-up on:		
- Long term financing	-	2,001,041
- Short term borrowings	33,020,992	33,826,705
- Workers' (profit) participation fund	-	290,905
L/C discounting charges	-	238,368
Bank charges and commission	3,139,289	3,285,711
	<u>36,160,280</u>	<u>39,642,812</u>

Note 27

**Other Operating Expenses**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
Auditors' remuneration	27.1	650,000	600,000
Workers' (profit) participation fund		7,210,460	2,875,964
		<u>7,860,460</u>	<u>3,475,964</u>

**27.1 Auditors' remuneration**

Audit fee	525,000	500,000
Half yearly review and code of corporate governance	125,000	100,000
	<u>650,000</u>	<u>600,000</u>

Note 28

**Other Operating Income**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
<b>Income from financial assets</b>			
Interest on bank deposits		-	1,162,739
<b>Income from non financial assets</b>			
Profit on sale of property, plant and equipment		1,299,155	1,249,849
Unclaimed liabilities written back		391,549	4,319,217
Sale of scrap (net of sale tax of Rs. 301,445)		310,483	151,570
		<u>2,001,188</u>	<u>5,720,636</u>
		<u>2,001,188</u>	<u>6,883,375</u>

Note 29

**Taxation**

		<b>2013</b>	<b>2012</b>
		Rupees	Rupees
<b>Current</b>			
- For the year	29.1	22,455,675	20,414,425
		<u>22,455,675</u>	<u>20,414,425</u>
<b>Deferred</b>			
		(530,799)	(1,037,650)
		<u>21,924,876</u>	<u>19,376,775</u>

**29.1** This represents liability provided under section 113 & 154 of the Income Tax Ordinance 2001 calculated on the basis of gross turnover.

**29.2** The income tax assessment of the company has been finalized upto and including tax year 2012 by deeming provisions of the Income Tax Ordinance 2001.

**29.3** Numerical tax reconciliation has not been given since the company is liable to pay minimum tax of 0.5%.

**29.4** Deferred tax asset amounting to Rs. .080 million (2012 Rs. 1.385 million) arising mainly due to brought forward losses amounting to Rs. 605 million has not been recognized in the current year, as the attributable temporary differences are not expected to reverse in the foreseeable future.

**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). 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:

	<b>2013</b>	<b>2012</b>
	<b>Rupees in million</b>	
Trade debts	34.476	43.877
Gross balance sheet exposure	34.476	43.877
Outstanding letters of credit	-	(12.906)
Net exposure	<u>34.476</u>	<u>30.971</u>

The following significant exchange rates were applied during the year.

Average rate (Rupees per US Dollar)	96.55	88.29
Reporting date rate (Rupees per US Dollar)	98.80	94.30

**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, 2013 financial assets include Rs. Nil (2012: Rs. Nil) and financial liabilities include Rs. Nil (2012: Rs. Nil) which are subject to foreign currency risk against US Dollars.

**Foreign Currency Sensitivity Analysis**

At June 30, 2013 if the Rupee had weakened / strengthened by 1% against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 455,012 (2012: Rs. 292,057) mainly as a result of foreign exchange gains / losses on transaction of foreign currency trade debts and US Dollar denominated borrowings.

**ii) Other Price Risk**

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in marker prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

**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:

	<b>2013</b>	<b>2012</b>
	<b>Rupees</b>	<b>Rupees</b>
<b>Floating rate instruments</b>		
<b>Financial Liabilities</b>		
Short term borrowings	325,797,105	234,055,458

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

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rs. 3.260 million (2012: Rs. 2.340 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. The analysis is prepared assuming the amounting of liabilities outstanding at balance sheet dates were outstanding for the whole year.

**b) Credit Risk**

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:-

	2013 Rupees	2012 Rupees
Long term loans	5,424,997	4,749,997
Long term deposits	6,357,191	5,605,449
Trade debts	104,670,793	139,661,197
Advances, trade deposits and other receivables	197,510,080	87,598,639
Cash and bank balances	727,650	2,631,503

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
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
Meezan Bank Limited	PACRA	A1+	AA
Askari Bank Limited	PACRA	A1+	AA
Allied Bank Limited	PACRA	A1+	AA+

**c) Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs.390 million worth short term borrowing limits available from financial institutions and Rs. Nil cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

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

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Trade and other payables	378,781,041	378,781,041	378,781,041	-	-
Accrued interest	8,998,455	8,998,455	8,998,455	-	-
Short term finances	325,797,105	362,644,758	362,644,758	-	-

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

	Carrying Amount Rupees	Contractual cash flows Rupees	Less than 1 year Rupees	Between 1 to 5 years Rupees	5 years and above Rupees
Trade and other payables	346,292,364	346,292,364	346,292,364	-	-
Accrued interest	6,858,686	6,858,686	6,858,686	-	-
Short term finances	234,055,458	256,115,185	256,115,185	-	-

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest mark up have been disclosed in Note 9 to these financial statements.

