DIN GROUP

QUALITY
CELEBRATING
25
YEARS OF
COMMITMENT
EXCELLENCE

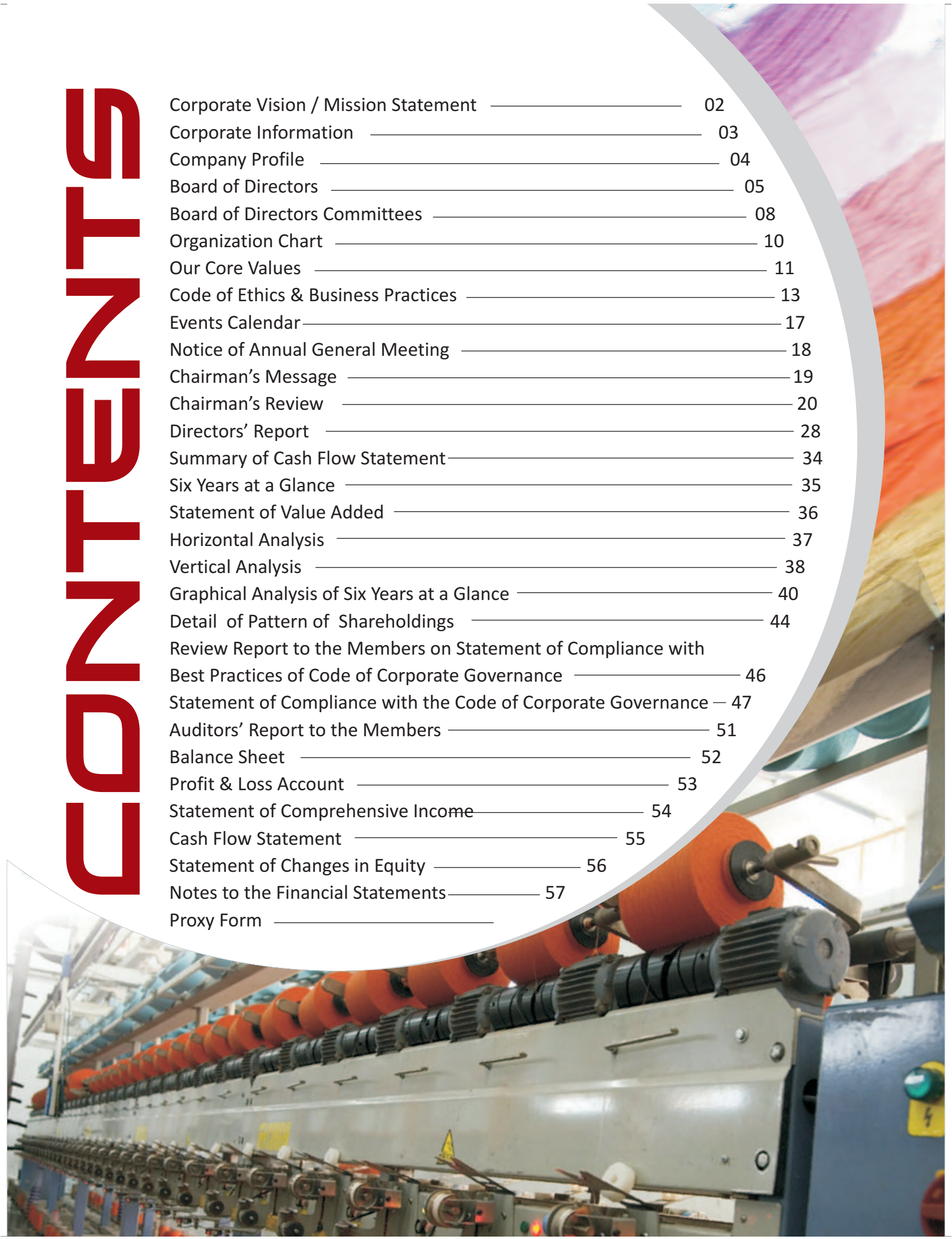
25th Annual Report 2012

Din®

DIN TEXTILE MILLS LTD.

CONTENTS

Corporate Vision / Mission Statement — 02
Corporate Information — 03
Company Profile — 04
Board of Directors — 05
Board of Directors Committees — 08
Organization Chart — 10
Our Core Values — 11
Code of Ethics & Business Practices — 13
Events Calendar — 17
Notice of Annual General Meeting — 18
Chairman's Message — 19
Chairman's Review — 20
Directors' Report — 28
Summary of Cash Flow Statement — 34
Six Years at a Glance — 35
Statement of Value Added — 36
Horizontal Analysis — 37
Vertical Analysis — 38
Graphical Analysis of Six Years at a Glance — 40
Detail of Pattern of Shareholdings — 44
Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance — 46
Statement of Compliance with the Code of Corporate Governance — 47
Auditors' Report to the Members — 51
Balance Sheet — 52
Profit & Loss Account — 53
Statement of Comprehensive Income — 54
Cash Flow Statement — 55
Statement of Changes in Equity — 56
Notes to the Financial Statements — 57
Proxy Form



VISION

We aim at transforming Din Textile Mills Ltd. (DTML) into a complete textile unit to further explore international market of very high value products. Our emphasis would be on product and market diversification, value addition and cost effectiveness. We intend to fully equip the company acquire pioneer role in the economic development of the country.

MISSION

The company should secure and provide a rewarding return on investment to its shareholders and investors, quality products to its customers, a secured and friendly environment at place of work to its' employees and present itself a reliable partner to all business associates.

CORPORATE INFORMATION

Board of Directors

Shaikh Mohammad Muneer	Chairman/Chief Executive
Shaikh Mohammad Pervez	Director
Shaikh Muhammad Tanveer	Director
Mr. Shahzad Naseer	Director
Mr. S. M. Naveed	Director
Mr. Faisal Jawed	Director
Mr. Farhad Shaikh Mohammad	Director

Company Secretary

Mr. Islam Ahmed

Chief Financial Officer

Mr. Shaukat Hussain Ch.
(FPFA, CFC)

Auditors

Mushtaq & Co.,
Chartered Accountants

Bankers

- Allied Bank Ltd.
- Barclays Bank PLC .
- Dubai Islamic Bank Pakistan Ltd.
- Faysal Bank Ltd.
- Habib Bank Ltd.
- Habib Metropolitan Bank Ltd.
- MCB Bank Ltd.
- Meezan Bank Ltd.
- National Bank of Pakistan
- Pak Oman Investment Co. Ltd.
- Standard Chartered Bank (Pakistan) Ltd.
- The Bank of Punjab

Audit Committee

Shaikh Mohammad Pervez	Chairman
Mr. Faisal Jawed	Member
Mr. Farhad Shaikh Mohammad	Member

Registered Office

Din House, 35-A/1, Lalazar Area,
Opp: Beach Luxury Hotel, M. T. Khan Road, Karachi.

Mills

Unit-I and II: Kot Akbar Khan, 70 Km Multan Road, Tehsil Pattoki,
District Kasur, Punjab.
Unit-III: Revenue Estate, Bhai Kot, Tablighi Chowk, Raiwind Road, Tehsil and Distt. Lahore-Punjab.
Unit-IV: 48 Km Multan Road, Bhai Pheru, District Kasur, Punjab.

Website

www.dingroup.com

COMPANY PROFILE

From the day of inception, Din Textile has been constantly striving to achieve excellence and generate highest value for all of its stakeholders. Today Din Textile holds an unchallenged position at forefront of industry, within the country and overseas for its groundbreaking developments and innovative products line, Din Textile has gained immense trust for delivering superior quality products for exceeding the customer expectations. This is a testimony to Din's unwavering commitment to total satisfaction of its customers.

Under the dynamic leadership of the Group and strong Human Resource, Din Textile Mills Ltd. was founded in 1987 and in a very short time become an icon for the spinning industry in Pakistan. With four state-of-the-art spinning units and 1 dyeing unit located at Chunian and Lahore having annual production capacity of yarn 26.72 million Kgs. and dyeing of Fiber and Yarn 2.8 million Kgs.

With an annual turnover of Rs. 7.358 billion, today Din Textile Mills Ltd. employs over 2,480 employees. Din aims to create superior value for its customers and stakeholders without compromising on commitments to safety, environment, health, and other social responsibilities for the communities in which we operates.

Our product range from:

Combed Compact Yarn	Core Spun Yarn
Slub Lycra Yarn	Slub Yarn
Dyed Yarn	Mélange Yarn
Ply Yarn	Gassed Yarn

GLOBAL ORGANIC TEXTILE STANDARD · GOTS ·

Organic Yarn
CU 813709
Din Textile Mills Ltd.
Pakistan

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
2556CIT CITEVE

CONFIDENCE IN TEXTILES
Tested for harmful substances
according to Oeko-Tex® Standard 100
2011PK0081 AITEX

CERTIFIED TO ORGANIC EXCHANGE OE 100 STANDARD

BOARD OF DIRECTORS

Shaikh Mohammad Muneer
Chairman / Chief Executive
Mr. Shaikh Mohammed Muneer is the Chairman and Chief Executive of Din Textile Mills Limited (Unit of Din Group of Companies). Currently he is Also hold the position as Vice Chairman of MCB Bank Ltd., President of India-Pakistan Chamber of Commerce & Industry (IPCCI)

Under his dynamic leadership and missionary zeal Din Group have been awarded various Best Export Performance Trophies by FPCCI for its highest exports and have also been awarded twice Top 25 Companies Award of the Karachi Stock Exchange by the Prime Minister of Pakistan.

He has been awarded Best Business Man of the year Award by FPCCI, "SITARA-I-ISAAR" in 2006 and "SITARA-I-IMTIAZ" in 2007 by the President of Pakistan. He has been awarded twice the Degree of Doctorate of Philosophy, by Governor of Sindh. Pakistan

He has been the Chairman of All Pakistan Tanners Association for 7 terms, The Chairman of Korangi Association of Trade and Industry for Two Terms, and has been President of Federation of Pakistan Chambers of Commerce & Industry (FPCCI) & Chairman MCB Bank Ltd.

He is the Chairman of Chiniot Anjuman-e-Islamia, Pakistan, running various schools/colleges/hospitals and maternity homes & also involved in many other social and welfare activities.

He is the
Member of
Fatimid Foundation, Board of Governors College of Business Management (CBM) Karachi.
Board of Governors Greenwich University, Karachi
Advisory Board of Citizen Liaison Committee (CPLC), Karachi
IBA Advisory Council,
Board of Governors of Kidney Centre of Post Graduate Training Institute
Board of Governors Nazeer Husain University, Karachi,
World Hypertension League
Board of Governors of Professional Education Foundation.
Board of Governors University of Management & Technology, Lahore
Board of Governors Shaukat Khanum Memorial Trust, Lahore
DIRECTOR of
Make-A-Wish Foundation International USA.

PATRON-IN-CHIEF of
Friends of Burns Centre.
Civil Hospital Karachi.
TRUSTEE OF
The Legend Trust" under Chairmanship of Governor of Sindh since 7.11.2006. The job of this Trust is to help the re-known artists for their grievances.
FOUNDER MEMBER of
Trust for Vaccines & Immunization (TVI)
Pakistan Hypertension League

Shaikh Mohammad Pervez
Director

Mr. Shaikh Mohammad Pervez is the Non Executive Director of Din Textile Mills Limited. (Unit of Din Group of Companies) After completion his academic life, he joined his family business in 1971. He has played a vital role in the growth and success of the Group. He is actively engaged in many social and welfare projects which are running for the cause of humanity and are helping the needy and poor people. In recognition to his social and welfare services in the Country, he has been appointed as Justice of Peace Karachi Division by Government of Sindh.

Shaikh Mohammad Tanveer
Director
Mr. Shaikh Mohammad Tanveer is the Executive Director of Din Textile Mills Limited.

After joining as Director of Din Textile Mills his contribution in the growth of company's business is remarkable. He also visited many countries of the World as individual businessmen and also together with business delegates, as member or as leader of the delegation.

He is the Chairman of Punjab Industrial Estate (PIE), and actively involved in various Business and industrial Development projects of the Govt. of Punjab. He is Also Director (MCB Nominee) of Millat Tractors Limited. He has been Senior Vice Chairman of All Pakistan Textile Mills Association (APTMA). In his tenor APTMA achieved remarkable milestones for the Development of Textile Sector in Pakistan.

Mr. Shahzad Naseer
Director
Mr. Shahzad Naseer is the Executive Director of Din Textile Mills Ltd. (unit of Din Group of Industries) He is Graduate of Science in Business Administration from Boston University USA. After completion his education in 1994 he joined business since he is directing Finance and Marketing Division, the Company has further strengthened financially and with his marketing efforts new Markets of the world have been tapped creating edge for the company. He has played a vital role in the success of the company and his knowledge in Information Technology has given additional strength to the company. He remained an active member of different public welfare institutions where treatment is made free for the needy and poor people on humanitarian grounds.

Mr. S. M. Naveed
Director

Mr. S. M. Naveed is the Executive Director of Din Textile Mills Ltd. (unit of Din Group of Companies). He is Graduate of Science in Business Administration (B.S.B.A), and Economics (B.A.E) from Boston University, USA. He is Also Qualified ISO-9000 Auditor from International Registrar of Certified Auditors (IRCA) & Microsoft Certified Professional (MCP). Being Director of Din Textile Mills Ltd., His Prime responsibilities is to Looking for Balancing Modernization and Reconstruction (B.M.R.) of Textile Spinning, Dyeing and Power Houses of the

Company to meet and maintain the requirement of High Quality products being Leader of Textile Sector in Pakistan.
He is also
The Chairman, Regional Standing Committee on Textile, Federation of Pakistan Chambers of Commerce & Industry (FPCCI).

Mr. Faisal Jawed
Director
Mr. Faisal Jawed is the Executive Director of Din Textile Mills Ltd. (unit of Din Group of Companies.) He is Graduate of Business Administration (BBA MARKETING). Being Learned Personality, He is regularly participating in different Business and Administration oriented courses held by LUMS and other Leading Business Institutions. He has vast experience in the field of marketing and having Good negotiation skills. Being a Director of Din Textile Mills Limited, he is involve in procurement of Material like cotton and other man mad fibers like Lycra ® etc.
Having good skills of operational and office management, he play a strategic role in business's operation and management to improved the over all productivity and profitability of the Company.

Mr. Farhad Shaikh Mohammad
Director
Mr. Farhad Shaikh Mohammad is the Non Executive Director of Din Textile Mills Ltd. (unit of Din Group of Companies)

He is a Finance Graduate and has conducted various courses such as Corporate Governance Leadership and Corporate Finance Management. He has been invited as guest speaker at many universities and conferences local and international.
Being a Director of Din Textile Mills Ltd., and having vast experience in the field of Finance and Account. He is engaged in the matters of Finance and Account of the Din Group of Industries. He is also actively involved in philanthropy

In addition to the above, he is also;-

Justice of Peace, appointed by Government of Sindh.
Chairman of “Young Entrepreneurs & Youth Affairs” Committee of FPCCI,
Vice Chairman of “Law & Order” Committee Korangi Association of Trade & Industry. (KATI)
Executive MEMBER Burns Centre Civil Hospital, Karachi.

BOARD OF DIRECTORS COMMITTEES

1- AUDIT COMMITTEE

The Board has set up an independent audit function headed by a qualified and full time employee of the company reporting to the chairman. The scope of Internal auditing within the company is clearly defined in compliance of clause (XXIV) of Code of Corporate Governance-2012

A strong control environment and established internal control framework exists in the company comprising clear structures, segregation of duties, authorization limits for the company officials for operating bank accounts and approving expenditures. Well defined policies and procedure and budgeting and review processes to reduce the risk of undetected error / fraud and limit opportunities for misappropriation of assets or concealment of intentional misstatements.

The audit committee is a committee comprising Board of Directors that assists the Board in a manner provided in the Code of Corporate Governance issued by SECP and forming part of the Listing Regulations of the Stock Exchanges in Pakistan. The audit committee of Din Textile Mills Ltd. comprises of the majority of Non Executive Directors, one of them is Chairman of the committee along with one Executive Director who are members of the committee.

Committee of Din Textile Mills Ltd. comprises of the following three directors.

1	Shaikh Mohammad Pervez	(Non-Executive Director)	Chairman
2	Mr. Faisal Jawed	(Executive Director)	Member
3	Mr. Farhad Shaikh Mohammad	(Non-Executive Director)	Member

The terms of reference of the audit committee shall also include the following:

I- The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements.

II- Determination of appropriate measures to safeguard the company's assets;

III- Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:

- Major judgmental areas;
- Significant adjustments resulting from the audit;
- The going concern assumption;
- Any changes in accounting policies and practices;
- Compliance with applicable accounting standards;
- Compliance with listing regulations and other statutory and regulatory requirements; and
- Significant related party transactions.

IV- Review of preliminary announcements of results prior to publication;

V- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);

VI- Review of management letter issued by external auditors and management's response thereto;

VII- Ensuring coordination between the internal and external auditors of the company;

VIII- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;

IX- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;

X- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;

XI- Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;

XII- Instituting special projects, value for money studies or other investigations on any matter Specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;

XIII- Determination of compliance with relevant statutory requirements;

XIV- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and

XV- Consideration of any other issue or matter as may be assigned by the Board of Directors.

2- HUMAN RESOURCE AND REMUNERATION COMMITTEE (HR & R)

The Board in his meeting held on April 27, 2012 has establish Human Resource and Remuneration Committee (HR & R) in compliance of clause (XXV) of the Code of Corporate Governance 2012.

Human Resource and Remuneration (HR & R) committee have three members comprising a majority of Non-Executive Directors Including chairman of the committee.

1	Shaikh Mohammad Pervez	(Non-Executive Director)	Chairman
2	Mr. Shaikh Muhammad Tanveer	(Executive Director)	Member
3	Mr. Farhad Shaikh Mohammad	(Non-Executive Director)	Member

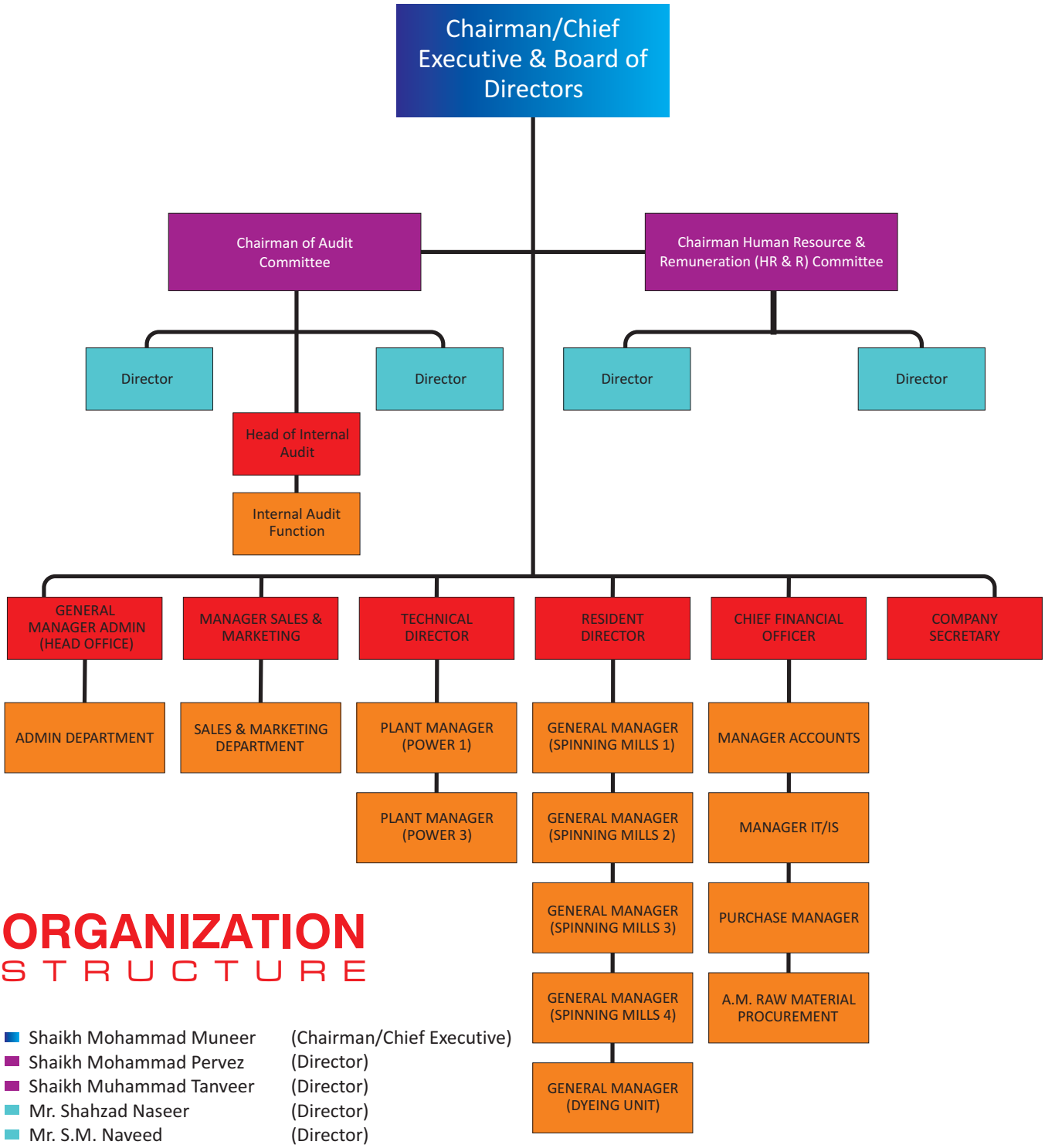
The terms of reference of the HR & R committee shall also include the following:

I- Recommending human resource management policies to the board;

II- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO

III- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit; and

IV- Consideration and approval on recommendations of CEO on such matters for key management positions Who report directly to CEO.



