



KOHINOOR TEXTILE MILLS LIMITED

Registered Office: 42-Lawrence Road, Lahore
Phones: 042-36302261-62, Fax: 042-36368721



Notice of Annual General Meeting

Notice is hereby given that the 46th Annual General Meeting of the members of Kohinoor Textile Mills Limited (the "Company") will be held on **Thursday, October 30, 2014 at 3:00 PM** at its Registered Office, 42-Lawrence Road, Lahore, to transact the following business:-

Ordinary Business:

- 1) To receive, consider and adopt the audited accounts of the Company including consolidated financial statements for the year ended June 30, 2014 together with the Directors' and Auditors' Reports thereon.
- 2) To appoint Auditors for the year ending on June 30, 2015 and fix their remuneration. The Board has recommended, as suggested by the Audit Committee, the appointment of M/s. Riaz Ahmad & Company, Chartered Accountants, the retiring auditors and being eligible offer themselves for re-appointment.

Special Business:

- 3) To consider and if deemed fit, to pass the following resolution under Section 208 of the Companies Ordinance, 1984, with or without modification, addition(s) or deletion(s), as recommended by the Directors:-
 - A) **"Resolved that** pursuant to the requirements of Section 208 of the Companies Ordinance, 1984 (the "Ordinance"), Kohinoor Textile Mills Limited (the "Company") be and is hereby authorized to make long term equity investment upto Rs.2 billion (Rupees two billion only) by way of acquisition of shares of Maple Leaf Capital Limited, an associated company.

Further Resolved that the above said resolution shall be valid for one year and the Chief Executive Officer and/or the Company Secretary of the Company be and are hereby singly empowered and authorized to undertake the decision of the said investment of shares as and when deemed appropriate and necessary in the best interest of the Company and its shareholders and to take all steps and actions necessary, incidental and ancillary for the acquisition of shares of Maple Leaf Capital Limited including execution of any and all documents and agreements as may be required in this regard and to do all acts, matters, deeds and things as may be necessary or expedient for the purpose of giving effect to the spirit and intent of the special resolution for making investment from time to time.





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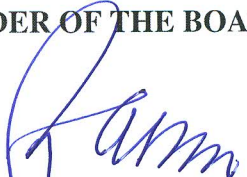
Further Resolved that subsequent to the above said equity investment, the Chief Executive Officer and/or the Company Secretary of the Company be and are hereby authorized singly to dispose off, through any mode, a part or all of equity investment made by the Company from time to time as and when deemed appropriate and necessary in the best interest of the Company.”

- B) **“Resolved** by way of special resolution that consent and approval of Kohinoor Textile Mills Limited (the “Company”) be and is hereby accorded under Section 208 of the Companies Ordinance, 1984 (the “Ordinance”) for investment in the form of loans / advances from time to time to Maple Leaf Cement Factory Limited, a subsidiary of the Company, upto an aggregate sum of Rs.300 million (Rupees three hundred million only) for a period of one year commencing from November 01, 2014 to October 31, 2015 (both days inclusive) at the mark-up rate of one percent above the average borrowing cost of the Company. Vide special resolution passed in general meeting held on October 31, 2013 by the shareholders, the Company was authorized to extend a facility of similar nature to the extent of Rs.300 million which is valid till October 31, 2014.

Resolved further that the Chief Executive Officer and the Company Secretary of the Company be and are hereby authorized singly to take all steps necessary, ancillary and incidental, corporate and legal formalities for the completion of transactions in relation to the loans / advances to the subsidiary company but not limited to filing of all the requisite statutory forms and all other documents with SECP, executing documents all such notices, reports, letters and any other document or instrument to give effect to the above resolution.”

BY ORDER OF THE BOARD




(Muhammad Ashraf)
Company Secretary

Lahore: October 09, 2014



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NOTES:

1. Share transfer books of the Company will remain closed from October 23, 2014 to October 30, 2014 (both days inclusive). Physical transfers/CDS Transaction IDs received in order at the Company's Share Registrar, M/s. Vision Consulting Ltd, 3-C, LDA Flats, Lawrence Road, Lahore, upto the close of business on October 22, 2014 will be considered in time to determine voting rights of the shareholders for attending of the meeting.
2. A member eligible to attend, speak and vote at this meeting may appoint another member as his/her proxy and CDC shareholders shall attach an attested copy of his/her Computerized National Identity Card (CNIC) / Passport. Proxies in order to be effective must be received at the Company's Registered Office not later than 48 hours before the time for holding the meeting and must be duly stamped, signed and witnessed. Representatives of corporate members should bring the usual documents required for such purpose.
3. CDC shareholders are requested to bring with them their CNIC / Passport in original along with Participants' ID Numbers and their Account Numbers to prove his/her identity.
4. Shareholders are requested to notify / submit the following, in case of book entry securities in CDS to respective CDS participants and in case of physical shares to the Company's Share Registrar, if not earlier provided / notified:-
 - a. Change in their addresses;
 - b. Valid and legible photocopies of National Tax Number (NTN), both for individuals & corporate entities; and
 - c. Dividend mandate information i.e. Title of Bank Account, Bank Account Number, Bank's Name, Branch Address, CNIC, NTN and Cell / Landline Number(s) of Transferee(s) towards direct credit of cash dividend through e-dividend mechanism, if announced by the Company at later stage.

STATEMENT UNDER SECTION 160(1)(b) OF THE ORDINANCE:

A) Investment in Maple Leaf Capital Limited

This statement sets out the material facts pertaining to the special business proposed to be transacted under Section 208 of the Ordinance at the forthcoming Annual General Meeting of the Company to be held on October 30, 2014.

Maple Leaf Capital Limited ("MLCL") was incorporated on 25 April 2014 as a public limited company with an authorized share capital of Rs.10 million. MLCL is set up with





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the principal object of buying, selling, holding or otherwise acquiring or investing the capital of MLCFL in any sort of financial instruments including but not limited to shares and stocks of unlisted companies, debentures, debenture stocks, bonds, mutual fund certificates, modaraba certificates, musharika certificates, Sukuk, Participation Term Certificates (PTCs) and any other Shariah compliant security, term finance certificates, unit trust certificates and any other marketable securities and / or certificates of any kind, obligations and securities issued or guaranteed by the Government of Pakistan or by companies incorporated or registered in Pakistan and which are listed or to be listed on the stock exchanges of Pakistan or in any foreign country but not to act as an investment / brokerage company.

The Board of Directors of the Company in their meeting held on September 18, 2014 has approved the proposal of this equity investment in MLCL.

MLCL has been given the Certificate of Commencement of Business dated 03rd June 2014 by the Additional Registrar of Companies, Securities and Exchange Commission of Pakistan.

The Company is planning to make an equity investment upto Rs. 2 billion in MLCL. The Company expects significant dividends from this equity investment in MLCL which will eventually enhance the return on investment of the shareholders of the Company.

The Directors have carried out their due diligence for the proposed investment and duly signed recommendation of due diligence report shall be available for inspection of members in the general meeting along with latest audited accounts of the associated company.

Information under Clause (a) of sub-regulation (1) of regulation 3 of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No.	Requirement	Information
i	Name of associated company	Maple Leaf Capital Limited (MLCL)
	Criteria of associated relationship	Common directorship
ii	Purpose	To participate in the growing stock market of the country through equity investment.
	Benefits	To earn return on equity through dividend income from investment in associated company and capital appreciation.
	Period of investment	Strategic long term investment



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Ref. No.	Requirement	Information
iii	Maximum amount of investment	Rs. 2 billion (Rupees two billion only)
iv	Maximum price / share	The price to be paid for the equity investment will be par value of Rs.10/- per share since the project is a green field project and the price is less than the fair value determined by independent firm of Chartered Accountants.
v	Maximum number of shares to be acquired	200 million shares
vi	Shareholding before investment	No. of shares: NIL
		Shareholding Percentage: NIL
	Shareholding after investment	No. of shares: 200 million
		Shareholding Percentage: 80%
vii	Requirement in case of investment in listed associated company	Not Applicable as MLCL is an unlisted company.
viii	Fair market value of shares	The fair value of the shares determined in terms of regulation 6(1) is Rs.13.17 per share based on discounted cash flow using "Free Cash Flow" to the Company at discount rate of 14% with 5% terminal growth rate. (Copy of fair valuation report issued by HLB Ijaz Tabassum & Co., Chartered Accountants, is available at Registered Office of the Company and can be inspected in working hours upto 11:30 AM.
ix	Break-up value of shares	Rs. 9.708 per share as at 30 June 2014.
x	Earnings per share for the last three years	Period ended 30 June 2014 was the Company's first partial period of operations. Loss per share for the period ended 30 June 2014 is Re. 0.29
xi	Sources of fund from which shares will be acquired	Own funds of the Company.
xii	Requirements if shares are intended to be acquired using borrowed funds	Not applicable
xiii	Salient features of agreement(s) entered into	No agreement.