Note 30

**Earnings per Share**

		<b>2013</b>	<b>2012</b>
Profit after taxation	Rupees	116,373,019	36,156,392
		<b>Number of shares</b>	
Number of ordinary shares outstanding during the year	Number	40,000,000	40,000,000
Earnings per share - basic	Rupees	<u>2.91</u>	<u>0.90</u>

**30.1 Diluted earnings per share**

There is no dilution effect on the basic earnings per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 31

**Remuneration of Chief Executive, Directors' and Executives**

The aggregate amounts charged in the accounts for the year as remuneration and benefits to the chief executive, directors and executive of the Company are as follows:

	<b>2013</b>		<b>2012</b>	
	<b>Directors</b>	<b>Executives</b>	<b>Directors</b>	<b>Executives</b>
	Rupees		Rupees	
Managerial Remuneration	4,000,000	7,875,359	3,000,000	2,936,467
House rent allowance	1,600,000	2,100,098	1,200,000	1,174,586
Medical	-	201,178	-	273,959
utilities	400,000	525,027	300,000	293,647
	<u>6,000,000</u>	<u>10,701,662</u>	<u>4,500,000</u>	<u>4,678,659</u>
Number of persons	1	9	1	4

**31.1** No fee has been charged by the directors for attending the board meetings.

**31.2** Executives are defined as employees with basic salary exceeding Rs.500,000.

**31.3** Directors and executive are provided with company maintained cars in addition to above.

Note 32

**Transactions with Related Parties**

The related parties comprise associated companies, related group companies, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment are as follows:

	<b>2013</b>	<b>2012</b>
	Rupees in million	
Associates		
Purchase of materials (Yousaf Weaving Mills Ltd.)	-	0.011
(Chakwal Textile Mills Ltd.)	11.253	24.222
Sale of materials (Yousaf Weaving Mills Ltd.)	21.830	1.369
Directors		
Short term funds (received from) / repaid to directors	5.070	(4.542)

Sale and purchase transactions have been carried out on commercial terms and conditions under comparable uncontrolled price method.

Note 33

**Financial Risk Management**

**33.1** 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.

**33.2 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.

Note 34

**Plant Capacity and Production**

	<b>2013</b>	<b>2012</b>
Number of spindles installed	33,468	33,468
Number of shifts worked	1,095	1,095
Installed capacity in 20's count based on triple shift for 365 days (2012: 365) days (Kgs) - approximately	10,600,700	10,600,700
Actual production after conversion into 20's count (Kgs)	<u>9,634,535</u>	<u>10,528,772</u>

It is difficult to describe precisely the under utilization of production capacity in spinning since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed, etc. It also varies according to the pattern of production adopted in particular year.

Note 35

**Capital Risk Management**

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal production and operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	<b>2013</b>	<b>2012</b>
	Rupees	Rupees
Total borrowings	699,503,414	614,047,545
Cash and bank balances	(727,650)	(2,631,503)
<b>Net Debt</b>	<u>698,775,764</u>	<u>611,416,042</u>
<b>Equity</b>	399,007,489	279,250,895
<b>Total capital employed</b>	<u>1,097,783,253</u>	<u>890,666,937</u>
<b>Gearing Ratio</b>	63.65%	68.65%

Note 36

**Authorization of Financial Statements**

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These accounts have been authorized for issue by the Board of Directors of the Company on October 09, 2013.

Note 37

**General**

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- Figures have been rounded off to the nearest Rupee and re-arranged for comparison where ever necessary.

Lahore  
October 09, 2013

  
(Khawaja Mohammad Jahangir)  
Chief Executive

  
(Khawaja Mohammad Kaleem)  
Director

**KEY FINANCIAL DATA OF LAST SIX YEARS**

(Rupees in '000)

	2013	2012	2011	2010	2009	2008
Sales	2,741,832	2,029,439	2,326,626	1,352,246	989,845	870,628
Gross Profit	331,149	160,989	151,036	164,210	39,570	66,481
Profit Before Taxation	137,765	55,893	42,423	79,600	(47,413)	10,665
Tax	(22,456)	(19,377)	35,501	(18,504)	2,219	9,573
Profit After Taxation	116,373	36,516	77,924	61,096	(45,194)	1,092
Total Assets	1,653,856	1,411,533	1,395,077	1,149,069	1,132,763	1,158,263
Current Liabilities	763,619	643,966	622,256	412,551	458,458	422,977
	890,237	767,567	772,821	736,518	674,305	735,286
Share Capital	200,000	400,000	400,000	400,000	400,000	400,000
Accumulated (Loss)/Profit	199,007	(120,749)	(160,614)	(240,483)	(305,413)	(264,156)
Equity	399,007	279,251	239,386	159,517	94,587	135,844
Surplus on Revaluation of Fixed Assets	54,804	58,749	63,135	67,790	74,300	78,755
Long Term Loans Leases	371,256	371,256	413,256	413,256	413,257	413,256
Finance Lease	-	-	-	-	9,338	23,010
Deferred Liability	65,170	58,311	57,044	95,955	82,823	84,421
	890,237	767,567	772,821	736,518	674,305	735,286