ORGANIZATION STRUCTURE

Shaikh Mohammad Muneer	(Chairman/Chief Executive)
Shaikh Mohammad Pervez	(Director)
Shaikh Muhammad Tanveer	(Director)
Mr. Shahzad Naseer	(Director)
Mr. S.M. Naveed	(Director)
Mr. Faisal Jawed	(Director)
Mr. Farhad Shaikh Mohammad	(Director)
Mr. Mehmood Tariq	(Resident Director)
Mr. Tariq Shahab Ansari	(Technical Director)
Mr. Islam Ahmed	(Company Secretary)
Mr. Shaukat Hussain Ch.	(Chief Financial Officer)
Major (R) Kamran Hafeez	(General Manager Admin)
Mr. Zahid Hussain Zahid	(Head of Internal Audit)
Mr. Ashiq Jan	(Manager Sales)

DEDICATION TO CORE VALUES

Several features which have contributed to our growth and reputation include the exceedingly professional, high quality textile products for the various manufacturing companies. Out of all the factors, the most significant is our unwavering commitment to our Core Values. Our plans, and approach towards the market, changes in accordance with the varying market conditions. Din's Core values will prove to be consistent to overcome future challenges.

Customer Orientation and Satisfaction
To achieve success, we believe in listing our customers and considering their needs. Everything we do encompasses the fact that our customers remain satisfied in all aspects.

Responsiveness with Excellence
We strive for superior quality, even with the smallest task assigned. We are responsive to our customers, prospects and partners, separating core matrix from our competitors.

Integrity and Honesty
towards any legal or ethical breaches. We believe in the highest level of integrity, sincerity and honesty.

Exceeding Expectation with Team Work
In order to exceed the expectations of our customers, we respect each individual by contributing equally to the success of each effort laid.

Professionalism and Respect
Professionalism and courtesy has always been the prior concern of our code of conduct.

Communication
In order to achieve positive outcomes, we believe in being open and honest with the give-and-take with customers, partners and peers.

Result Oriented
Core matrix must address each challenge with a "result-oriented" approach, and focus on the solution of the problems that arise.

Quality
Commitment and dedication can be observed with all that we do from emails, to proposals, to customer documents and meetings, to the phone calls, as well as training sessions.

Entrepreneurship
There is passion and the ability to observe greater opportunities in every task we undertake.

STATEMENT OF ETHICS AND BUSINESS PRACTICES
For the year ended June 30, 2012

Policy Statement

The core values of Din Textile Mills Ltd. which are the vital part of our Success, Integrity, Honesty, Professionalism and Respect in all our business practices; are backed up by the creativity and passion of our people.

The loyalty and confidence in our products and services is because of our solemnity in our business relations with our Customers, Suppliers, Shareholders, Regulatory Agencies and the community as general. This is only possible because of the leaders at Din Textile who consider all this their one of the prime responsibility of setting example through personal performances and excellent attitudes to convey the ethical values to each Individual at Din Textile Mills Ltd.

For retaining our glory and reputation, an uncompromising adherence to ethical excellence is integral for sustaining and creating the necessary strong foundation on which Din Textile had & can 'Grow and Prosper!' People at Din Textile today and in future, must be aware of and contribute for the high achieving standards required in all our business practices.

Scope

The Board of Directors on the whole is responsible for the appliance of ethical business practices and principles, which is applicable to every individual of Din Textile Mills Ltd. The word 'Individual' refers to you and your use in this code includes all employees and officers.

Principles:

1. Din's Commitment to Its People

- **Share ownership**
  The key objective of Din Textile is to ensure its people are able to share the value which they helped to create. This is achieved through the promotion of staff share ownership.

- **Equal Opportunities**
  Din Textile values the Individuality, Diversity and Creative potential that every individual brings to its business. All employees are treated with equal respect and dignity and are provided with equality of opportunity to develop themselves and their careers.

We want to attract, develop and motivate the best people. We are creating a working environment that is open, honest and unprejudiced, which encourages people to achieve their full potential. We value people Individuality and team contributions and offer opportunities to share in the company commercial success.

➢ Employment, Discrimination and Harassment

Din Textile policy is to respect the human rights of all individuals compiling with National Laws considering working hours and good compensation. Din Textile enforces strict prohibition on the use of forced or child labor.

To Din Textile the harassment or discrimination of any individual is unacceptable. In particular, sexual and racial discrimination or harassment is totally unacceptable.

Human Capital Administrators & Managers are required to take account of the core International Labor Organization conventions and strive to observe the United Nation Declarations on human rights, for a guaranteed respected if the individual at Din Textile. What needs to be observed in particular is as follow: " Universal respect for an observance of human rights and fundamental freedom for all without any discrimination. We remunerate fairly with respect to skill, performance, our peers and local conditions."

2. What Din Textile requires of its people

➢ Compliance With Laws

Din Textile, with its individuals, must comply with the laws and regulations of any country in which it is operating business. The policy applies without any exceptions. Particular areas to be noted here control the competition aspect, along with the communication laws. These concern safety, health and the environment as well. It is the responsibility of Din's individuals to ensure, by taking appropriate advice by making them aware of all the relevant local laws.
Din Textile complies with the Listing, the Prospectus, and the Disclosure and Transparency Rules.

➢ Security of Information

Information generated within the organization including computer programs, is the property of Din Textile, and should not be disclosed without proper authority and authentication unless legally required.

➢ Use of Information for personal gain

Individuals must not use confidential information obtained during their employment in Din Textile for personal gains. Individuals responsible for maintaining the secrecy and confidentiality of the sensitive and unpublished data and information of Din Textile must not provide that to any other individual outside the organization. The organization has enforced a strict share dealing code which prohibits individuals to trade the information internally.

➢ Bribes

Bribes are strictly prohibited to or from customers. Din Textile funds must not be used for the payments; direct or indirect, to government officials or individuals of state organizations for any unlawful or improper purpose.

➢ Political Donations

Financial donations to political parties or for promotion of any political cause are strictly prohibited. Payments or gifts to any individual influencing any political decision for obtaining or retaining Din Textile business, is unacceptable.

➢ Conflicts of interest

Individuals of Din Textile must avoid situations in which their personal or financial interests conflicts with those of the Din Textile while dealing with the Customers, Suppliers, Contractors, Competitors, Partners or

any individual doing or seeking business from Din Textile. The individuals of Din Textile should act in favor of the group and personal preferences should not be a prior concern. Every Din's Individual is welcomed for a sound advice when ever they find there selves facing a potential conflict of interest.
This all is not limited to owning shares with business partners, company shares trading, personal or family involvement in commercial transactions with Din Textile; but also includes such activities or owning any interest like borrowing from third party based on the business relationship of Din Textile.

➢ Corporate Reporting and Internal Controls

It is important for every Din's individual that all of the official accounts and records must be documented in such a manner that clearly identified and describes the true nature of business transactions, assets or liabilities, and properly and timely classification of the records; so as the entries presented and saved in the records are in conformity with the generally accepted accounting principles. No records, entry or document should be false, distorted, misleading, misdirected, deliberately incomplete or suppressed.

Din Textile strictly adhere the principles of good corporate governance and it is committed to achieve the highest standards of corporate governance. Din Textile maintain effective, transparent financial reporting and sound internal control system ensuring true and fair performance measurement and compliance with local regulatory requirements and international accounting standards as applicable.

3. Din Textile's Commitment with their Competitors

Din Textile competes enthusiastically but fairly in the operating markets in the true spirit to win the market. Din Textile being honest and trustworthy in all of its dealings had never and will not damage the reputation of competitors either directly or by implication or innuendo.
Din Textile had never and will not attempt to acquire information about a competitor's business by disreputable means nor will it engage in restrictive trade practices of abuse any position of market dominance.

4. Din Textile's Commitment with their Customers

Din Textile had always been and wishes to be our customers' first choice for the excellent quality and efficient services. Relationship based on mutual trust will help us deliver innovative solutions that anticipate and meet our customers' needs.

Din Textile believes that reliability in dealing with customers is a prerequisite for a successful and sustained business relationship with them. In all advertising and other publications from Din Textile untrue, concealment and overstatement had always been and will be avoided.

5. Din Textile's commitment with their Suppliers

Din Textile aims to develop and maintain best relationships with its suppliers based on mutual trust and embark on timely and agreed trade terms payments. Din Textile purchasing power must never be used unscrupulously. All of the information regarding the Din Textile and its suppliers must be respected and kept confidential. Din Textile buying decisions are always been a commitment of assurance that whatever material which is purchased for production and procurement, will always be safe for environment. We expect that our suppliers also enforce the same standards of employment, harassment and discrimination policies as like Din Textile.

6. Din Textile's Commitment with their Shareholders

Din Textile always communicates its business policies, achievements and prospects with honesty and in accordance with applicable guidelines and regulations. We always strive to create excellent long term value to reward investment. We will always maintain the highest standards of business practices and will be transparent in all our dealings as before.

7. Din Textile's Commitment with their Local Communities

Din's individuals are encouraged for participation in the local communities and civil affairs. We at Din recognize our responsibilities as active members of the communities where ever we operate. Din strongly believes in contribution for the well being of wider communities. Din emphasizes our efforts in community services like education, literacy, healthcare and we will respect the traditions, cultures and heritages.

8. Din Textile's Commitment to the Environment

Din Textile has always been given a great importance for protecting the environment in which we all live. We are concerned with the preservation of the environment in its broadest sense and recognize that certain resources are finite and must be used responsibly.

Din Textile believe to provide a clean, safe, healthy and pollution free environment for all of the individuals who live in and around Din Textile's manufacturing sites , by employing such technologies which are beneficial in maintaining and protecting environmental hygiene and health.

9. Implementation of this Statement

The examples given in this statement are not intended to be comprehensive and Din Textile individuals must endeavor to observe the principles that they embody.

Din Textile reputation depends on effective implementation of policies and it is the responsibility of all managers to ensure that this statement and these policies and their application are communicated, understood and taken seriously by all individuals.

Din Textile Management must secure the co-operation of individuals and positively promote these policies by personal example, by clear guidance and by making advice available as appropriate.

EVENTS CALENDAR

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 25th Annual General Meeting of the Company will be held on Saturday the 20th October 2012 at 05:30 p.m. at Sunflower Hall, Beach Luxury Hotel, M.T. Khan Road Karachi.

1. *To confirm the minutes of the 24th Annual General Meeting of the Company held on 27th October 2011.*

2. *To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2012 together with Directors and Auditors Report thereon.*

3. *To appoint Auditors, and fix their remuneration.*

4. *To transact any other business with the permission of the chair.*

BY ORDER OF THE BOARD

Karachi : September 28, 2012

ISLAM AHMED
COMPANY SECRETARY

Notes:

1. *The share transfer books of the Company will remain closed from October 13, 2012 to October 20, 2012 (both days inclusive)*

2. *A Member entitled to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. A proxy in order to be effective must be received by the Company not less than 48 hours before the time of the meeting.*

3. *Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their valid Computerized National Identity Cards along with the Participants I.D number and their account number in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy an attested copy of proxy's Identity Card, Account & Participants I.D. number be enclosed. In case of corporate entity, the Board of Directors, resolution / Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).*

4. *Shareholders are advised to submit / send attested photocopy of their valid Computerized National Identity Card (CNIC) as it is mandatory to be printed its number on Dividend Warrants vide CBR's S.R.O. 641 (i)/2005 dated June 27, 2005, SECP's Notice dated April 02, 2010 issued in respect of S.R.O. 286/(I)/2005 dated March 31, 2005 & SECP's SRO Notification dated August 18, 2011, and also notify immediately of any change in their addresses to our* ***Share Registrar*** *M/s. Noble Computer Services (Pvt.) Limited 1st Floor, House of Habib Building (Siddiqsons Tower), 3-Jinnah Cooperative Housing Society, Main Shahra-e-Faisl, Karachi.*

CHAIRMAN'S MESSAGE

"A Promise"

Since a Promise even in a Dream is also a Promise, it must be kept.

S. M. Muneer

A successful man is one who can lay a firm foundation with the bricks others have thrown at him. There are many ways to measure a company's success. In my view, however, a truly successful company is one that finds a way to return some of its rewards to the communities in which it operates. I feel a company cannot consider itself truly successful unless it makes an active effort to give back.

To embark on a journey of success one needs the tools of preparedness, foresight and strategy. These lead to the path of growth and high quality operation. It is imperative to combine these three forces in an industry, realizing the responsibility on the shoulders of each member of Din Textile Mills Limited, we endeavor to be one of the most competitive companies in the industry with emphasis on efficiency in operations, reliability for customers and thrust on discovery and development of New Business Era.

We are an organization that combines research & development , financial, managerial and operational skills and resources to explore the new world of business. As our research assets, business infrastructure and human capital integrates to flower a robust performance to provide an impetus to the Pakistan's Textile Industry as whole.

We are a company, which was cradled by the most arduous and sincere entrepreneur in the country, benefitted with the support of the flourishing economy of the state and the presence of a diligent citizenry eager to attain success. The success and eminence of Din Textile Mills Limited began as the dream of one man extended to be transformed into the dream of many. We strive to accomplish our dreams and goals to bring greater effulgence in the future.

Gearing up for the future, we have the key success factors necessary to withstand the winds of change. The encouragement provided to build a highly skilled and creative research and development team, which is reinforced by the state-of-the-art infrastructure. Our well-recognized market presence with a strong product portfolio, which is being marked up with newer brands, Streamlined and efficient manufacturing capabilities, high quality production and cost effectiveness proves us as market leader.

"To win without risk is to triumph without glory"

Chairman's Review

As the chairman of Din Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report there on for the year ended June 30, 2012.

Economic Environment

Despite numerous challenges, the economy performed better in 2011-12 than many developed and developing economies. These included sharp increase in fuel and commodity prices, recessionary trend globally and weak inflows. Domestically, economy was struck by heavy rains in Sindh and parts of Balouchistan costing $ 3.7 billion. Notwithstanding these challenges, the Gross Domestic Product growth this year is estimated at 3.7 percent as compared to 3.0 percent last year.

Despite global slowdown, Pakistan has managed to maintain its exports during July-April 2012 to last year's level which saw a phenomenal growth. Remittances remained buoyant and estimated at close to $ 13 billion, an increase of 16 percent. Recessionary trend globally have, however, impacted capital flows to Pakistan. Current account balance was affected due to sharp increase in oil prices and import of 1.2 million metric tons of fertilizer.

Pakistan's economic health in FY12 like previously 4-years continued to be marred with energy crisis, structural weakness and heightened security environment. According to the survey many challenges like floods, rising fuel and commodity prices, global recessionary trends and weak inflows restricted country's economic output. The Economic Survey 2011-12 reported GDP growth at 3.7% below the envisioned target of 4.2%. That compares unfavorably with last 10-years average GDP growth of 4.8% and last 65-years GDP growth of 5.0%. Further more, last 5-years average GDP growth stood at 3.04% which is the lowest 5-yearly average economic growth in the history of Pakistan.

Agricultural sector grew by 3.1% against the target of 3.4% on account of 1.3% decline in minor crop output. Major crops depicted growth of 3.2% thanks to post 2010 flood recovery in Punjab that more than compensated constrained output from Sindh due to floods. Cotton, Sugar-cane and rice showed robust growth of 18.6%, 4.9% and 27.7%, while wheat production decline by 6.7%.

Manufacturing, remained victims of unfavorable investment climate and energy crisis, but managed to register a growth of 3.6% that is close to its initial target of 3.7%. LSM, as per the latest data, grew by 1.1% in 9MFY12 as against 1.0% last year.

Consumer Price Index (CPI) was 10.8 percent during July-April, 2012 from a high of 25 percent in October 2008. It was in single digit in December 2012. This has been achieved despite sharp increase in international oil prices, effect of upward adjustment in the administered prices of electricity and gas, supply disruptions due to devastating floods of 2010 and heavy rains of 2011 and bank borrowings. Food and non-food inflation averaged 11.1 percent and 10.7 percent respectively against 18.8 percent and 10.8 percent in the same period of last year.

The survey estimates Inflation to remain close to targeted 11%, in line with estimates & down from 13.7% last year. The decline in inflation was due to tight monetary policy despite sharp increase in international oil and domestic food prices. The SBP lowered the discount rate by cumulative 200 bps points to 12 percent during the first half of fiscal year 2011-12 in line with inflationary trend in the country.

During the first eleven months of outgoing fiscal year (June 2011-11th May 2012) broad money (M2) witnessed an expansion of 9.1 percent as compared to 11.47 percent as compared to last year. The deceleration in money supply is primarily driven by the significant fall in the Net Foreign Assets of the banking system along with increased government borrowing and a one-off settlement of circular debt. Net Domestic Assets (NDA) during July 2011 – 11th May 2012 stood at Rs. 880.9 billion against Rs. 481.6 billion during the same period last year. Conversely, Net Foreign Assets (NFA) witnessed a contraction.

Moreover, an FTA would keep Pakistani capital in Pakistan, a number of Pakistani textile firms have moved production to Egypt, Jordan Madagascar and Bangladesh to take advantage of Lower U.S Tariff. An FTA would Reverse that Trend.

Textile Out Look

A general belief is that the textile sector has been able to reap great benefits from depreciation of the Pak Rupee against Dollar. As this means higher gross profit margins because of the dollar-rupee parity; however it is also noteworthy that other textile exporting countries such as Bangladesh and India faced much steeper depreciation. Bangladeshi Taka depreciated by 11% and Indian Rupee by 10%, whereas the Pakistani Rupee depreciated by 4.1% YOY against the Dollar. So on the export front the textile industry is facing much tougher competition. Also the Governments of these countries have made it much easier for their industrialists to export to EU and US. The energy crisis and political situation of the country also makes doing business difficult for exporters.