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Ref. No.	Requirement	Information												
	with the associated company													
xiv	Direct / Indirect interest of directors in associated company	<p>Three Directors of the Company, Mian Tariq Sayeed Saigol, Mian Taufique Sayeed Saigol and Mr. Waleed Tariq Saigol currently hold 150,000 (30%), 250,000 (50%) and 100,000 (20%) shares respectively in MLCL. The Directors of the associated company are interested in the investing company to the extent of their shareholding as under:-</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Shares held</th> <th>% age</th> </tr> </thead> <tbody> <tr> <td>Mian Tariq Sayeed Saigol & his spouse</td> <td>10,490,547</td> <td>4.2727</td> </tr> <tr> <td>Mian Taufique Sayeed Saigol</td> <td>10,827,332</td> <td>4.4098</td> </tr> <tr> <td>Mr. Waleed Tariq Saigol</td> <td>70,937</td> <td>0.0289</td> </tr> </tbody> </table>	Name	Shares held	% age	Mian Tariq Sayeed Saigol & his spouse	10,490,547	4.2727	Mian Taufique Sayeed Saigol	10,827,332	4.4098	Mr. Waleed Tariq Saigol	70,937	0.0289
Name	Shares held	% age												
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Mian Taufique Sayeed Saigol	10,827,332	4.4098												
Mr. Waleed Tariq Saigol	70,937	0.0289												
xv	Any other important detail	None												
xvi	Description of the project	Buying, selling, holding or otherwise acquiring or investing the capital of the Company in any sort of financial instruments.												
	Starting date of work	November 2014												
	Completion of work	Not applicable												
	Commercial operation date	November 2014												
	Expected time by which the project shall start paying return on investment	Financial year 2015-16												

B) Investment in Maple Leaf Cement Factory Limited

Maple Leaf Cement Factory Limited, having its Registered Office at 42-Lawrence Road, Lahore (the "MLCF") is a subsidiary of the Company and the Company, being a holding company, holds 306,410,425 ordinary shares constituting 58.06% of the aggregate paid-up capital in MLCF, a public listed company engaged in the business of manufacturing and sale of cement and the factory is located at Iskanderabad, District Mianwali.

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The Board of Directors of the Company in their meeting held on September 18, 2014 has approved Rs.300 million as loan / advances, being a reciprocal facility, to MLCF on the basis of escalating profit trend of MLCF subject to approval of the members. The Company shall extend the facility of loans / advances from time to time for working capital requirements to MLCF in accordance with an agreement in writing including all relevant terms and conditions as prescribed in the Regulations.

Directors of the Company have also provided their duly signed undertaking / due diligence report with recommendations that they have carried out necessary due diligence for the proposed investment in MLCF and it has been kept at Registered Office of the Company for inspection of the members along with audited accounts of MLCF as required under the Regulations.

Information under clauses 3(1)(b) & 4(1) of the Companies (Investment in Associated Companies or Associated Undertakings) Regulations, 2012.

Ref. No.	Requirement	Information
(i)	Name of the associated company or associated undertaking along with criteria based on which the associated relationship is established;	Maple Leaf Cement Factory Limited (the "MLCF") MLCF is a subsidiary of Kohinoor Textile Mills Limited (the "Company") and the Company holds 58.06% of the aggregate paid-up capital in MLCF.
(ii)	Amount of loans or advances;	Rs.300 million (Rupees three hundred million only).
(iii)	Purpose of loans or advances and benefits likely to accrue to the investing company and its members from such loans or advances;	Purpose: To earn income on the loan and/or advances to be provided to MLCF from time to time for working capital requirements of MLCF. Benefits: The Company will receive mark up at the rate of one percent above of its average borrowing cost. This shall benefit the Company's cash flow by earning profit on idle funds. Period: For a period of one year