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

Sr. No.	Name	No. of Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties (Name Wise Detail):</b>			
1	NAVEED INDUSTRIES (PVT.) LTD.	250,000	0.6250
<b>Mutual Funds (Name Wise Detail)</b>			
1	ASIAN DEVELOPMENT EQUITY FUND	2,600	0.0065
<b>Directors and their Spouse and Minor Children (Name Wise Detail):</b>			
1	KHAWAJA MOHAMMAD JAVED	2,462,979	6.1574
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,800,500	7.0013
3	KHAWAJA MOHAMMAD TANVEER	2,501,000	6.2525
4	KHAWAJA MOHAMMAD KALEEM	24,575,663	61.4392
5	KHAWAJA MOHAMMAD NADEEM	2,867,900	7.1698
6	MR. MOHAMMAD NAVEED	1,424,792	3.5620
7	KHAWAJA MUHAMMAD AMAN	868,800	2.1720
8	MRS. KAUSAR TASNEEM W/O KHWAJA MOHAMMAD JAVED	400	0.0010
9	MRS. RUBINA KHANUM W/O KHAWAJA MOHAMMAD JAHANGIR	2,500	0.0063
<b>Executives:</b>		-	-
<b>Public Sector Companies &amp; Corporations:</b>		-	-
<b>Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:</b>		132,957	0.3324

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

S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD KALEEM	24,575,663	61.4392
2	KHAWAJA MOHAMMAD JAVED	2,462,979	6.1574
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,800,500	7.0013
4	KHAWAJA MOHAMMAD TANVEER	2,501,000	6.2525
5	KHAWAJA MOHAMMAD NADEEM	2,867,900	7.1698

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

S.No	NAME	SALE	PURCHASE
1	KHAWAJA MOHAMMAD KALEEM	-	210,500

THE COMPANIES ORDINANCE, 1984      FORM-34  
( Section 236(1) and 464)

1. Incorporation Number	L-01895
2. Name of Company	CHAKWAL SPINNING MILLS LTD.
3. Pattern of shareholding held by the shareholders as at	30-06-2013

4. NUMBER OF SHAREHOLDERS	FROM	SHAREHOLDING	TO	TOTAL SHARE HELD
124	1		100	9,456
308	101		500	122,106
53	501		1,000	50,410
73	1,001		5,000	199,300
14	5,001		10,000	117,700
6	10,001		15,000	77,200
7	15,001		20,000	129,100
3	20,001		25,000	64,098
1	25,001		30,000	29,000
1	45,001		50,000	48,700
1	50,001		55,000	52,000
2	55,001		60,000	113,000
1	60,001		65,000	63,000
1	65,001		70,000	68,935
1	70,001		75,000	70,500
1	90,001		95,000	90,500
1	110,001		115,000	111,500
1	180,001		185,000	180,409
1	245,001		250,000	250,000
1	305,001		310,000	309,262
1	750,001		755,000	754,008
1	865,001		870,000	868,800
1	1,365,001		1,370,000	1,367,792
1	2,350,001		2,355,000	2,351,479
1	2,500,001		2,505,000	2,501,000
2	2,800,001		2,805,000	5,605,400
1	24,395,001		24,400,000	24,395,254
<b>609</b>				<b>40,000,000</b>

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	37,504,534	93.7613
5.2 Associated Companies, undertakings and related parties.	250,000	0.6250
5.3 NIT and ICP	754,008	1.8850
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	6,722	0.0168
5.5 Insurance Companies	54,300	0.1358
5.6 Modarabas and Mutual Funds	5,600	0.0140
5.7 Share holders holding 10%	24,575,663	61.4392
5.8 General Public		
a. Local	1,168,960	2.9224
b. Foreign		
5.9 Others (to be specified)		
1- Joint Stock Companies	100,722	0.2518
2- Investment Companies	19,100	0.0478
3- Foreign Companies	64,700	0.1618
4- Pension Funds	68,935	0.1723
5- Others	2,419	0.0060

6. Signature of Company Secretary			
7. Name of Signatory	Muhammad Jahangir Khan		
8. Designation	Company Secretary		
9. NIC Number			
10. Date	30	06	2013

Form of Proxy - 26th Annual General Meeting

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

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

I/We \_\_\_\_\_ of \_\_\_\_\_  
 being a member (s) of CHAKWAL 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 26th Annual General Meeting of the Company to  
 be held on Thursday, 31st October, 2013 at 10:00 a.m. at 7/1 E-3 main boulevard gulberg iii, Lahore and at every  
 adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2013.

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

**AFFIX  
 REVENUE  
 STAMP OF FIVE RUPEES**

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.