Along with severe electricity shortage the sector faced hindrance in form of increased electricity tariff. The manufactures are forced to pay heavy tariffs and the lack of electricity escalates their fuel consumption. The ever increasing furnace oil prices have been eating up on their profit margins. Due to this a number of textile mills owners have shifted to alternative energy solutions such as coal and gas powered generators.

The European Union had approved to give trade concessions to Pakistan for two years back in 2010. However, to this day the implementation has been hitting delays; because earlier other textile importing countries such as India and Brazil raised a few objections whose waiver was mandatory. Now textile producing countries of the EU such as Greece, Portugal and Italy are facing worst economic crises which means businesses closing down and unemployment on the rise. They are not allowing Pakistan to avail this tariff discount package. As per concession scheme Pakistan is allowed tariff free export of 75 products to EU for the next three years. As 30% of the textile sector's total exports are to the EU countries, if these concessions are implemented it is great news for the country's textile manufacturers plus the country's foreign exchange.

The government released over Rs. 3 billion to Textile Ministry for different schemes and incentives, announced in Textile Policy (2009-14). The amount was released against Drawbacks on Local Taxes and Levies (DLTL) and Rs17.5 million each against Employees Old-age Benefits Institution (EOBI) and Social Security. With this the total release for the current fiscal year reached Rs.5.3 billion against budgetary allocation of Rs.7.5 billion while total release for the implementation of Textile Policy reached Rs.31 billion during the last three years with more than Rs.20 billion disbursed to the industry under various schemes.

The State Bank of Pakistan will release Rs.3 billion against DLTL, while Textile Commissioner's Organization (TCO) will release Rs.17.5 million each against EOBI and Social Security. Due to financial constraints, textile sector's pending liabilities against the government under different schemes announced in the Textile Policy swelled to over Rs.14 billion. This includes Rs.10 billion as DLTL. Some textile millers have already moved court against the government for outstanding liabilities.

The textile industry, which contributes 54 percent of the total export earnings of the country, has earned $9.063 billion during first nine months of current fiscal year as compared to $13.906 billion of whole fiscal Year 2010-11. According Economic survey 2011-12, the unscheduled/scheduled load shedding along with increasing rates of gas and electricity have obstructed the viability of the textile industry as exporters are unable to meet their commitments.

Besides this, high interest rates of bank financing have also hindered new investments in the textile industry and layoffs and closures have become common in the industry. According to Economic Survey of Pakistan, the total export of textile and clothing trade was $24,827 million in 2010-11 while it decreased to $16,913 million in 2011-12 - a decrease of 32 percent.

The spinning sector is the most important segment in the hierarchy of textile production. At present, as per the record of Textile Commissioner Organisation (TCO), it is comprised of 521 textile units (50 composite units and 471 spinning units) with 9.99 million spindles and 116 thousand rotors in operation with capacity utilisation of 89 percent and 60 percent respectively, during July -March, 2011-12.

In this season (2011-12), an all-time record high production of 14.83 million bales of cotton have been produced against 11.7 million bales produced last year - increase being 26.63% over last year. This season, Punjab province produced 12.132 million bales against 7.90 million bales produced last year - increase being 53.49% over last year while Sindh produced 2.68 million bales against 3.79 million bales produced last year - decrease is being 29.32 % over last year.

Marketing Activities

The Pakistani textile industry has had a golden opportunity to capture markets lost by Chinese producers because of rising wage pressure in China and the appreciation of the Yuan. But according to the Pakistan central bank's latest annual economic report, the local industry hasn't been able to seize the advantage. Instead, Bangladesh and Cambodia have increased sales of apparel as Pakistani manufacturers struggle with energy shortages, the report says. Power blackouts last as long as 20 hours at a stretch, while shortages of natural gas, which powers the industry, can go on for three to six days at a time. Demand for gas exceeds supply by as much as 15 percent .10 percent of the spinning mills and fabric printing units have shut down, and half of the remaining plants are struggling to survive. Pakistan's $13.8 billion textile industry is struggling to survive a critical shortage of energy to run its plants.

The slowdown in Chinese textiles would provide a boost to the Pakistani textile exports, particularly the cotton yarn segment. The high cotton prices in China have forced Chinese textile manufacturers to import more cotton yarn from neighboring countries including Pakistan, with the country importing record high yarn in Jul'12. In this regard, we flag domestic textile plays with a focus on yarn to be clear winners from the current scenario.

The price gap between local cotton and international cotton (Cotlook-A index) has fallen sharply over the last four months. The fall comes despite the sharp depreciation in PkR, indicating robust demand for cotton at home, particularly the yarn segment. The EIU sees Pakistan's Cotton consumption rising by 4%YoY in FY13, with demand growth supported by the recent WTO decision to allow duty free exports of 75 goods, including textiles, to the EU.

While outlook for cotton prices remains hazy given the expected surplus, we believe that there are a few trigger for the Pakistani textile sector which should support recovery in sector profitability for FY13. Robust yarn exports, recent PkR depreciation, GoP relief in the form of technological development fund and potential of Indian markets opening up to Pakistani garments are all near term triggers for the sector.

We (the Pakistani textile industry) in guidance from the policymaker (the Textile Ministry) need to be more proactive in our decision making by focusing on long-term positioning, instead of current or short-term profit

taking. Turkey, India and China started basing their textile policies on such a premise, way back in the 80s and see where they are today. Their textile sector continues to grow in all its dimensions and the sheer strength of product value addition over time has supplemented the development of their domestic markets and in helping them to evolve as leading textile machinery suppliers of the world. Pakistan in this regard still has a long way to go. Further, going forward our industry needs enhanced transparency, predictable government policies, better supply chain management and an awareness, both within the government and the private sector, of using the newly developed global hedging instruments to achieve stability in cotton and MMF (Man-made Fiber) supplies, boost production, and to alleviate possibilities on future tight stock situations.

All participants in the Industry can show leadership by advocating that the government/Ministry does a better job of statistical reporting. Companies can also lead by participating in surveys of production, consumption and stocks when such data is requested. Common use of metric measures can help all stakeholders to speak one language of statistics that the bureaucracy can understand.

We need to remember that there have been notable improvements in the efficiency of trade in textiles since the ending of the Multi Fibre Arrangement (MFA) in 2005, and attempts by anyone to take it backward through requests to the government for trade protection should be strongly discourage.

The Textile Ministry should take its cue from their Indian, Chinese and Bangladeshi counterparts by actively collaborating with the World Bank to make use of its initiative to deliver training to industry managements, trade associations and the regulatory body on how to effectively use various hedging mechanisms and devise intra-industry policy frameworks to ensure smooth and long-term functioning of the entire industry's supply chain process.

Operational Review

The textiles sector have prime concern over energy issue, saying that energy including gas and electricity is not only short, but their prices have also been increased thus making them uncompetitive in international market.

The product-wise details showed that raw cotton exports increased by 26.65 percent during 2011-12, cotton yarn exports decreased by 18.48 percent, cotton cloth exports went down by 6.42 percent, cotton carded exports declined by 64.73 percent, yarn exports went down by 12.83 percent, knitwear export declined by 14.37 percent, bed-wear 16.3 percent, towels 10.25 percent, readymade garments exports decreased by 7.84 percent, art silk and synthetic textile exports decreased by 10.81 percent and made up articles export reduced by 6.43 percent as compared to the same period of the preceding year.

According to the industry sources, local garment exports came down by 140 million dollars in 2011-2012, and its share in the country's total exports has also drastically reduced. Textile and clothing exports could have touched the figure of 22 billion dollars by end June 2012 but due to energy shortages, the exports could not fetch even the 2010-11 year's export, they added.

During the year under review, Your company renew the agreement with Brothers Textiles Ltd. under Lenience to operate having installed capacity 17,280 Spindles to explore and capture new markets locally as well as of exports and your management have intention to continue it for the next Year. During the Year your company produced Million 21.943 Kg's of Yarn as against production of 21.882 Million Kg's during the last year; thereby achieving an average capacity utilization of 82.13% as against 89.32% during previous year. 77,587 out of 80,569 spindles remained operational during the year which attained 96.30% utilization of installed capacity as against 76,973 working spindle having 97.42% utilization of installed capacity in last year.

The Annual production and yield targets are achieved. This allowed us to meet enhanced market demand in spite of excessive nationwide load shedding of electricity and gas. The management team of your company emphasized the need to be strategically prepared for emergency and crises situations, such as energy crisis.

Financial Review

Due to various operational and economic challenges the financial performance of our company this year depressed the estimates, had Net sales Rs. 7.358 billion for the year 2011-12 as compared to Rs. 7.575 billion for the last year, thus an decrease of 2.86% in sales revenue over last year. The gross loss for year was Rs. 205.057 Million as compared to last year gross profit Rs. 1.475 billion. Decrease in Gross profit is mainly due to high prices of imported cotton during 1st half of the year and depreciation of Rupee against dollar have double impact in the value of imported raw material along with heavy load shedding of gas and electricity majorly increased the input cost. During the second half of the year the profitability of the company remained stable due to effective product mix, management commitment, containment of fixed overhead , financial cost, and diversification of our product portfolio based on the deeper consumer insight remained the key element to recoup our financial result in 2012.

Higher inflationary pressure along with energy crisis, higher cost of raw material and labor continued impacting the input costs. Particularly in cotton where supply constraints and high prices led to cost increase by 24.00 % compared to last year. Cost of sale was Rs. 7.563 billion in year 2011-12 where as it was Rs. 6.099 billion in year 2010-11.

On going cost saving and controlling initiatives were taken to particularly offset the negative impact of escalating input costs. Din Textiles is committed to enhancing it's product base by diversifying in to low cost high quality products with high financial returns. That we call People Planet and Profits (Three PPP's).

Company made considerable efforts and motivative measures to promote a cost conscious culture without compromising on quality of work and product in all facts of the business with Increase of 64.79% in Distribution cost, 11.77% in Administrative expenses, and 22.87% in Financial cost , as compare to the figure of previous year Major increase in distribution cost is due to the increase in oil prices and logistics rates. While increase in inflation rate have major effective on Cost and Profitability of the business, company managed to sustained the operation without curtailing any operational activity and downsizing of staff.

Dividend

The Company's philosophy revolves around sharing the success with all stakeholders who have entrusted us with their precious capital. This work ethic has gone a long way in not only sustaining the company through the general downturn, but also getting in to thrive. In view of adverse economic condition in the current financial year, cash flow of your company does not permit dividend payout, therefore your directors have regrettably decided to omit any dividend this year.

Contribution To National Exchequer

Despite of difficult business conditions and having loss for the year, Din Textile contributes towards the national economy on account of taxes and other levies. During the year under review your company paid Rs. 427.998 million as cost of finance , contribute to the foreign reserves of the country US$ 31.799 million as direct exports. It is heartening to note that being a true patriot Din textile accrued to government in term of Tax payment amounting to Rs. 63.606 million as compare to Rs. 88.092 million last year.

Research & Development

We see being great at something as starting point, not an ending point. We set ourselves challenging goals, because we know that by stretching to meet them we can get further than we normally would. Din textile believes in incorporating new ideas for enhancement in quality and production with the help of modern technology. Hence, the company ensures higher productivity, which in turn results in higher profitability for stakeholders. Our focused and continuous investment in BMR bringing the update technology. We have always taken the challenges seriously by handling those in professional manner. We believe that great, creative things are more likely to happen with the right company culture. There is as emphasis on team achievements and pride in individual accomplishment that contribute to our over all success. The invest portfolio of the company

has been realigned as per changing market needs. Our flexible and dynamic corporate strategy strive to enhance customer satisfaction through continuous improvement and value added benefits.

Information Technology

Easy access to data, seamless communication flows and centralized project management are essentials to retain a competitive edge in the current business environment. Especially for large, growing organization like Din Textiles. We are using local ERP (Wizmen), an enterprise resource planning system, for continual improvement in business process and progress monitoring against key performance indicators (KPI's). Beside, ERP data management project has been initiated to serve as comprehensive knowledge archive to facilitate quick access to available information for the concerned staff.

Health, Safety and Environment

Health and safety of employee, contractors and visitors along with protection of environment associated with companies activities remain the top priority at Din Textile. Din's well defined health safety, and environment policy plays a key role in its decision making process to ensure compliance of statutory requirement and to achieve continual improvement in implementation of such system. Din's is committed to align its activities in the Line with international standards and industry best practices to achieve ultimate goal of incident free environment in sustainable manner.

As we continue developing our business operation in various fields, it is our mission to proactively develop initiatives to maintain a healthy environment in the company where all employees have the right to express their view and form their own opinion. In all aspect of our business operations, including product development, manufacturing and sales, we have formulated initiatives that sustain and improve the enjoinment. Meanwhile, we promoted the development of new products and innovation of technologies that will lead to a more environmentally healthy world.

HR Management and Employment Relations

We strongly believe in investing in its human capital in order to equip them with up to date knowledge and skills to create and sustain a culture of high performance in a competitive business environment. Training continues to be an important factor that supports and build organizational capability for continual innovation and change. It continues to contribute to the development of our human resource, by focusing on technical as well as soft skill area of competence development.

We believe it is vital to organically combine on-the-job training, and training courses. We employ various approaches to systematically integrate these two elements in order to generate synergistic effects and foster professionals most effectively, while maintaining communication with each point of contact and each individual employee. At Din's Textile all executive and management staff are allow to get advance training, attend courses and seminars in the area of soft and technical skills. Advance training courses facilitate the staff to acquire knowledge and keep themselves abreast of development in their professional field.

Our aim and goal of human recourse development is not only employing the right people but placing the people on the right job. That’s why Din has prime place in the industry as an equal opportunity employer.

Corporate Social Responsibility (CSR)

Din's CSR policy is driven by the imperative need to positively touch the lives of its stakeholders, with special emphasis on the indigent communication of the society where the company conduct its business. During the past 25 years Din's philosophy remained to conduct business in an ethical and responsible manner, bringing development to the land where its operates. The company takes on social initiative which it considers that its contribution would improve the live of its communities.

Din's practices active corporate citizenship through corporate philanthropy, energy conversation,

environmental protection measure, community investments, consumer protection measure, employment of special persons, industrial relationship occupational safety & health, business ethic, anticorruption measure, and contribution to national exchequer.

Future Outlook

Despite heavy monsoon rains from late July to September 2012, Pakistan is expected to grow more than 15.5 million bales in 2012-13 crop season. It was expected that rains would only hit lower Sindh crop belt and some parts in Punjab cotton belt, which would not exceed more than 10 percent of the total yield, it is estimated. The government has approved use of biotech and new cotton varieties, which have better resistance from virus attacks and better yield.

Pakistan's 2012-13 harvested area is forecast to decline 3.0 percent from a year ago to 3.4 million hectares. During crop season 2011-12, the country hit a record high production, which stood at 15.40 million bales, According to the Various experts reports , rains would not dent the crop as growers and farmers have applied maximum measures to protect cotton fields in upper as well as lower land areas in growing parts of Punjab and Sindh.

World 2012-13 cotton consumption is forecast to rise 3.0 percent from the previous year to nearly 110.0 million bales, as a result of lower cotton prices relative to polyester and a slight improvement in global economic activity. The International Monetary Fund's (IMF) most recent World Economic Outlook Report has the global economy growing at 3.5 percent in 2012 and 4.1 percent in 2013. At the same time, current and projected lower cotton prices are likely to improve cotton's share of global fiber demand.

In Pakistan, 2012-13 cotton consumption is forecast at 12.5 million bales, up 12 percent from the previous year. Pakistan's 2012-13 imports are forecast at 2.2 million bales, more than twice the previous year's imports.

Bangladesh and Indonesia are forecast to import 3.6 million bales and 2.1 million bales in 2012-13,respectively, an increase of 14 percent in Bangladesh and 6.0 percent in Indonesia. South Korea and Turkey are forecast to import 1.2 million bales and 3.0 million bales, respectively, a 2.0 percent decrease from a year ago in South Korea and a 30 percent increase from the previous year in Turkey.

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With world 2012-13 harvested area forecast to decline 5.0 percent from a year ago to 33.9 million hectares, yields are projected at 750 kilograms per hectare. In nearly all major producing countries, production is forecast to decline in 2012-13.

In China, where 2012-13 planting is currently underway, the crop is forecast at 30.5 million bales, down 9.0 percent from a year ago. India's 2012-13 production is forecast at 25.0 million bales, a 6.0 percent contraction from a year earlier as farmers respond to relatively lower world prices. Australia and Brazil are forecast to produce 4.5 million bales and 8.0 million bales, respectively, in 2012-13.

In the United States, 2012-13 production is forecast to rise 9.0 percent from previous year's weather-damaged crop, to 17.0 million bales. In the African Franc Zone, production is forecast at 3.1 million bales, a 2.0 percent increase from a year ago. In Mali, Burkina and Benin, the 2012-13 crops are forecast at 800,000 bales, 700,000 bales and 400,000 bales, respectively. India is forecast to consume 21.0 million bales in 2012-13, up 8.0 percent from a year ago. If realised, this will be its second highest mill use on record. Turkey is forecast to consume 5.6

million bales in 2012-13, up 6.0 percent from the preceding year, as mills increase investment in new equipment and infrastructure to expand capacity and meet growing demand for its textile products.

In the United States, mill use is forecast at 3.5 million bales in 2012-13, an increase of 3.0 percent from a year ago. Brazil's 2012-13 mill use is forecast at nearly 4.3 million bales, up 6.0 percent from a year ago. The United States Department of Agriculture (USDA) estimated US cotton production projected to exceed demand for the second consecutive season, 2012-13 ending stocks are forecast to rise once again. Stocks are projected at 4.9 million bales on July 31, 2013, 1.5 million bales above the beginning level and the highest in four seasons.
Since 40 percent of the world's cotton consumption occurs in China, country attempted to follow policy in 2010-11, but was forced to abandon it early import in the year due to in adequate levels of reserves. Cotton prices in China are typically higher than world prices, due to limitations on imports through careful allocation of quotas.

in the Federal Budget 2012-13, most of textiles demands, including reduction in turnover tax, withholding tax on bank withdrawals, Income Tax exemption and zero rating of sizing, warping and weaving industries, have been met by the government. Reduction in turnover tax from 1% to 0.5% will benefit the textile sector due to low profitability under prevailing circumstances.

The Government has sought Rs 30 billion for implementation of Textile Policy initiatives for fiscal year 2012-13. During the on going fiscal year 2011-12, an allocation of Rs 7.5 billion was made for implementation of Textile Policy initiatives and so far only Rs 5 billion has been released. The remaining Rs 2.5 billion is yet to be released by the Government.

Textile sector of the country is expected to grow at higher pace during fiscal year (FY) 2012-13 mainly due to concessions given by the World Trade Organization (WTO) to Pakistani textile products.

Our exporters are expected to comply with different international obligations, like ISO Certifications, produce and Export quality product and ensure timely exports, the targeted growth rate for industrial sector in 2012-13 has been set at 4.1 percent as a whole, for Scale Manufacturing and Small Scale Manufacturing respectively.

With no reprieve in the on going energy crisis, heavy rain fall and floods, continued economic volatility, accelerating inflationary trends and the on going security situation, the overall economic situation of Pakistan is under severe pressure and we see 2013 as another challenging year for the whole nation and as well as for Din. There are always opportunities in adversity. The Company will continue in streamlining our operations and further strengthen our focus on the positively enhancing the quality of life of the peoples of Pakistan through our People, Product, and Planet and creating shared value activities. Despite the challenges being faced on the country, we continue to have a long term optimistic outlook to our business. We are hopeful that economic prospect of the country will improve in the future. We remain confident in the strong potential of Pakistan specially related to its growing and youthful population.

Acknowledgement
Before I conclude my review of the current year report, I would like to thank our valued customers, vendors , financial institutions and share holders for their continued support to the company.