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		from November 01, 2014 to October 31, 2015.																												
(iv)	In case any loan has already been granted to the said associated company or associated undertaking, the complete details thereof;	A similar nature of loan/advance facility of Rs.300 million from time to time for working capital requirements has been granted by the valued shareholders of the Company vide special resolution passed in the Annual General Meeting held on October 31, 2013 which is valid till October 31, 2014.																												
(v)	Financial position, including main items of balance sheet and profit and loss account of the associated company or associated undertaking on the basis of its latest financial statements;	<p>Based on the audited financial statements for the financial year ended 30 June 2014, the financial position of MLCF is as under:-</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>Amount</th> </tr> <tr> <td></td> <td>Rupees (000)</td> </tr> </thead> <tbody> <tr> <td>Paid up capital</td> <td>5,277,340</td> </tr> <tr> <td>Reserves</td> <td>2,058,137</td> </tr> <tr> <td>Accumulated profit</td> <td>2,414,100</td> </tr> <tr> <td>Surplus on revaluation of fixed assets – net of tax</td> <td>4,891,515</td> </tr> <tr> <td>Current liabilities</td> <td>7,132,572</td> </tr> <tr> <td>Current assets</td> <td>7,145,445</td> </tr> <tr> <td>Breakup value per share (Rs.) without revaluation</td> <td>18.47</td> </tr> <tr> <td>Sales - Net</td> <td>18,968,547</td> </tr> <tr> <td>Gross Profit</td> <td>6,522,985</td> </tr> <tr> <td>Operating Profit</td> <td>5,055,173</td> </tr> <tr> <td>Net Profit</td> <td>2,830,174</td> </tr> <tr> <td>Earnings per share (Rs.)</td> <td>5.36</td> </tr> </tbody> </table>	Particulars	Amount		Rupees (000)	Paid up capital	5,277,340	Reserves	2,058,137	Accumulated profit	2,414,100	Surplus on revaluation of fixed assets – net of tax	4,891,515	Current liabilities	7,132,572	Current assets	7,145,445	Breakup value per share (Rs.) without revaluation	18.47	Sales - Net	18,968,547	Gross Profit	6,522,985	Operating Profit	5,055,173	Net Profit	2,830,174	Earnings per share (Rs.)	5.36
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(vi)	Average borrowing cost of the investing company or in case of absence of borrowing the Karachi Inter Bank Offered Rate for the	Average borrowing cost of the Company is 11.11% for the year ended June 30, 2014.																												



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	relevant period;					
(vii)	Rate of interest, mark up, profit, fees or commission etc. to be charged;	Mark-up will be charged from MLCF at one percent above the average borrowing cost of the Company.				
(viii)	Sources of funds from where loans or advances will be given;	Loan and / or advance will be given out of own funds of the Company.				
(ix)	Where loans or advances are being granted using borrowed funds,- justification for granting loan or advance out of borrowed funds; detail of guarantees / assets pledged for obtaining such funds, if any; and repayment schedules of borrowing of the investing company;	N/A				
(x)	Particulars of collateral security to be obtained against loan to the borrowing company or undertaking, if any;	No collateral is considered necessary since MLCF is a subsidiary company of the Company.				
(xi)	If the loans or advances carry conversion feature i.e. it is convertible into securities, this fact along with complete detail including conversion formula, circumstances in which the conversion may take place and the time when the conversion may be exercisable;	N/A				
(xii)	Repayment schedule and terms of loans or advances to be given to the investee company;	The loan / advance would be for a period of one year from November 01, 2014 to October 31, 2015 (both days inclusive). MLCF will pay interest / mark-up on quarterly basis whereas repayment of principal amount shall be on or before October 31, 2015.				
(xiii)	Salient features of agreements entered or to be entered with its associated	<table border="1"> <tr> <td>Nature</td> <td>Loan / advance</td> </tr> <tr> <td>Purpose</td> <td>To earn mark- up /</td> </tr> </table>	Nature	Loan / advance	Purpose	To earn mark- up /
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	company or associated undertaking with regards to proposed investment;		profit on loan ./ advance being provided to MLCF which will augment the Company's cash flow
		Period	One Year
		Rate of Mark-up	Above one percent the average borrowing cost of the Company.
		Repayment	Principal plus mark up/profit upto October 31, 2015.
		Penalty charges	@3-months KIBOR plus one percent in addition to the outstanding amount(s).
(xiv)	Direct or indirect interest of directors, sponsors, majority shareholders and their relatives, if any, in the associated company or associated undertakings or the transaction under consideration; and	Investing company i.e. the Company is a holding company of MLCF and six Directors are common in both the companies may be deemed to be interested to the extent of their shareholding. None of the Directors or their relatives or associates are interested in any of the above resolution in any way except as members of the Company.	
(xv)	Any other important details necessary for the members to understand the transaction.	N/A	



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Five Directors of the Company are also the members of investee company i.e. MLCF and are interested to the extent of their shareholding as under:-

Name	% age of shareholding in MLCF	% age of shareholding in the Company
Mr. Tariq Sayeed Saigol & his spouse	0.3540	4.2727
Mr. Taufique Sayeed Saigol	0.0010	4.4098
Mr. Sayeed Tariq Saigol	0.0010	0.1286
Mr. Waleed Tariq Saigol	0.0010	0.0289
Mr. Danial Taufique Saigol	0.0005	0.0010