I would also like to acknowledge the guidance and support of my fellow board members. I am proud of team of Din Textile Mills Ltd. For their professionalism, hard work and dedication for accepting challenges in difficult business environment. It is because of the combine efforts of all our stakeholders that Din Textile is a competitive enterprise fully equipped to take new challenges that future will present.

Looking forward to a bright and sustainable future for Din Textile with pray to Almighty Allah to bless us all.

On behalf of the Board

S.M. Muneer
Chairman / Chief Executive

Directors' Report

The directors are pleased to present the 2012 Annual Report together with the audited Financial Statements of the company for the year ended June 30, 2012.

Financial Result

		2012	2011
		.....Rupees in '000'.....	
Profit & Loss Appropriations			
Un-appropriated Profit brought forward		1,662,630	866,869
(Loss) / Profit after Tax		(669,487)	851,352
Dividend for the year 2011 @Rs. 2 per share (year 2010 @Rs. 2 per share)		(40,767)	(37,061)
1,853,032 ordinary shares of Rs. 10 each issued as fully paid bonus shares		-	(18,530)
Un-appropriated Profit carried forward		952,377	1,662,630
(Loss) / Earnings Per share	Rupees	(32.84)	41.77

Chairman's Review

The Directors of the company endorse the contents of the Chairman's Review which covers review of business and operations, outlook and investment plans for strategic growth.

Operational Performance

	2012	2011	Inc./ (Dec.)
	.....Rupees in '000'.....		%age
Total Sales	7,358,489	7,574,654	(2.85)
Local Sales	4,488,524	891,012	403.76
Export Sales	2,989,025	6,817,732	(56.16)
Commission and Claim	(119,060)	(134,089)	(11.02)
Gross (Loss) / Profit	(205,057)	1,475,185	(113.90)

Salient Feature of the Accounting Results

The achievements of the year under review may be compared against preceding year are as under:

	2012	2011
	.....Rupees in '000'.....	
Sales	7,358,489	7,574,654
Cost of Sales	(7,563,546)	(6,099,469)
Gross (Loss) / Profit	(205,057)	1,475,185
Distribution cost	(141,184)	(85,674)
Administrative Expenses	(102,471)	(91,677)
Other operating expenses	(1,581)	(56,637)
Finance cost	(405,577)	(330,083)
	(650,812)	(564,072)
Other Operating Income	21,975	14,570
(Loss) / Profit before Tax	(833,895)	925,683

Financial Management

Cash flow Management

During the year an amount of Rs. 249.332 million was utilized in company operating activities before taking the effect of changes of working capital, mainly due to hyperinflation effects which caused to increase in raw material prices, fuel & power and distribution cost, Rs. 1.537 billion was generated from better management of working capital requirements. That's why company have negative cash generation from Operating activities. At the end of the year 2012 the liquid fund position comprising of cash and cash equivalents amounting to Rs. (427.101) million.

The Company has an effective cash flow management system in place whereby cash inflows and out flows are projected on regular basis and rigorously monitored. Working capital requirements are planned to be financed through internal cash generation and short term borrowings from external resources where necessary.

The Board is satisfied that there are no short or long term financial constraints including accessibility to credit and a strong balance sheet with June 2012 with current Ratio 1.05 : 1.00

Risk Mitigation

The Inherent risks and uncertainties in running a business directly affect the success of business. The management of Din Textile Mills Limited has identified its exposure to the potential risks. As part of our policy to produced forward looking statement we are outlining the risks which may effect our business. This Exercise also helps the management focus on a strategy to mitigate risk factors.

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit Limits to its customers secured by and on the base of past experience, sales volume, consideration of

financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry.

Liquidity Risk
Prudent liquidity risk management ensures availability of the sufficient funds for meeting contractual commitments. The Company's fund management strategy aims at managing liquidity risk through internal cash generation and committed credit lines with financial institutions.

Interest Rate Risk
Majority of the interest rate exposure arises from short and long term borrowing from banks and term deposits and deposits in PLS saving accounts with banks. Therefore, a change in interest rates at the reporting date would not effect the profit and loss accounts.

Foreign Exchange Risk
Foreign currency risk arises mainly where receivables and payables exist due to transaction in foreign currencies. The company is mainly exposed to short term USD/ PKR parity on its imports of raw material and plant and machinery.

Production Facilities

Performance of our production facilities was excellent with unprecedented levels of output. Our team continued to improve efficiencies through harmonized efforts, eliminating wastage and avoidance of shutdowns on numerous occasions. The company is determined to continue its focus on maximum capacity utilization for sustained profitability and to maintain its position as the leading Textile Manufacturer of the Country.

Related Parties

The Board of Directors has approved the policy for transaction/contract between company and its related parties on an arm's length basis and relevant rates are to be determined as per the comparable un controlled price methods. The Company has fully comply with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

Corporate Governance

The Board gives prime importance in conducting the business in accordance with the best international and local corporate governance practice and is committed to inculcating healthy corporate culture, ethical business practices, reliable and transparent financial reporting, open communications with the law and regulation. As a result, good corporate governance principles have been deeply ingrained in Company's decision making and operating set up as well as monitoring process.

The company recognizes and respect the right of each and every stakeholder including share holders, employees, financers, creditors, business partner's, local communities and others. The company encourages active participation of shareholders in all general meetings of the company and values their views towards better governance and operational management. The company is also cognizant of its legal and constructive obligations towards its business partners, local communities where its operates and other stakeholders and takes appropriate actions to timely respond to their expectations after taking into account a pragmatic view of their interest associated with the company.

During the year the Board was actively involved in performing their duties including those required to be performed under various laws and the memorandum and Article if Association of the company with the ultimate object of safeguarding the interest of the share holders enhancing the profitability of the company increasing shareholders' wealth and promoting market confidence.

The Directors are pleased to state that:-

Disclosures under Code of Corporate Governance

Corporate and Financial Reporting Framework

a) The financial statements togather with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance 1984. These statements presently fairly the company's state of affairs, the results of its operation, cash flow and changes in equity.

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimate are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e) The system of internal control and other such procedure which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the company's ability to continue as a going concern.

g) There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations.

h) The key operating and financial data for last six years in summarized form annexed.

i) The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.

j) The significant plans and decisions along with futures prospects have been outlined in the Chairman's Review.

Material Changes

There have been no material changes since June 30, 2012 other then mentioned in the audited financial statements of the company for the year ended June 30, 2012 which would effect its financial position at the date.

Board of Directors

The Board comprises of seven directors all of them were elected in the EOGM held on 13-3-2010. Since constitution of the Board, there has been no change in its composition.

The Board of Directors comprises of four Executive Directors and three Non Executive Directors. Current member of the Board of Directors have been listed in the company information.

Board of Director Meetings

During the year under review five meetings of the board of directors were held from July 2011 to June 2012. The attendance of the board member was as follows.

	NAME OF DIRECTORS		NO. OF MEETINGS ATTENDED
1	Shaikh Mohammad Muneer	(Non-Executive Director)	4
2	Shaikh Mohammad Pervez	(Non-Executive Director)	5
3	Shaikh Muhammad Tanveer	(Executive Director)	5
4	Mr. Shahzad Naseer	(Executive Director)	4
5	Mr. S. M. Naveed	(Executive Director)	5
6	Mr. Faisal Jawed	(Executive Director)	5
7	Mr. Farhad Shaikh Mohammad	(Non-Executive Director)	5

The leave of absence was granted to the members not attending the Board meetings.

Internal Audit , Control and Audit Committee

The Internal audit function is an integral and effective part of the company's corporate governance structure which provide the management with adequate assurance that internal controls and the check and balance system is operating properly, identification of opportunities for implementation of better and cost effective controls, weaknesses in the existing system and processes and alternate procedures and corrective actions needed to strengthen the control system. During the year new head of internal audit has been appointed. He is duly qualified and meet the requirements for the appointment according to code of corporate governance, and his remuneration and terms and conditions of employment has been approved by the board of directors.

The audit committee is a committee comprising board of directors that assists the board in a manner provided in the Code of Corporate Governance issued by SECP and forming part of the Listing Regulations of the Stock Exchanges in Pakistan. The audit committee of Din Textile comprises of the two non Executive Directors one of them is chairman of the committee along with one Executive Director who are members of the committee.
Committee of Din Textile Mills Ltd. comprises of the following three directors.

1	Shaikh Mohammad Pervez	(Non-Executive Director)	Chairman
2	Mr. Faisal Jawed	(Executive Director)	Member
3	Mr. Farhad Shaikh Mohammad	(Non-Executive Director)	Member

The audit committee held four meetings during the year under review, each before the board of directors meeting to review the financial statements.

The audit committee reviewed the quarterly, half yearly and annual statements before submission of the board and their publication, CFO , head of Internal audit and a representative of external auditors attended the meetings where issues relating to accounts and audit were disused. The audit committee also reviewed internal audit findings and held separate meeting with internal audit and external audit as required under the Code of Corporate Governance. The audit committee also discussed with the external auditors their letter to management. Related party transaction were also placed before the audit committee prior to approval the board.

Orientation Course

An Orientation courses was arranged for directors to acquaint them with their code, applicable law , their duties and responsibilities and enable them to manage affairs of the company for and on behalf of the shareholders.
Director Mr. Farhad Shaikh Mohammad has acquired the certification under directors' training program from the institute that meets the criteria specified by the SECP.

Post Balance Sheet Events

There is no material changes or commitments affecting the financial position of the Company have occurred

between the end of the financial years of the company and the date this report except as disclosed in the reports.

Statement of Ethics and Business Practices

The Board has prepared and circulated the statement of ethic and business practices signed by every director and employee of the company as a token of acknowledgment of his / her understanding of the standards of conduct in relation to any body associated of dealing with the company.

Statement of Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the stock exchanges in their listing regulations relevant for the year ended June 30, 2012 have been complied with. A statement to this effect is annexed with the report.

Web Presence

Company's all periodic financial statements including annual reports are available on the company's website www.dingroup.com for information for the investors as well as shareholders.

Auditors

Statutory Audit for the company for the financial year ended June 30, 2012 has been concluded and the auditors have issued their audit report on the company's Financial Statements, and the Statement of Compliance with Code of Corporate Governance.

The auditors M/s.' Mushtaq & Company , Chartered Accountants, Karachi, shall retire at the conclusion of annual general meeting and they have indicated their willingness to continue as auditors. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountant of Pakistan (ICAP) and compliance with the guideline on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. The board proposed their reappointment as auditor for the financial year ended June 30, 2013, the engagement partner will be rotated in line with the requirement of Code of Corporate Governance.

Shareholding

The pattern of shareholding as at June 30,2012 along with disclosure as required under Code of Corporate Governance , is annexed.

The directors, chief executive officer, chief financial officer, company secretary, and their spouses and minor children, have reportedly carried out no trading in the shares of the company.

Acknowledgment

Your company maintained its strong position, with a healthy balance sheet while meeting stakeholders' expectations. The performance of the company is a strong evidence of the contribution of our employees make towards the success of the company in difficult times.

We always appreciate and acknowledge the contribution of our committed employees, devoted customers and continued support received from supplier and contractors. The board would like to thank all stakeholders for their valuable support and untiring efforts which enables the company to achieves this performance.

On behalf of the Board

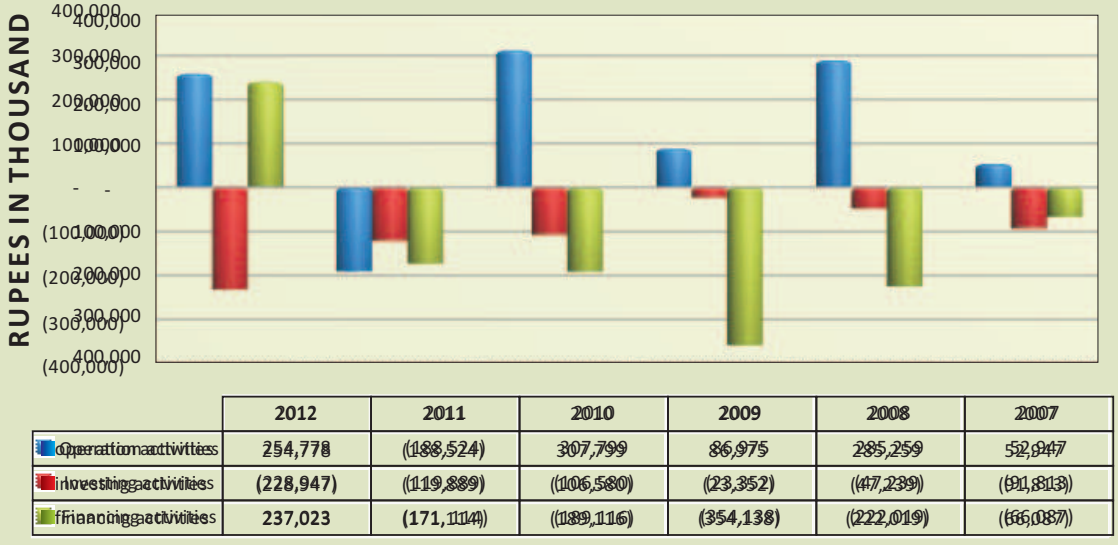
S.M. Muneer
Chairman / Chief Executive

SUMMARY OF CASH FLOW STATEMENT

Year ended June 30

	2012	2011	2010	2009	2008	2007
	.....Rupees in '000'.....					
Cash Flows from / (Used in)						
Operation activities	254,778	(188,524)	307,799	86,975	285,259	52,947
Investing activities	(228,947)	(119,889)	(106,580)	(23,352)	(47,239)	(91,813)
Financing activities	237,023	(171,114)	(189,116)	(354,138)	(222,019)	(66,087)
Net Cash Flows	**262,854**	**(479,527)**	**12,103**	**(290,515)**	**16,001**	**(104,953)**
Opening Cash and Cash Equivalents	(689,955)	(210,428)	(1,038,163)	(747,648)	(763,649)	(658,695)
Closing Cash and Cash Equivalents	(427,101)	(689,955)	(1,026,059)	(1,038,163)	(747,648)	(763,648)

SUMMERY OF CASH FLOW STATEMENT



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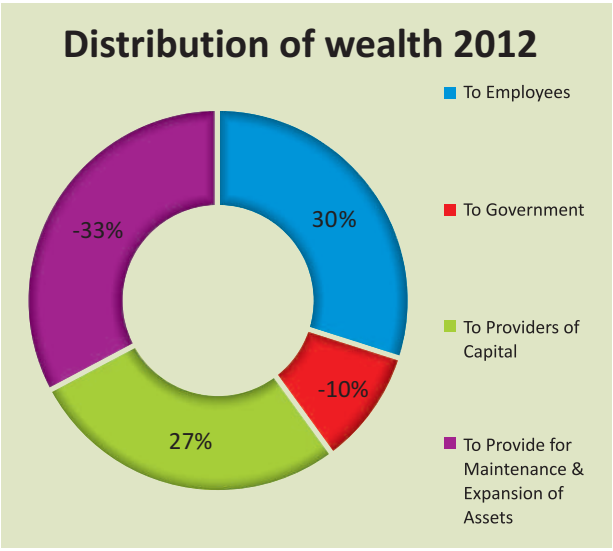
Financing activities	237,023	(171,114)	(189,116)	(354,138)	(222,019)	(66,087)

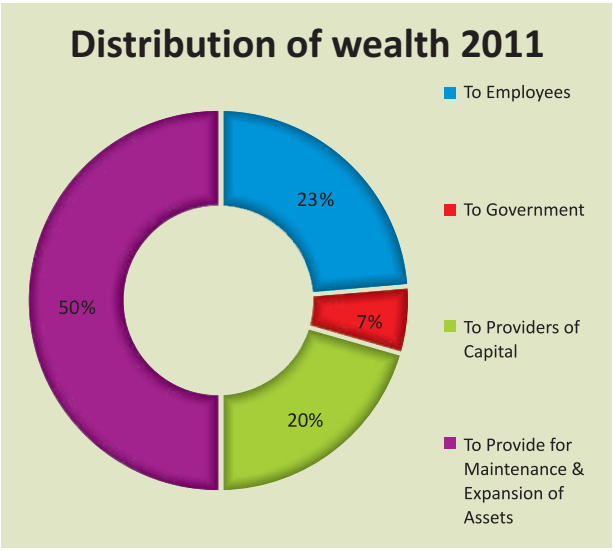
Six Years at a Glance

		YEAR ENDED JUNE 30					
		2012	2011	2010	2009	2008	2007
Operating Results:							
Sales-net	(Rs 000)	7,358,489	7,574,654	4,599,879	3,641,778	3,038,666	2,714,494
Cost of Sales	(Rs 000)	7,563,546	6,099,469	3,767,900	3,324,878	2,703,555	2,421,093
Gross (Loss) / Profit	(Rs 000)	(205,057)	1,475,185	831,979	316,901	335,111	293,402
Operating (Loss) / Profit	(Rs 000)	(450,293)	1,241,197	623,503	217,619	345,372	253,378
(Loss) / Profit Before Tax	(Rs 000)	(833,895)	925,683	414,042	84,893	132,360	90,531
(Loss) /Profit After Tax	(Rs 000)	(669,487)	851,352	359,879	32,547	181,809	166,346
Dividends	(Rs 000)	-	40,767	37,061	-	2,918	-
(Loss)/ Earnings before interest, taxes, depreciation & amortization(EBITDA)	(Rs 000)	(260,612)	1,421,686	797,705	414,571	446,699	438,195
Per Share Results and Returns:							
(Loss) / Earning per share	(Rupees)	(32.84)	41.77	17.66	1.76	9.81	8.98
Cash Dividend per Share	(Rupees)	-	2.00	2.00	-	1.00	-
Dividend yield ratio	(%)	-	7.26	7.43	-	4.20	-
Dividend payout ratio	(%)	-	4.79	10.30	-	1.60	-
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	17.00	27.55	26.90	12.91	23.80	27.90
Price Earning Ratio	(Times)	(0.52)	0.66	1.52	7.35	2.43	3.11
Financial Position:							
Reserves	(Rs 000)	1,362,753	2,073,007	1,277,246	917,367	887,738	705,929
Current Assets	(Rs 000)	2,511,156	3,975,148	1,734,752	1,423,325	1,224,353	1,152,021
Current Liabilities	(Rs 000)	2,398,881	3,031,932	1,691,536	1,380,077	1,291,938	1,152,843
Net Current Assets / (Liabilities)	(Rs 000)	112,275	943,216	43,216	43,248	(67,585)	(821,622)
Property Plant & Equipment	(Rs 000)	1,695,685	1,637,141	1,670,162	1,736,468	1,899,186	2,005,359
Total assets	(Rs 000)	4,361,966	5,625,629	3,417,482	3,166,895	3,128,765	3,162,030
Long Tern Debt (except Director Loan)	(Rs 000)	578,332	341,310	262,424	201,539	555,678	730,670
Shareholders' equity	(Rs 000)	1,566,587	2,276,840	1,462,549	1,102,670	1,073,041	891,232
Capital Employed	(Rs 000)	1,963,085	2,593,697	1,725,947	1,786,818	1,836,827	2,009,187
Share Capital	(Rs 000)	203,834	203,834	185,303	185,303	185,303	185,303
Break up value per share	(Rupees)	76.86	111.70	78.93	59.51	0.06	48.10
Financial Ratios:							
Current ratio	(Times)	1.05	1.31	1.03	1.03	0.95	1.00
Long-Term Debt to Capitalization	(%)	73.94	62.61	58.61	52.10	74.99	79.77
Debt to Total Assets	(%)	24.76	19.36	38.42	39.60	42.41	47.53
Return on equity	(%)	(42.74)	37.39	24.61	2.95	16.94	18.66
Return on capital employed	(%)	(34.10)	32.82	20.85	1.82	9.90	8.28
Quick / Acid test ratio	(Times)	0.53	0.66	0.43	0.58	0.43	1.00
(Loss) / Earnings before interest, taxes depreciation & amortization margin (EBITDA	(%)	(3.54)	18.77	17.34	11.17	14.40	16.14
Dividend cover ratio	(%)	-	20.88	9.71	-	62.31	-
Bonus Share issued	(Rupees)	-	-	10	-	-	-
Debt to Equity Ratio	(Times)	0.37	0.15	0.18	0.18	0.52	0.82
Profitability Ratios:							
Gross (Loss) / Profit Ratio	(%)	(2.79)	19.48	18.09	8.70	11.03	10.81
Net (Loss) / Profit Margin	(%)	(11.33)	12.22	9.00	2.33	4.36	3.34
Interest Coverage	(Times)	(1.06)	3.80	2.94	1.60	2.16	1.66
No. of days in Receivable	(Days)	49.88	48.23	43.48	56.22	50.08	47.45
No. of days in Payable	(Days)	13.33	11.13	15.04	17.16	13.31	13.49
No. of Days in Inventory	(Days)	87.80	93.90	66.80	71.10	96.30	103.12
Cash Operating Cycle	(Days)	124.34	131.02	95.28	110.12	133.07	137.08
Debtors turnover ratio	(Times)	7.32	7.57	8.40	6.49	7.29	7.69
Creditor Turnover ratio	(Times)	28.29	36.05	27.24	26.89	28.94	41.25
Inventory turnover	(Times)	4.16	3.89	5.46	5.14	3.79	3.54
Fixed Assets Turnover	(Times)	4.34	4.63	2.75	2.10	1.60	1.35
Total Assets Turnover	(Times)	1.69	1.35	1.35	1.15	0.97	0.86
Other Data:							
Depreciation & Amortization	(Rs 000)	167,706	165,920	170,199	187,217	200,116	210,707
Capital Expenditure	(Rs 000)	232,468	138,516	106,460	28,000	100,767	106,079

STATEMENT OF VALUE ADDED

WEALTH GENERATED	2012		2011	
Gross Sales Revenue	7,477,549,294		7,708,743,247	
Other Receipts	21,974,752		14,569,747	
Less:				
Material & services				
Material & Factory cost	6,984,819,594		5,557,994,993	
Administrative & other	25,400,884		30,619,373	
Distribution	141,183,542		85,674,105	
Broker's Commissions	119,060,669		134,089,058	
Value Added	**229,059,357**	100	**1,914,935,465**	100
WEALTH DISTRIBUTED		%age		%age
To Employees				
Salaries & benefits	489,671,515	213.77	444,529,146	23.21
To Government				
Tax	(164,408,507)	(71.78)	75,609,227	3.95
Worker Profit Participation fund	-	-	48,720,167	2.54
Worker Welfare Fund	-	-	(1,277,569)	(0.07)
To Providers of Capital				
Dividend to Share Holders	40,766,706	17.80	37,060,642	1.94
Bonus to Share Holders	-	-	18,530,320	0.97
Mark up/Interest on Borrowed Fund	405,576,503	177.06	330,083,322	17.24
To Provide for Maintenance & Expansion of Assets				
Depreciation	167,706,491	73.22	165,919,661	8.66
Profit Retained	(710,253,351)	(310.07)	795,760,549	41.56
	229,059,357		**1,914,935,465**	





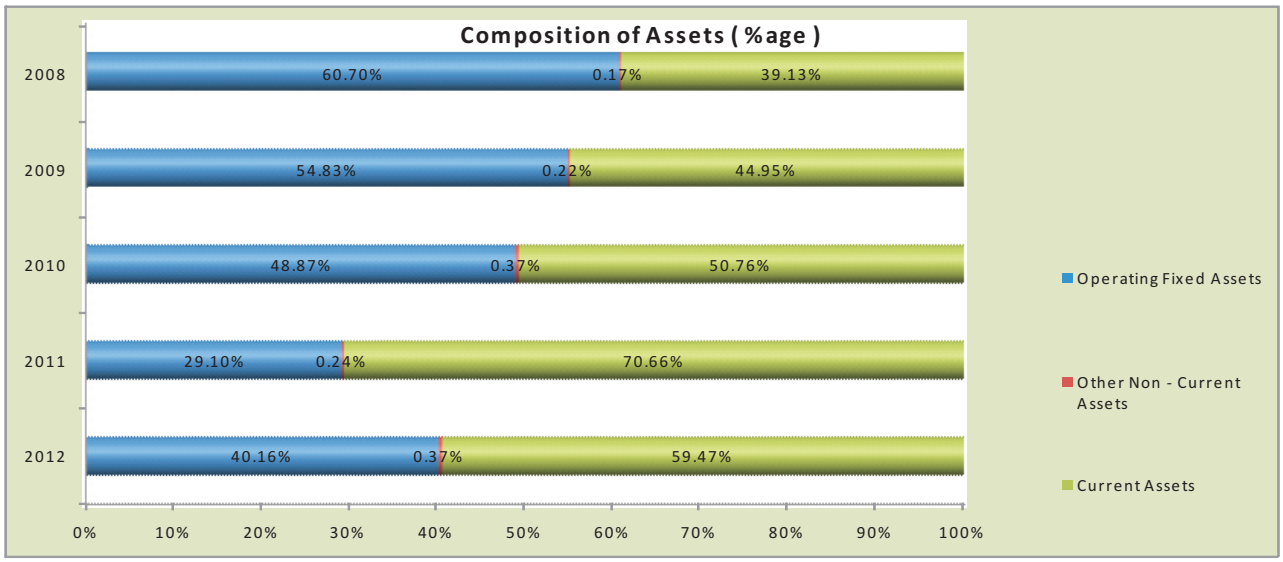
HORIZONTAL ANALYSIS

	2012	Variance vs Last Year Increase/ (Decrease) %	2011	Variance vs Last Year Increase/ (Decrease) %	2010	Variance vs Last Year Increase/ (Decrease) %	2009	Variance vs Last Year Increase/ (Decrease) %	2008
	.....Rupees in Million.....								
Operating Results									
Sales - net	7,358	(2.85)	7,575	64.67	4,600	26.31	3,642	19.85	3,039
Cost of sales	(7,564)	24.00	(6,099)	61.88	(3,768)	13.32	(3,325)	22.98	(2,704)
Gross (Loss) / Profit	(205)	(113.90)	1,475	77.31	832	162.54	317	(5.43)	335
Distribution cost	141	64.79	86	(10.49)	96	115.19	44	(4.23)	46
Administrative expenses	102	11.77	92	13.45	81	84.84	44	9.98	40
Other operating expenses	2	(97.21)	57	77.24	32	188.32	11	(10.32)	12
Finance cost	406	22.87	330	54.63	213	49.84	142	24.72	114
Other operating income	22	50.82	15	264.01	4	(58.89)	10	(2.90)	10
(Loss) / Profit before taxation	(834)	(190.08)	926	123.57	414	387.72	85	(35.86)	132
Provision for taxation	164	(321.18)	(74)	37.24	(54)	3.76	(52)	(205.56)	49
(Loss) / Profit for the year	(669)	(178.64)	851	136.57	360	1000.80	33	(82.02)	182
Balance Sheet									
NON CURRENT ASSETS									
Property, plant and equipment	1,696	3.58	1,637	(1.98)	1,670	(3.82)	1,736	(8.57)	1,899
Long term loans and advances	-	0.00	-	(100.00)	0.37	(44.40)	0.67	(54.75)	1.48
Long term deposits	16	16.19	13	9.39	12	89.67	6.43	71.76	3.74
Deferred Taxation Assets	140	0	-	0.00	-	0.00	-	-	-
Total non current assets	1,851	12.14	1,650	(1.92)	1,683	(3.49)	1,744	(8.45)	1,904
CURRENT ASSETS									
Stores, spare parts and loose tools	122	(16.52)	146	3.94	141	33.50	105	(8.12)	115
Stock in trade	1,128	(38.57)	1,836	112.34	865	67.84	515	(7.87)	559
Trade debts	1,006	0.46	1,001	82.69	548	(2.33)	561	34.54	417
Loans and advances	71	(91.77)	863	857.48	90	(53.44)	194	117.12	89
Trade deposits and short term prepayments	6	35.84	4	67.20	2	18.55	2	(33.47)	3
Other receivables	4	2389.21	0	(13.56)	0	(98.09)	9	18.37	7
Tax refunds due from the Government	101	51.10	67	4.38	64	175.44	23	124.39	10
Cash and bank balances	74	28.69	58	134.46	25	71.25	14	(38.97)	24
Total current assets	2,511	(36.83)	3,975	129.15	1,735	21.87	1,423	16.26	1,224
Total assets	4,362	(22.46)	5,626	64.61	3,417	7.91	3,167	1.22	3,129
CURRENT LIABILITIES									
Trade and other payables	1,577	(23.26)	2,055	743.29	244	33.84	182	19.99	152
Accrued mark up and interest	63	(26.40)	86	93.98	44	60.60	28	25.84	22
Short term borrowings	502	(32.93)	748	(28.83)	1,051	(0.17)	1,053	36.48	771
Current portion of									
Long term financing	223	71.80	130	45.89	89	(16.49)	106	(68.32)	336
Long term financing from directors and others	-	0.00	-	0.00	250	0.00	-	0.00	-
Liabilities against assets subject to finance lease	35	150.85	14	(0.58)	14	21.42	11	1.39	11
Total Current Liabilities	2,399	(20.88)	3,032	79.24	1,692	22.57	1,380	6.82	1,292
WORKING CAPITAL	112	(88.10)	943	2082.55	43	(0.26)	43	(164.11)	(68)
TOTAL CAPITAL EMPLOYED	1,963	(24.31)	2,594	50.28	1,726	(3.41)	1,787	(2.72)	1,837
NON CURRENT LIABILITIES									
Long term financing	274	57.73	174	21.24	143	123.20	64	(63.85)	178
Long term loan from directors and others	-	0.00	-	0.00	-	(100.00)	500	0.00	500
Liabilities against assets subject to finance lease	47	94.52	24	47.59	16	(16.36)	19	(37.02)	31
Deferred liabilities									
Staff retirement benefits - gratuity	75	16.15	65	30.65	50	(4.38)	52	14.83	45
Deferred taxation	-	(100.00)	54	0.00	54	11.66	48	392.95	10
Total Non Current Liabilities	396	25.13	317	20.30	263	(61.50)	684	(10.44)	764
Net Worth	1,567	(31.19)	2,277	55.68	1,463	32.62	1,103	2.77	1,073
Net Worth Represented by:									
Issued, subscribed and paid up capital	204	0.00	204	10.00	185	0.00	185	0.00	185
Reserves	1,363	(34.26)	2,073	62.30	1,277	39.20	918	3.36	888
	1,567	(31.19)	2,277	55.68	1,463	32.61	1,103	2.78	1,073
Total liabilities	4,362	(22.46)	5,626	64.61	3,417	7.91	3,167	1.22	3,129

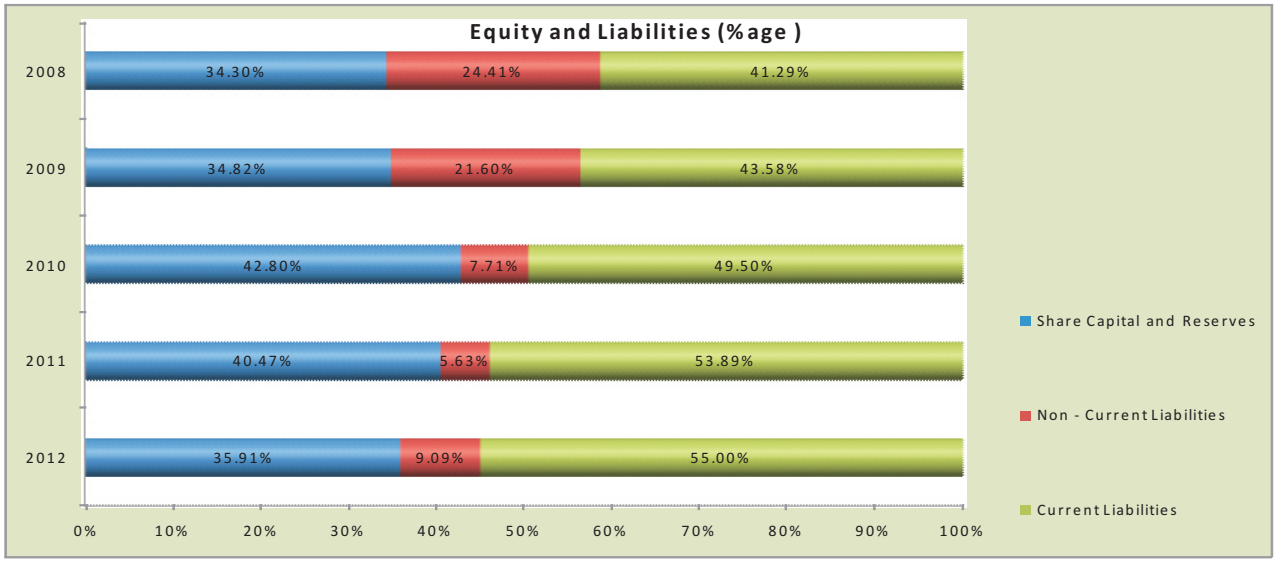
VERTICAL ANALYSIS

	2012	%	2011	%	2010	%	2009	%
	.....Rupees in Million.....							
Operating Results								
Sales - net	7,358	100.00	7,575	100.00	4,600	100.00	3,642	100.00
Cost of sales	(7,564)	(102.79)	(6,099)	(80.52)	(3,768)	(81.91)	(3,325)	(91.30)
Gross (Loss) / Profit	(205)	(2.79)	1,475	19.48	832	18.09	388	10.64
Distribution cost	141	1.92	86	1.13	96	2.08	44	1.22
Administrative expenses	102	1.39	92	1.21	81	1.76	44	1.20
Other operating expenses	2	0.02	57	0.75	32	0.69	11	0.30
Finance cost	406	5.51	330	4.36	213	4.64	142	3.91
Other operating income	22	0.30	15	0.19	4	0.09	10	0.27
(Loss) /Profit before taxation	(834)	(11.33)	926	12.22	414	9.00	85	2.33
Provision for taxation	164	2.23	(74)	(0.98)	(54)	(1.18)	(52)	(1.44)
(Loss) / Profit for the year	(669)	(9.10)	851	11.24	360	7.82	33	0.89
Balance Sheet								
NON CURRENT ASSETS								
Property, plant and equipment	1,696	38.87	1,637	29.10	1,670	48.87	1,736	54.83
Long term loans and advances	-	0.00	-	0.00	0	0.01	1	0.02
Long term deposits	16	0.36	13	0.24	12	0.36	6	0.20
Deferred Taxation Assets	140	3.20	-	0.00	-	0.00	-	
Total non current assets	1,851	42.43	1,650	29.34	1,683	49.24	1,744	55.06
CURRENT ASSETS								
Stores, spare parts and loose tools	122	2.80	146	2.60	141	4.12	105	3.33
Stock in trade	1,128	25.86	1,836	32.64	865	25.31	515	16.27
Trade debts	1,006	23.05	1,001	17.79	548	16.03	561	17.71
Loans and advances	71	1.63	863	15.34	90	2.64	194	6.11
Trade deposits and short term prepayments	6	0.13	4	0.07	2	0.07	2	0.07
Other receivables	4	0.08	0	0.00	0	0.00	0	0.01
Advance income tax - net	101	2.31	67	1.19	64	1.87	31	0.99
Cash and bank balances	74	1.71	58	1.03	25	0.72	14	0.45
Total current assets	2,511	57.57	3,975	70.66	1,735	50.76	1,423	44.94
Total assets	4,362	100.00	5,626	100.00	3,417	100.00	3,167	100.00
CURRENT LIABILITIES								
Trade and other payables	1,577	36.14	2,055	36.52	244	7.13	182	5.75
Accrued mark up and interest	63	1.46	86	1.53	44	1.30	28	0.87
Short term borrowings	502	11.50	748	13.29	1,051	30.75	1,053	33.24
Current portion of								
Long term financing	223	5.10	130	2.30	89	2.60	106	3.36
Long term financing from directors and others	-	0.00	-	0.00	250	7.32	-	0.00
Liabilities against assets subject to finance lease	35	0.80	14	0.25	14	0.41	11	0.36
Total current Liabilities	2,399	55.00	3,032	53.89	1,692	49.50	1,380	43.58
WORKING CAPITAL	112	2.57	943	16.77	43	1.26	43	1.37
TOTAL CAPITAL EMPLOYED	1,963	45.00	2,594	46.11	1,726	50.50	1,787	56.42
NON CURRENT LIABILITIES								
Long term financing	274	6.29	174	3.09	143	4.20	64	2.03
Long term loan from directors and others	-	0.00	-	0.00	-	0.00	500	15.79
Liabilities against assets subject to finance lease	47	1.07	24	0.43	16	0.48	19	0.62
Deferred liabilities								
Staff retirement benefits - gratuity	75	1.73	65	1.15	50	1.46	52	1.64
Deferred taxation	-	0.00	54	0.96	54	1.58	48	1.53
Total Non Current Liabilities	396	9.09	317	5.63	263	7.71	684	21.60
Net Worth	1,567	35.91	2,277	40.47	1,463	42.80	1,103	34.82
Net Worth Represented by:								
Issued, subscribed and paid up capital	204	4.67	204	3.62	185	5.42	185	5.85
Reserves	1,363	31.24	2,073	36.85	1,277	37.37	917	28.97
	1,567	35.91	2,277	40.47	1,463	42.80	1,103	34.82
Total liabilities	4,362	100.00	5,626	100.00	3,417	100.00	3,167	100.00

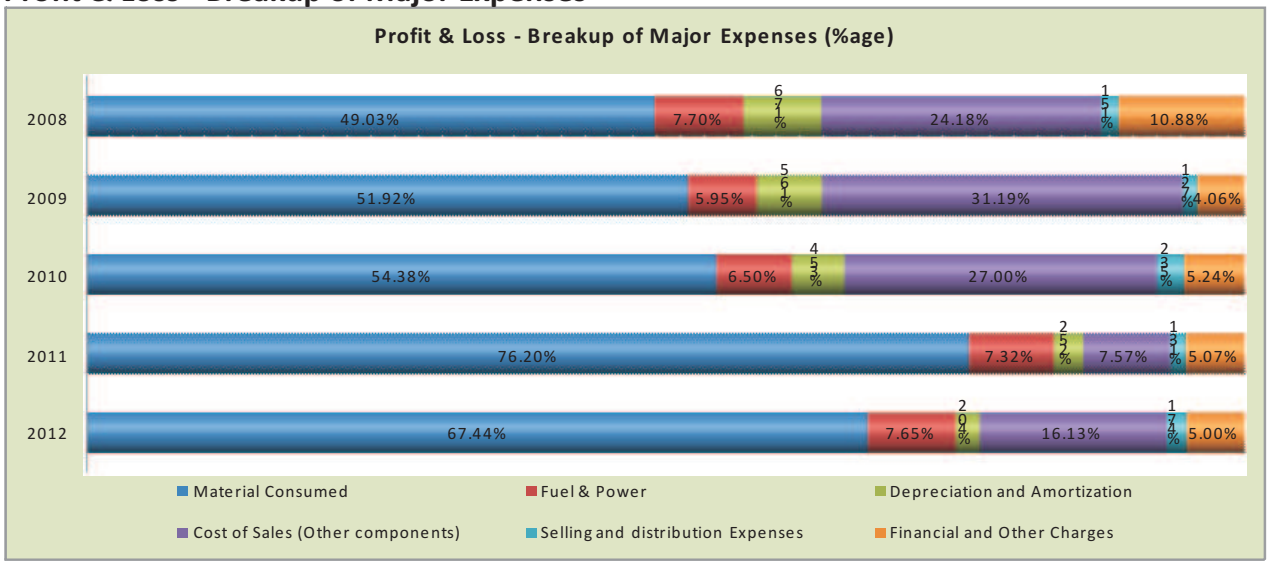
Composition of Assets



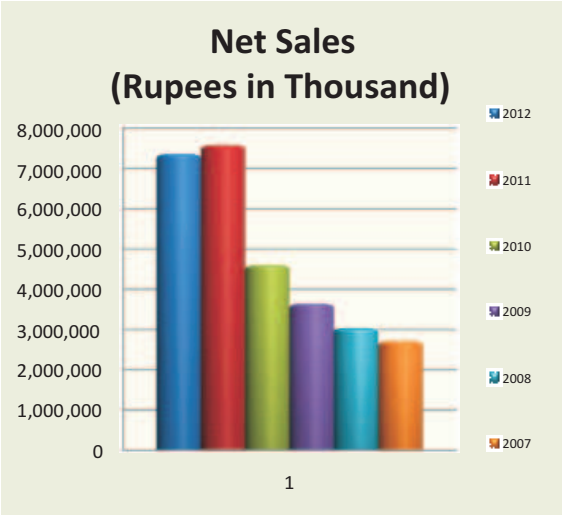
Equity & Liabilities

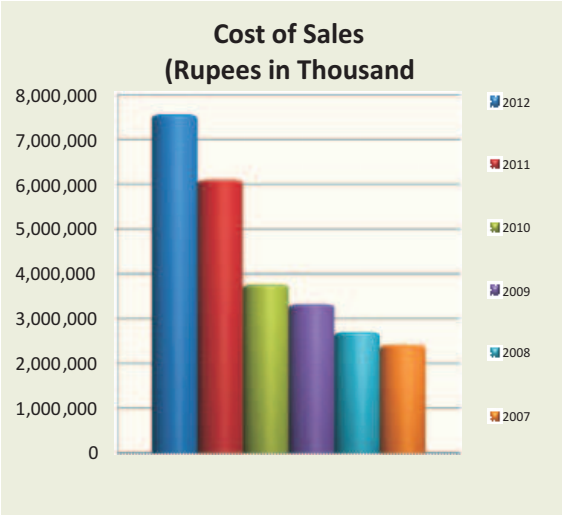


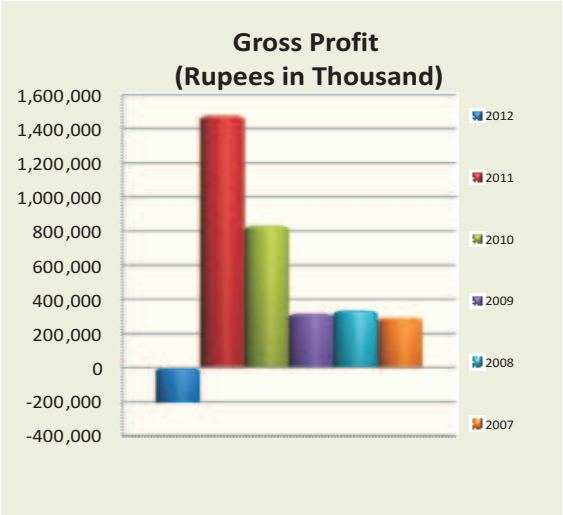
Profit & Loss - Breakup of Major Expenses

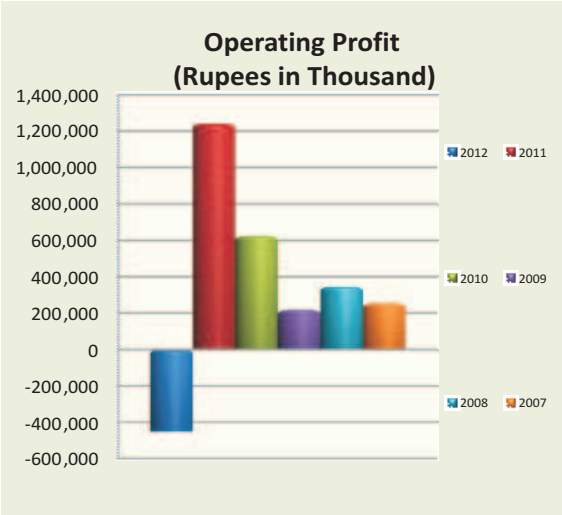


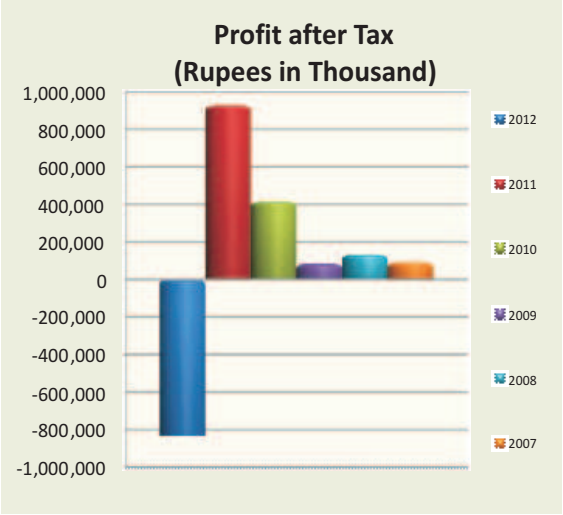
GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE

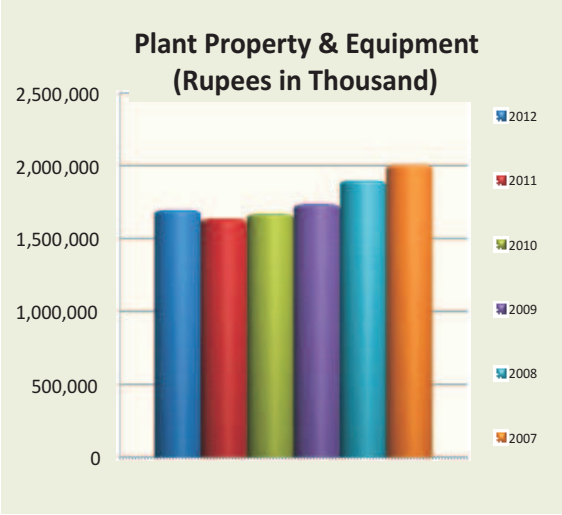












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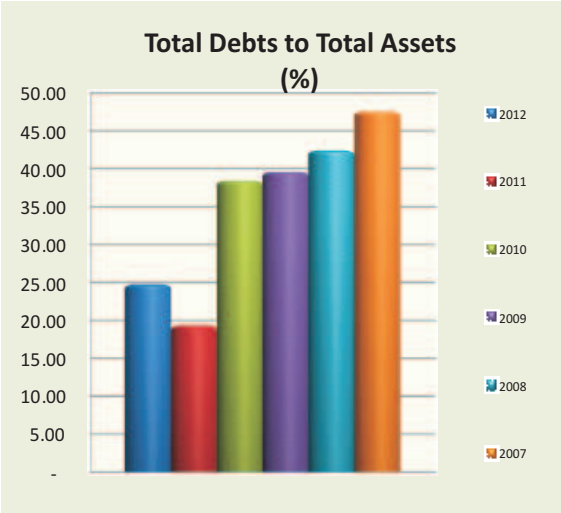
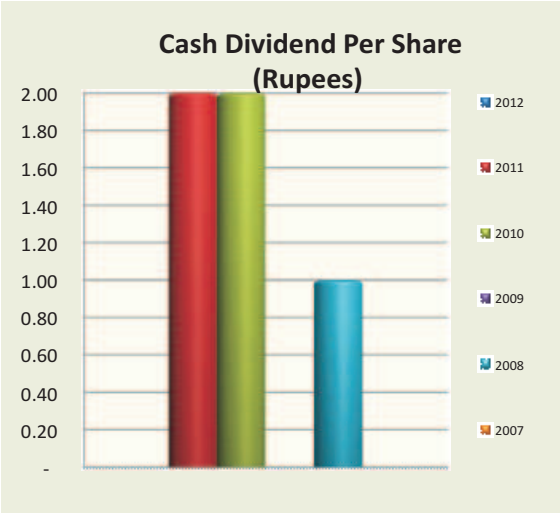
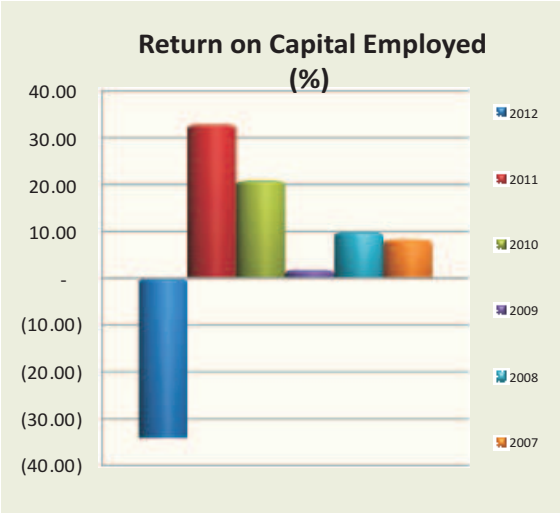
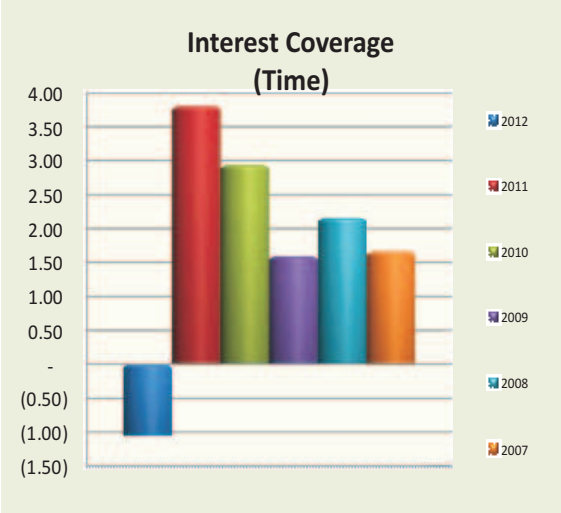
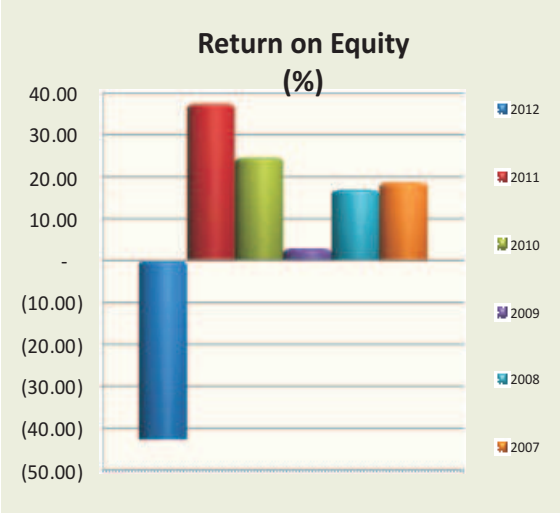


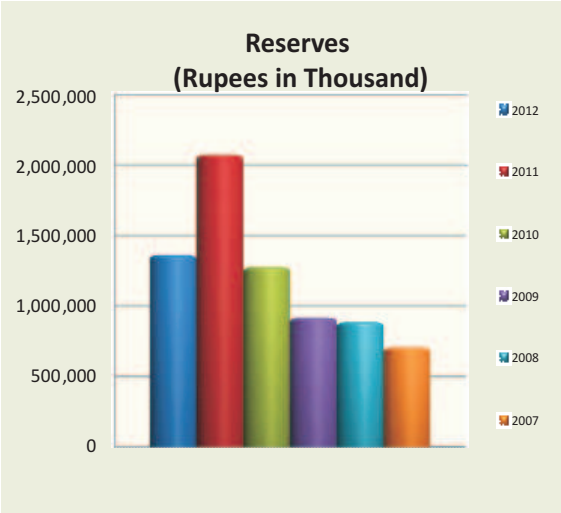


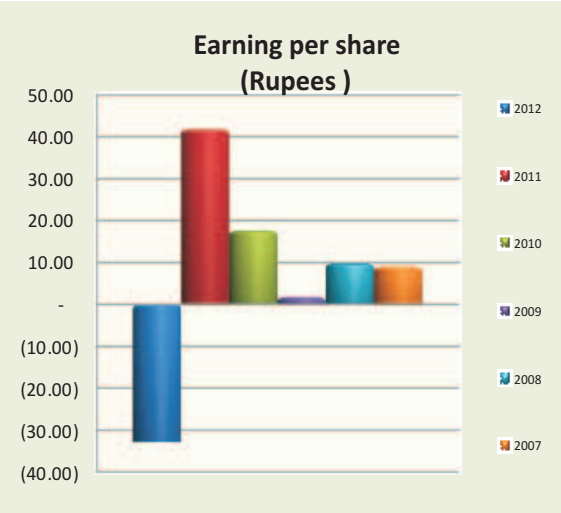


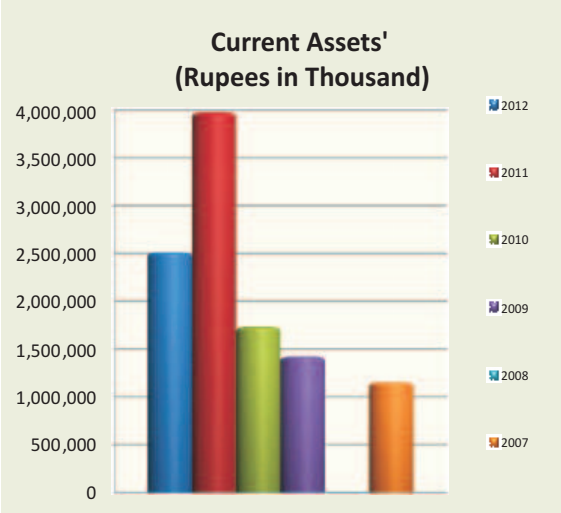


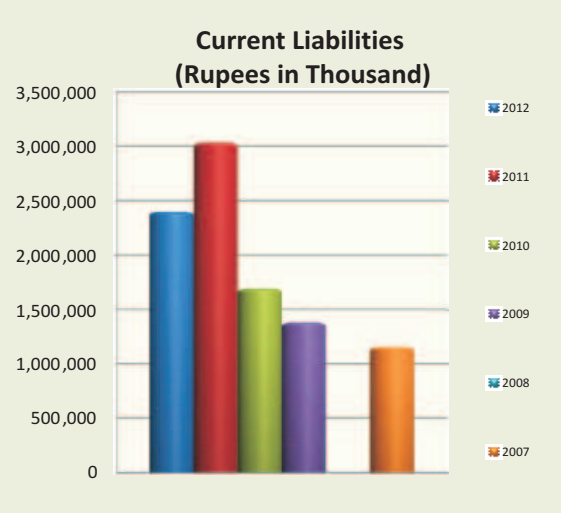


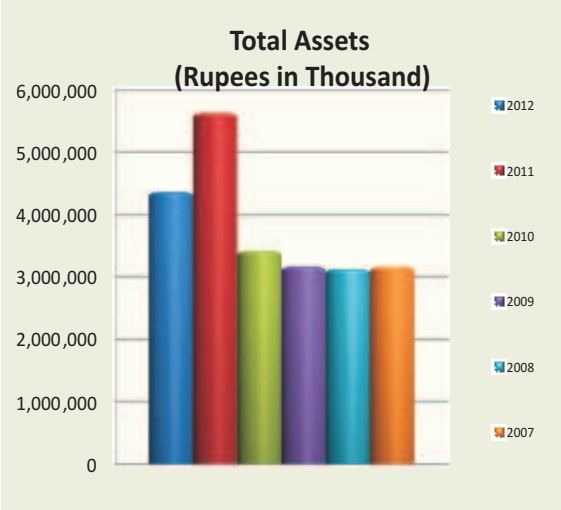
GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE

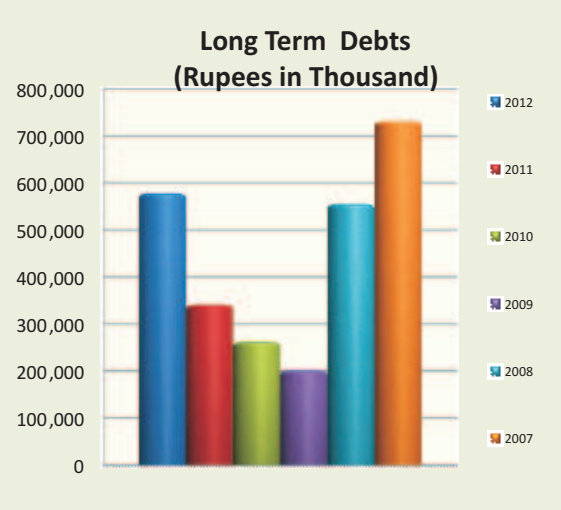












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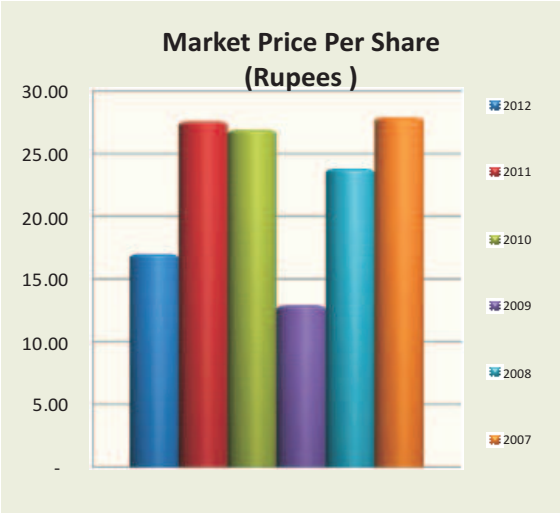
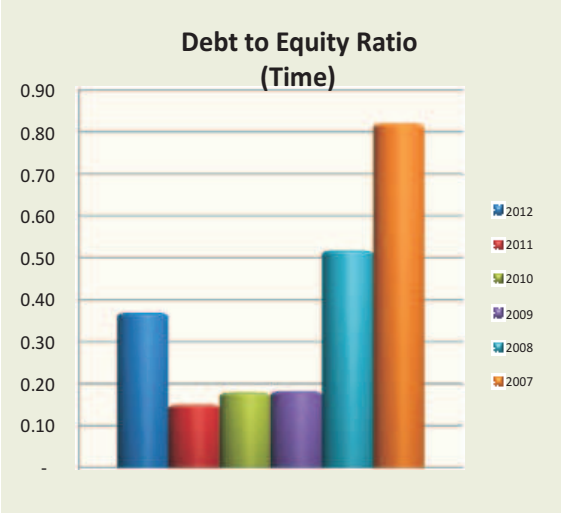
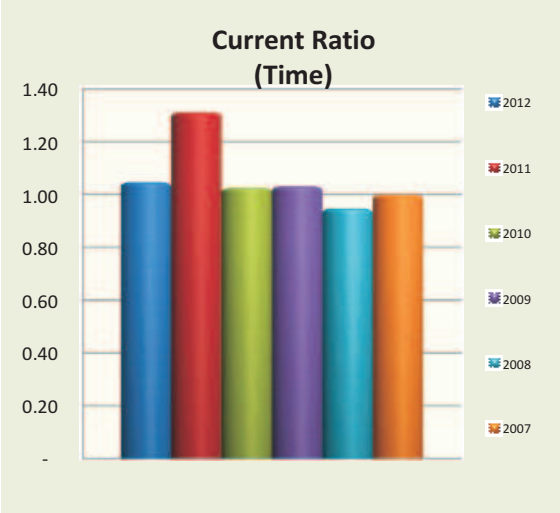
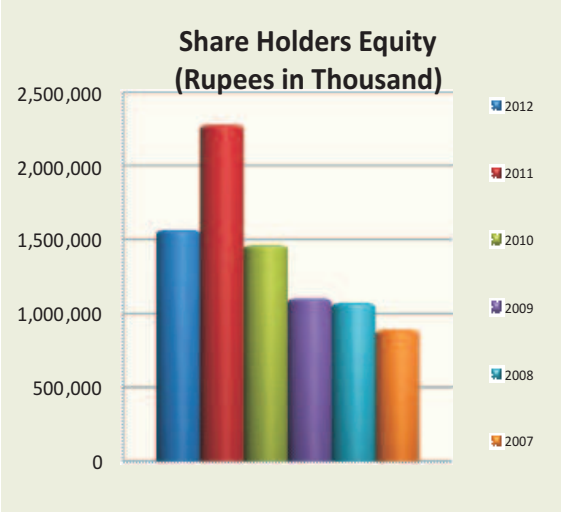








DETAIL OF PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

Category No.	Categories of Shareholders	No. of Shares held	Category-wise No. of Folios / CDC Accounts	Category wise Shares held	Percentage %
1	**Individuals**	7,832,550	792	7,832,550	38.43
2	**Investment Companies**	2,640	1	2,640	0.01
3	**Joint Stock Companies**	596,899	13	596,899	2.93
4	**Directors, Chief Executive and their Spouse and Minor Children**		9	10,306,199	50.56
	1. Mr. Shaikh Mohammad Muneer	1,670			
	2. Mr. Shaikh Mohammad Pervez	2,306,339			
	3. Mr. Shaikh Muhammad Tanveer	861,720			
	4. Mr. Shahzad Naseer	1,723,436			
	5. Mr. Shaikh Mohammad Naveed	1,723,434			
	6. Mr. Faisal Jawed	858,000			
	7. Mr. Farhad Shaikh Mohammad	855,580			
	8. Mrs. Saeeda Parveen W/o S. M. Muneer	860,040			
	9. Mrs. Ghazala Pervez W/o Mr. S. M. Pervez	1,115,980			
5	**Executive**	-	-	-	-
6	**NIT / ICP**		3	330,540	1.62
	IDBP	40			
	National Bank of Pakistan - Trustee Dept.	330,200			
	Investment Corporation of Pakistan	300			
7	**Associated Company**				
	Din Leather (Pvt.) Limited	6,600	1	6,600	0.03
8	**Banks, DFIs, Insurance Companies Modarabas and Mutual Funds**			1,215,805	5.96
	1. Financial Institutions	1,980	1		
	2. Insurance Companies	94,644	2		
	3. Modarabas	532	2		
	4. Banks	51,425	3		
	5. Mutual Funds	1,067,224	2		
9	**Foreign Investors**				
	Habib Bank AG Zurich, Zurich, Switzerland	92,120	1	92,120	0.45
	TOTAL	20,383,353	830	20,383,353	100.00

Shareholders Holding ten Percent or more voting interest in the listed company

Total Paid-up Capital of the Company	20,383,353	Shares
10% of the Paid-up Capital of the Company	2,038,335	Shares

Name(s) of Share-holders(s)	Description	No. of Shares Held	Percentage %
Shaikh Mohammad Pervez	Falls In Category # 04	2,306,339	11.31

PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2012

NO. OF SHARE HOLDERS	SHARE HOLDING		TOTAL SHARES HELD
139	1	100	3,061
212	101	500	42,908
309	501	1,000	202,714
101	1,001	5,000	200,657
25	5,001	10,000	175,946
12	10,001	15,000	141,737
3	15,001	20,000	51,283
1	20,001	25,000	20,998
1	30,001	35,000	31,433
1	35,001	40,000	37,031
1	40,001	45,000	42,350
1	50,001	55,000	55,000
2	90,001	95,000	186,104
1	95,001	100,000	100,000
1	100,001	105,000	101,950
1	120,001	125,000	120,010
1	300,001	305,000	302,119
1	330,001	335,000	330,200
8	855,001	860,000	6,856,254
4	860,001	865,000	3,445,200
1	1,065,001	1,070,000	1,067,209
1	1,115,001	1,120,000	1,115,980
2	1,720,001	1,725,000	3,446,870
1	2,305,001	2,310,000	2,306,339
830			**20,383,353**

Member of

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

Illinois, USA

REVIEW REPORT TO THE MEMBERS

On the Statement of Compliance with Best Practices of the Code of Corporate Governance

We have reviewed the statement of compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **Din Textile Mills Limited** to comply with the Listing Regulation No. 35 (previously Regulation No. 37) of the Karachi Stock Exchange (Guarantee) Limited and Listing Regulations No. 35 of Lahore Stock Exchange (Guarantee) Limited, where the company is listed.

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

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control system sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, Sub- Regulation (xiii a) of Listing Regulation No. 35 (previously Regulation No. 37) notified by The Karachi Stock Exchange (Guarantee) Limited vide circular KSE/N-269 dated 19 January 2009 requires the Company to place before the Board of Directors for their consideration and approval 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 procedures to determine whether the related party transactions were under taken at arm's length price.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respect, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2012.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

KARACHI
Date: September 28, 2012

Statement of Compliance with the Code of Corporate Governance
Year Ended June 30, 2012

This statement is being presented to comply with the Code of Corporate Governance contained in Regulation No. 35 of listing regulations of **Karachi Stock Exchange(Guarantee) Ltd.**, 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.

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

1. The company encourages representation of independent non-executive directors and directors representing minority interests on its board of directors. At present the board includes:

Category	Names
Independent Directors	
Executive Directors	**Shaikh Muhammad Tanveer** **Mr. Shahzad Naseer** **Mr. S. M. Naveed** **Mr. Faisal Jawed**
Non-Executive Directors	**Shaikh Mohammad Muneer** **Shaikh Mohammad Pervez** **Mr. Farhad Shaikh Mohammad**

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 where applicable).

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

4. No casual vacancy occurred in the board of directors of the company 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 conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board/shareholders.

8. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose and 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 board arranged **one** training program for its directors during the year.

10. There was no new appointment of CFO and Company Secretary, however, their appointment including remuneration and terms and condition of employment are approved by the board of directors. During the year new head of Internal audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the board of directors.

11. The directors' 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 three (03) members, of whom two (02) are non-executive directors and the chairman of the committee is a non-executive director.

16. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference 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 three (03) members, of whom two (02) are non-executive directors and the chairman of the committee is a non-executive director.

18. The board has set up an effective internal audit function for which staff appointed who are suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

19. The statutory auditors of the company have confirmed that they have been given a 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 the 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).

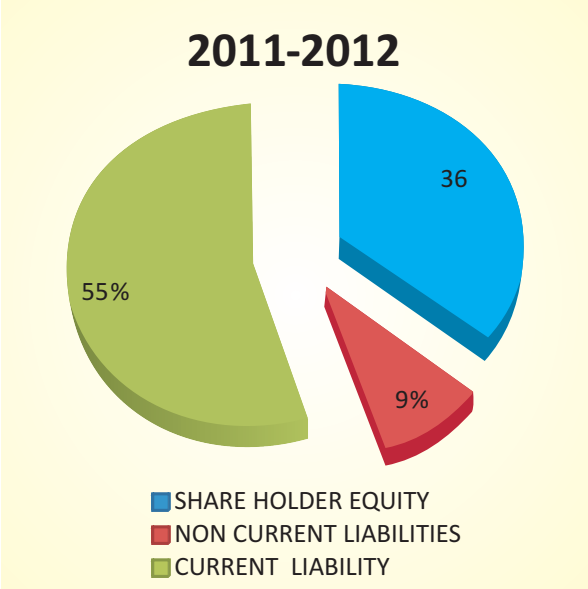
23. We confirm that all other material principles enshrined in the CCG have been complied with [2] except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

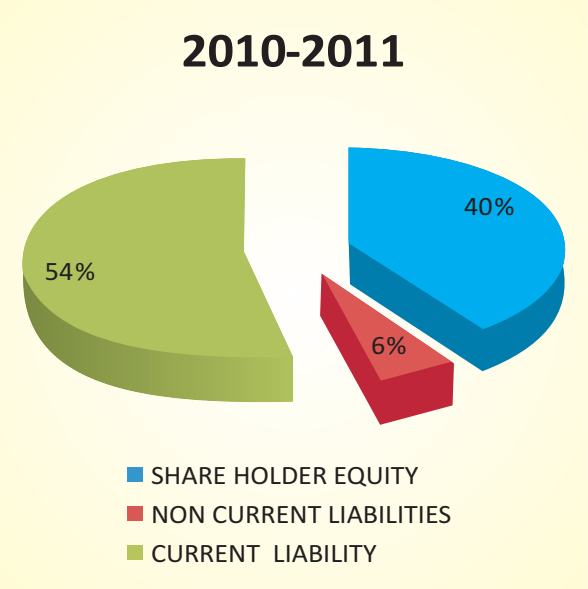
KARACHI
Date: September 28, 2012

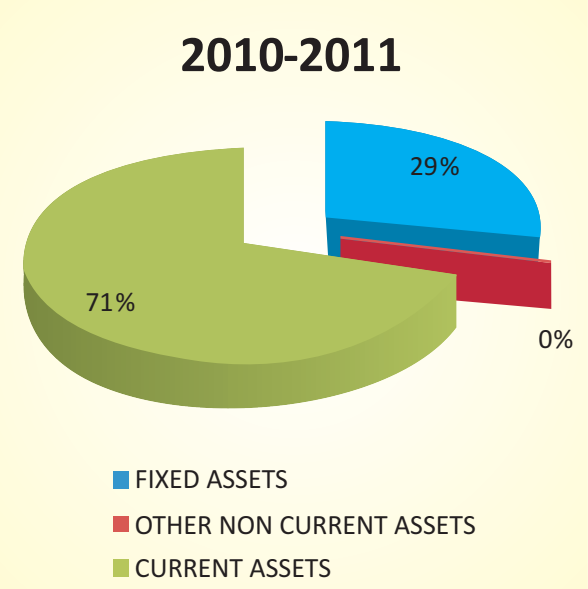
(SHAIKH MOHAMMAD MUNEER)
Chairman/CEO

FINANCIAL STATEMENTS 2012

GRAPHICAL ANALYSIS
OF BALANCE SHEET







Member of

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CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843
Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626
Email Address: mushtaq_vohra@hotmail.com

Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Din Textile Mills Limited** as at June 30, 2012 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 purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by the 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 verifications, we report that;

(a) in our opinion, proper books 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 accounts 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, 2012 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980) was deducted by the company and deposited in Central Zakat Fund established under section 7 of that Ordinance.

KARACHI
Date: September 28, 2012

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Shahabuddin A. Siddiqui
F.C.A

Balance Sheet
As at June 30, 2012

	Note	2012 Rupees	2011 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,695,684,894	1,637,141,349
Long term deposits	6	15,500,421	13,340,008
Deferred taxation assets	22	139,624,618	-
		1,850,809,933	1,650,481,357
CURRENT ASSETS			
Stores, spare parts and loose tools	7	122,047,663	146,195,219
Stock in trade	8	1,128,025,413	1,836,368,542
Trade debts	9	1,005,597,204	1,000,964,780
Loans and advances	10	71,043,597	862,755,175
Trade deposits and short term prepayments	11	5,593,725	4,117,850
Other receivables	12	3,524,992	141,611
Tax refunds due from the Government	13	100,898,885	66,774,334
Cash and bank balances	14	74,424,222	57,830,178
		2,511,155,701	3,975,147,689
CURRENT LIABILITIES			
Trade and other payables	15	1,576,584,767	2,054,518,905
Accrued mark up and interest	16	63,468,672	86,235,600
Short term borrowings	17	501,525,710	747,785,258
Current portion of			
Long term financing	18	222,562,722	129,543,818
Long term financing from directors and others	19	-	-
Liabilities against assets subject to finance lease	20	34,738,895	13,848,202
		2,398,880,766	3,031,931,783
WORKING CAPITAL		112,274,935	943,215,906
TOTAL CAPITAL EMPLOYED		1,963,084,868	2,593,697,263
NON CURRENT LIABILITIES			
Long term financing	18	274,215,217	173,849,939
Liabilities against assets subject to finance lease	20	46,815,381	24,067,681
Deferred liabilities			
Staff retirement benefits - gratuity	21	75,467,567	64,972,067
Deferred taxation	22	-	53,967,522
		396,498,165	316,857,209
CONTINGENCIES AND COMMITMENTS	23		
NET WORTH		1,566,586,703	2,276,840,054
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 (2011: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Net Worth Represented by:			
Issued, subscribed and paid up capital	24	203,833,530	203,833,530
Reserves	25	1,362,753,173	2,073,006,524
		1,566,586,703	2,276,840,054

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Director

Profit and Loss Account
For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
Sales - net	26	7,358,488,625	7,574,654,189
Cost of sales	27	(7,563,546,119)	(6,099,469,105)
Gross (Loss) / Profit		(205,057,494)	1,475,185,084
Distribution cost	28	141,183,542	85,674,105
Administrative expenses	29	102,471,216	91,677,177
Other operating expenses	30	1,581,149	56,637,058
Finance cost	31	405,576,503	330,083,322
		650,812,410	564,071,662
		(855,869,904)	911,113,422
Other operating income	32	21,974,752	14,569,747
(Loss) / Profit before taxation		(833,895,152)	925,683,169
Provision for taxation	33	164,408,507	(74,331,658)
(Loss) / Profit for the year		(669,486,645)	851,351,511
(Loss) / Earnings per share - basic and diluted	34	(32.84)	41.77

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Director

Statement of Comprehensive Income
For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
(Loss) / Profit for the year		(669,486,645)	851,351,511
Other comprehensive income for the year		-	-
Total comprehensive (Loss) / Income for the year		(669,486,645)	851,351,511

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Director

Cash Flow Statement
For the year ended June 30, 2012

	Note	2012 Rupees	2011 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) / Profit before taxation		(833,895,152)	925,683,169
Adjustments for:			
Depreciation		167,706,491	165,919,661
Staff retirement benefits - gratuity		33,047,781	30,731,800
Provision for doubtful debts		(20,837,781)	6,000,000
Workers' profit participation fund		-	48,720,167
Finance cost		405,576,503	330,083,322
(Gain) / Loss on disposal of property, plant and equipment		(929,380)	(13,781,754)
		584,563,614	567,673,196
(Loss) / Profit before working capital changes		(249,331,538)	1,493,356,365
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		24,147,556	(43,148,531)
Stock in trade		708,343,129	(933,934,202)
Trade debts		16,205,357	(459,065,144)
Loans and advances		791,711,578	(772,648,739)
Trade deposits and short term prepayments		(10,000)	(1,655,043)
Other receivables		(3,383,381)	22,213
		1,537,014,239	(2,210,429,446)
(Decrease) / increase in current liabilities			
Trade and other payables		(429,490,044)	978,816,257
Cash generated from operations		858,192,657	261,743,176
Finance cost paid		(427,998,583)	(288,149,314)
Taxes paid		(63,606,836)	(88,092,229)
Dividend paid		(40,382,716)	(36,665,155)
Workers' profit participation fund paid		(48,874,280)	(21,872,433)
Staff retirement benefits - gratuity paid		(22,552,281)	(15,488,445)
Net cash generated from / (used) in operating activities		254,777,961	(188,524,400)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		7,147,069	19,398,825
Fixed capital expenditure		(232,467,725)	(138,515,732)
Long term loans and advances		-	373,300
Long term deposits		(3,626,288)	(1,145,326)
Net cash used in investing activities		(228,946,944)	(119,888,933)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		193,384,182	71,206,182
Long term loan from directors and others		-	(250,000,000)
Liabilities against asset subject to finance lease		43,638,393	7,679,721
Net cash generated from / (used) in financing activities		237,022,575	(171,114,097)
Net increase / (decrease) in cash and cash equivalents		262,853,592	(479,527,430)
Cash and cash equivalents at the beginning of the year		(689,955,080)	(210,427,650)
Cash and cash equivalents at the end of the year		(427,101,488)	(689,955,080)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	74,424,222	57,830,178
Short term borrowings	17	(501,525,710)	(747,785,258)
		(427,101,488)	(689,955,080)

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Director

Statement of Changes in Equity
For the year ended June 30, 2012

Particulars	Share capital	Reserves				Total
		Capital	Revenue		Sub total	
		Merger reserve	General	Unappropriated profit		
	Rupees					
Balance as at June 30, 2010	185,303,210	10,376,660	400,000,000	866,869,315	1,277,245,975	1,462,549,185
Total comprehensive income for the year	-	-	-	851,351,511	851,351,511	851,351,511
Dividend for the year ended June 30, 2010 @ Rs.2/- per share	-	-	-	(37,060,642)	(37,060,642)	(37,060,642)
1,853,032 ordinary shares of Rs. 10 each issued as fully paid bonus shares	18,530,320	-	-	(18,530,320)	(18,530,320)	-
Balance as at June 30, 2011	203,833,530	10,376,660	400,000,000	1,662,629,864	2,073,006,524	2,276,840,054
Total comprehensive Loss for the year	-	-	-	(669,486,645)	(669,486,645)	(669,486,645)
Dividend for the year ended June 30, 2011 @ Rs.2/- per share	-	-	-	(40,766,706)	(40,766,706)	(40,766,706)
Balance as at June 30, 2012	203,833,530	10,376,660	400,000,000	952,376,513	1,362,753,173	1,566,586,703

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

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Director

Notes to and Forming Part of the Financial Statements
For the year ended June 30, 2012

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The registered office of the company is situated at 35 -A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sind, Pakistan.

1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki, Raiwind and Bhai Pheru in the province of Punjab.

1.3 The company entered into an agreement during the year ended June 30, 2011 with Brother Textile Mills Limited having registered office at 135 Upper mall, Lahore (Manufacturing unit located at 48 Km Multan Road, Bhai Pheru) and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles. During the year ended 30 June 2012, the license was renewed and extended for a period of twelve months expiring on October 12, 2013. Upon expiry of the license period, the agreement may be extended for future periods at the option of both parties. The license fee is agreed at rupees 2,150,000 per month payable quarterly in advance.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of The Companies Ordinance, 1984 (the Ordinance) and the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board and Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under The Companies Ordinance, 1984, provisions of and directives issued under The Companies Ordinance, 1984. Wherever the requirements of The Companies Ordinance, 1984 or directives issued by Securities and Exchange Commission of Pakistan differ with the requirements of IFRS or IFAS, the requirements of The Companies Ordinance, 1984 or the requirements of the said directives prevail.

2.2 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the company's functional and presentation currency and figures are rounded to the nearest rupee.

2.3 Standards, interpretations and amendments to published approved accounting standards

2.3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2010:

- IFRS 7 (Amendments), 'Financial Instruments', emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment has only resulted in additional disclosures with respect to financial Instruments.

- IAS 1, 'Presentation of Financial Statements' (Amendments), now requires an entity to present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements. Since the company currently does not have any items of other comprehensive income, the amendments do not affect the Company's financial statements.

- IAS 24 (Revised), 'Related Party Disclosures', issued in November 2009. It supersedes IAS 24,

Related Party Disclosures', issued in 2003. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities.

- IAS 27, (Amendments), 'Consolidated and Separate Financial Statements', clarifies that the consequential Amendments from IAS 27 made to IAS 21, 'The effect of changes in foreign exchange rates', IAS 28 ' Investments in Associated' and IAS 31, 'Interests in joint ventures', apply prospectively for annual periods beginning on or after July 01, 2009, or earlier when IAS 27 is applied earlier. The application of this amendment has no material impact on the company's financial statements.

- IAS 32, 'Financial instruments presentation-classification of right issues', issued in October 2009 addresses the accounting for right issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such right issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The application of the amendment has no material impact on the Company's financial statements.

- IFRIC 19, 'Extinguishing financial liabilities with equity instruments'. The interpretation clarifies the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability (debt for equity swap). It requires a gain or loss to be recognized in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. If the fair value of the equity instruments issued cannot be reliably measured, the equity instruments should be measured to reflect the fair value of the financial liability extinguished. The application of this interpretation has no material impact on the Company's financial statements.

- IFRIC 14 (Amendment), 'Prepayments of a minimum funding requirement'. The amendments correct an unintended consequence of IFRIC 14, 'IAS 19 – The limit on a defined benefit asset, minimum funding requirements and their interaction'. Without the amendments, entities are not permitted to recognize as an asset some voluntary prepayments for minimum funding contributions.

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

The following amendments and interpretations to existing standards have been published and are mandatory for the company's accounting periods beginning on or after their respective effective dates:

- IFRS 9, 'Financial Instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until January 01, 2013 but is available for early adoption. This is the first part of a new standard on classification and measurement of financial assets and financial liabilities that will replace IAS 39, 'Financial Instruments' Recognition and measurement'. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is measured at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest. For liabilities, the standard retains most of the IAS 39 requirements. These include amortized-cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. This change will mainly affect financial institutions. There will be no impact on the company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the company does not have any such liabilities.

- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determine factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.

- IFRS 11, 'Joint Arrangements', applicable from January 01, 2013, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The company will apply this standard from April 01, 2013.

- IFRS12, 'Disclosures of Interests in Other Entities', this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. The standard is not applicable until April 01, 2013 but is available for early adoption.

- IFRS 13, 'Fair Value Measurement', this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP. The standard is not applicable until April 01, 2013 but is available for early adoption.

- IAS 1, 'Financial Statement Presentation' (Amendments). The main change resulting from this amendment is the requirement for entities to group items presented in Other Comprehensive Income (OCI) on the basis of whether they are potentially recycled to profit or loss (reclassification adjustments). The amendment does not address which items are presented in other comprehensive income.

- IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes' recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

- IAS 19, 'Employee Benefits' (Amendment). The amendment will eliminate the corridor approach and calculate finance costs on a net funding basis. The amendments are not applicable until January 01, 2013 but is available for early adoption.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) - (effective for annual periods beginning on or after January 01, 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. the amendments clarify the meaning of 'currently has a legally enforceable right of set-off; and that some gross settlement systems may be considered equivalent to net settlement.

- Offsetting of financial assets and financial liabilities (Amendments to IFRS 7) - (effective for annual periods beginning on or after January 01, 2013). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement.

- Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013). The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period - which is the preceding period - is required for a complete set of financial statements.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand by equipment and servicing equipment.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to accounting for income taxes relating to distribution to holders of an equity instrument and transaction costs of an equity transaction.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the company.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention on accrual basis except cash flows and for revaluation of certain financial instruments at fair value and recognition of certain staff retirement benefits at present value.

The company's significant accounting policies are stated in note 4. Not all of these significant policies require the management to make difficult, subjective or complex judgments or estimates. The following is intended to provide an understanding of the policies which the management considers critical because of their complexity, judgment of estimation involved in their application and their impact on these financial statements. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. These judgments involve assumptions or estimates in respect of future events and the actual results may differ from these estimates. The areas involving higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows.

3.1 Provision for taxation

The company takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the company's view differs from the view taken by the income tax department at the assessment stage and where the company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year might affect unrecognized gains and losses in those years.

3.3 Financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques based on assumptions that are dependent on market conditions existing at balance sheet date.

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment

3.5 Other areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows.

3.5.1 Provision for doubtful debts
3.5.2 Estimation of net realizable value
3.5.3 Computation of deferred taxation
3.5.4 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Property, plant and equipment - owned

Recognition

Property, plant and equipment except for freehold land are stated at cost less accumulated depreciation and any identified impairment loss. Freehold land is stated at cost less any identified impairment loss. Cost of tangible assets consists of historical cost pertaining to erection / construction period and other directly attributable cost of bringing the asset to working condition.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 5.

Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

An item of property, plant and equipment is derecognized on disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and carrying amount of the asset) is included in the income statement in the year the asset is derecognized.

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

Leases where the company has substantially all the risks and rewards of ownership are classified as finance lease. Assets subject to finance lease are initially recognized at the commencement of the lease term at the lower of present value of minimum lease payments under the lease agreements and the fair value of the leased assets, each determined at the inception of the lease. Subsequently these assets are stated at cost less accumulated depreciation and any identified impairment loss. The related rental obligations, net off finance cost, are included in liabilities against assets subject to finance lease. The liabilities are classified as current and non current depending upon the timing of payments.

Financial charges

Lease payments are allocated between the liability and finance cost so as to achieve a constant rate on the balance outstanding. The finance cost is charged to income over the lease term.

Depreciation

Assets acquired under a finance lease are depreciated in the same manner and at the same rates used for similar owned assets, so as to depreciate these assets over their estimated useful lives in view of certainty of ownership of these assets at the end of lease term. Depreciation of the leased assets is charged to income.

Deferred income

Income arising from sale and lease back transaction, if any, which results in finance lease, is deferred and amortized equally over the lease period.

4.2.2 Operating lease

Leases where significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income on a straight-line basis over the period of lease.

4.3 Capital work in progress

Capital work in progress is stated at cost less any identified impairment loss. Transfers are made to relevant fixed assets category as and when assets are available for use.

4.4 Long term deposits

These are stated at cost which represents the fair value of consideration given.

4.5 Stores, spare parts and loose tools

These are valued at lower of cost and net realizable value. Cost is determined by moving average method.
Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges incurred thereon.

4.6 Stock in trade

These are valued at lower of cost and net realizable value except waste which is valued at net realizable value. Cost is determined as follows.

4.6.1 Raw material

In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges

4.6.2 Finished goods and work in process

Raw material cost plus appropriate manufacturing overheads

4.6.3 Waste Net realizable value

Net realizable value signifies the estimated selling prices in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sales.

4.7 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectible amounts. An estimated provision for doubtful debts is made when there is objective evidence that collection of the full amount is no longer probable. The amount of provision is charged to income. Bad debts are written off as incurred. Other receivables are stated at amortized cost. Known impaired receivables are written off, while receivables considered doubtful are provided for.

4.8 Cash and cash equivalents

Cash in hand, cash at bank and short term deposits, which are held to maturity, are carried at cost. For the purpose of cash flow statements, cash and cash equivalent comprise cash in hand, with banks on current & saving accounts and short term borrowings.

4.9 Staff retirement benefits

Defined benefit plan
The company operates an unfunded gratuity scheme covering for all its permanent employees who have attained the minimum qualifying period for entitlement to the gratuity.

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2012 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.10 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the income statement, except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

4.10.1 Current

Provision for current taxation is based on taxability of certain income streams of the company under presumptive / final tax regime at the applicable tax rates and remaining income streams chargeable at current rate of taxation under the normal tax regime after taking into account tax credit and tax rebates available, if any. The charge for current tax includes any adjustment to past years liabilities.

4.10.2 Deferred

Deferred tax is provided, using the balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.
Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

4.11 Trade and other payables

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

4.12 Provisions

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as

a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.13 Borrowings and borrowing costs

Borrowings are recorded at the proceeds received. Finance costs are accounted for on an accrual basis and are included in current liabilities to the extent of the amount remaining unpaid.

Borrowing costs are recognized as an expense in the period in which these are incurred except to the extent of the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs are capitalized as part of the cost of that asset up to the date of its commissioning.

4.14 Revenue recognition

Revenue is recognized on dispatch of goods or on performance of services. Return on deposits is recognized on a time proportion basis by reference to the principal outstanding and the applicable rate of return.

4.15 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the balance sheet date, except those covered by forward contracts, which are stated at contracted rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

4.16 Financial instruments

Financial assets and financial liabilities are recognized when the company becomes a party to the contractual provisions of the instrument and derecognized when the company loses control of contractual rights that comprise the financial assets and in case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on Derecognition of financial assets and financial liabilities is included in the income statement for the year.

All financial assets and financial liabilities are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

4.17 Offsetting of financial assets and liabilities

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

4.18 Impairment

At each balance sheet date, the company reviews the carrying amounts of its assets to determine

whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of sale value less cost to sell and value in use.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized as income immediately.

4.19 Related party transactions

All transactions with related parties are carried out by the company at arm's length price using the method prescribed under the Companies Ordinance, 1984 with the exception of loan taken from related parties which is interest / mark up free.

4.20 Government grants

Government grants for meeting revenue expenses are set off from respective expenses in the year in which they become receivable.

4.21 Research and development cost

Research and development cost is charged to income statement in the year in which it is incurred.

4.22 Dividend

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2012 Rupees	2011 Rupees
Operating fixed assets	5.1	1,565,851,018	1,628,052,306
Capital work in progress - at cost	5.2	129,833,876	9,089,043
		1,695,684,894	1,637,141,349

5.1 Operating fixed assets

	2012									
	Cost as at July 01, 2011	Additions / (deletions)	Transfers / adjustments	Cost as at June 30 2012	Accumulated depreciation as at July 01, 2011	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Annual depreciation rate %
	Rupees									
Owned Assets										
Freehold land	54,372,900	-	-	54,372,900	-	-	-	-	54,372,900	0%
Building on freehold land	447,813,513	117,491	-	447,931,004	253,876,260	19,398,121	-	273,274,381	174,656,623	10%
Plant and machinery	2,683,816,054	14,605,272	-	2,679,961,805	1,419,567,176	126,998,411	-	1,531,198,463	1,148,763,342	10%
	-	(18,459,521)	-	-	-	(15,367,124)	-	-	-	
Electric installation	117,219,380	4,998,419	-	122,186,192	64,013,152	5,543,156	-	69,541,098	52,645,094	10%
	-	(31,607)	-	-	-	(15,210)	-	-	-	-
Tools and equipment	42,758,423	185,250	-	41,249,673	23,147,113	1,895,615	-	24,254,339	16,995,334	10%
	-	(1,694,000)	-	-	-	(788,389)	-	-	-	-
Furniture and fixture	9,260,878	762,559	-	10,009,437	4,819,531	485,835	-	5,299,362	4,710,075	10%
	-	(14,000)	-	-	-	(6,004)	-	-	-	-
Office equipment	4,075,318	1,695,610	-	5,571,928	2,117,942	244,432	-	2,313,986	3,257,942	10%
	-	(199,000)	-	-	-	(48,388)	-	-	-	-
Computers	9,949,222	3,572,561	-	11,911,345	7,555,015	1,126,129	-	8,281,684	3,629,661	30%
	-	(1,610,438)	-	-	-	(399,460)	-	-	-	-
Vehicles	28,977,615	(4,011,321)	-	24,966,294	21,180,159	1,464,971	-	19,467,507	5,498,787	20%
	-	-	-	-	-	(3,177,623)	-	-	-	-
Leased Assets										
Plant and machinery	25,098,726	82,431,152	-	107,529,878	5,851,264	8,953,603	-	14,804,867	92,725,011	10%
Vehicles	9,916,240	3,354,578	-	13,270,818	3,078,351	1,596,218	-	4,674,569	8,596,249	20%
30-Jun-12	3,433,258,269	111,722,892 (26,019,887)	-	3,518,961,274	1,805,205,963	167,706,491 (19,802,198)	-	1,953,110,256	1,565,851,018	-

	2011									
	Cost as at July 01, 2010	Additions / (deletions)	Transfers / adjustments	Cost as at June 30 2011	Accumulated depreciation as at July 01, 2010	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2011	Book value as at June 30, 2011	Annual depreciation rate %
	Rupees									
Owned Assets										
Freehold land	57,894,815	-	-	54,372,900	-	-	-	-	54,372,900	0%
	-	(3,521,915)	-	-	-	-	-	-	-	
Building on freehold land	447,606,239	207,274	-	447,813,513	232,337,044	21,539,216	-	253,876,260	193,937,253	10%
Plant and machinery	2,460,441,997	201,716,293	27,301,994	2,683,816,054	1,288,068,575	128,648,131	7,016,441	1,419,567,176	1,264,248,878	10%
	-	(5,644,230)	-	-	-	(4,165,971)	-	-	-	-
Electric installation	110,846,341	6,373,039	-	117,219,380	58,517,337	5,495,815	-	64,013,152	53,206,228	10%
Tools and equipment	42,633,600	124,823	-	42,758,423	20,968,077	2,179,036	-	23,147,113	19,611,310	10%
Furniture and fixture	9,014,823	246,055	-	9,260,878	4,341,375	478,156	-	4,819,531	4,441,347	10%
Office equipment	3,871,150	204,168	-	4,075,318	1,910,678	207,264	-	2,117,942	1,957,376	10%
Computers	8,286,469	1,662,753	-	9,949,222	7,022,776	532,239	-	7,555,015	2,394,207	30%
Vehicles	32,370,761	604,640	-	28,977,615	22,611,183	1,949,865	-	21,180,159	7,797,456	20%
	-	(3,997,786)	-	-	-	(3,380,889)	-	-	-	-
Leased Assets										
Plant and machinery	52,400,720	-	(27,301,994)	25,098,726	9,084,322	3,783,383	(7,016,441)	5,851,264	19,247,462	10%
Vehicles	5,811,240	4,105,000	-	9,916,240	1,971,795	1,106,556	-	3,078,351	6,837,889	20%
30-Jun-11	3,231,178,155	215,244,045 (13,163,931)	27,301,994 (27,301,994)	3,433,258,269	1,646,833,162	165,919,661 (7,546,860)	7,016,441 (7,016,441)	1,805,205,963	1,628,052,306	-

5.1.1 Depreciation for the year has been allocated as under.

	Note	2012 Rupees	2011 Rupees
Cost of sales	27.1	165,819,995	164,336,336
Administrative expenses	29	1,886,496	1,583,325
		167,706,491	165,919,661

		2012 Rupees	2011 Rupees
5.2	**Capital work in progress - at cost**		
	Building - civil works	19,621,677	6,742,507
	Plant and machinery	92,126,315	2,346,536
	Electric installation	18,085,884	-
		129,833,876	9,089,043
	The movement in capital work in progress is as follows.		
	Balance at the beginning of the year	9,089,043	85,817,356
	Additions during the year		
	Building - civil works	12,879,170	6,742,507
	Plant and machinery	89,779,779	2,346,536
	Electric installation	18,085,884	-
		120,744,833	9,089,043
	Transfer to operating fixed assets		
	Building - civil works	-	-
	Plant and machinery	-	85,817,356
	Electric installation	-	-
		-	85,817,356
	Balance at the end of the year	129,833,876	9,089,043

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

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Mode of disposal
		Rupees				
Vehicles						
Honda Motor Cycle	Adamjee Insurance Co Ltd.	66,100	8,813	57,287	60,000	Negotiation
HyundaiShehzore	Muhammad Akamal S/o Muhammad Din	540,500	503,009	37,491	75,000	Negotiation
Suzuki Cultus	Waqas Azeem	708,151	555,103	153,048	160,000	Negotiation
Honda Motor Cycle	Altaf Hussain & Co.	47,000	46,004	996	21,000	Negotiation
Honda Motor Cycle	Altaf Hussain & Co.	56,500	43,417	13,083	24,000	Negotiation
Toyota Corolla	Muhammad Yousaf	916,480	700,255	216,225	225,000	Negotiation
Suzuki Cultus	Muhammad Nazir	600,850	453,021	147,829	150,000	Negotiation
Honda Civic	Muhammad Imran	1,075,740	868,001	207,739	250,000	Negotiation
	Sub total	4,011,321	3,177,623	833,698	965,000	
Plant and machinery	Sitara Chemicals Industries Ltd.	4,800,413	4,231,540	568,873	792,000	Negotiation
Plant and machinery	Sitara Chemicals Industries Ltd.	600,052	530,750	69,302	100,000	Negotiation
Plant and machinery	Malik Muhammad Hafeez	2,934,831	2,586,449	348,382	370,000	Negotiation
Plant and machinery	Al Shamas Trader	2,140,740	1,550,407	590,333	521,552	Negotiation
Plant and machinery	Al Shamas Trader	1,665,000	1,205,858	459,142	405,172	Negotiation
Plant and machinery	Malik Muhammad Hafeez	5,643,633	4,732,718	910,915	840,517	Negotiation
Plant and machinery	Chakwal Textile Mills Ltd.	674,852	529,402	145,450	150,862	Negotiation
	Sub total	18,459,521	15,367,124	3,092,397	3,180,103	
Furniture and fixture	EFU Insurance Co Ltd.	14,000	6,004	7,996	9,061	Insurance claim
	Sub total	14,000	6,004	7,996	9,061	
Computers	EFU Insurance Co Ltd.	692,288	296,560	395,728	448,427	Insurance claim
Computers	EFU Insurance Co Ltd.	737,500	18,438	719,062	814,820	Insurance claim
Computers	EFU Insurance Co Ltd.	180,650	84,462	96,188	108,997	Insurance claim
	Sub total	1,610,438	399,460	1,210,978	1,372,244	
Electric installation	EFU Insurance Co Ltd.	31,607	15,210	16,397	18,581	Insurance claim
	Sub total	31,607	15,210	16,397	18,581	
Office equipment	EFU Insurance Co Ltd.	199,000	48,388	150,612	170,668	Insurance claim
	Sub total	199,000	48,388	150,612	170,668	
Tools and equipment	EFU Insurance Co Ltd.	204,000	98,179	105,821	119,912	Insurance claim
Tools and equipment	EFU Insurance Co Ltd.	1,490,000	690,210	799,790	1,311,500	Insurance claim
	Sub total	1,694,000	788,389	905,611	1,431,412	
	Grand total	26,019,887	19,802,198	6,217,689	7,147,069	

		Note	2012 Rupees	2011 Rupees
5.4	**(Gain) / Loss on disposal of property, plant and equipment**			
	Cost		26,019,887	13,163,931
	Less : Accumulated depreciation		(19,802,198)	(7,546,860)
			6,217,689	5,617,071
	Sale proceeds		(7,147,069)	(19,398,825)
	(Gain) on disposal of property, plant and equipment	30 & 32	(929,380)	(13,781,754)
	(Gain) / Loss on disposal of plant and machinery	30 & 32	(798,078)	563,259
	(Gain) on disposal of vehicles	32	(131,302)	(101,303)
	(Gain) on disposal of Freehold Land	32	-	(14,243,710)

		Note	2012 Rupees	2011 Rupees
6	**LONG TERM DEPOSITS**			
	Security deposits			
	Electricity - WAPDA		10,691,308	10,691,308
	Leasing company		4,771,613	2,611,200
	Others		37,500	37,500
			15,500,421	13,340,008
7	**STORES, SPARE PARTS AND LOOSE TOOLS**			
	Stores		49,922,728	73,237,645
	Spare parts		72,048,185	72,859,243
	Loose tools		76,750	98,331
			122,047,663	146,195,219
8	**STOCK IN TRADE**			
	Raw material	8.1	891,469,908	1,398,746,335
	Work in process		97,569,632	93,473,857
	Finished goods	8.2	131,161,980	332,608,900
	Waste		7,823,893	11,539,450
			1,128,025,413	1,836,368,542

8.1 Raw material amounting to Rs. 273,377,892 (June 30, 2011 : Rs. Nil) stated at their net realizable value aggregating Rs. 241,124,819 (June 30, 2011 : Rs. Nil). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 32,253,073 (June 30, 2011 : Rs. Nil).

8.2 Finished goods amounting to Rs. 36,357,998 (June 30, 2011 : Rs. 241,841,440) stated at their net realizable value aggregating Rs. 29,445,679 (June 30, 2011 : Rs. 202,952,702). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 6,912,319 (June 30, 2011 : Rs. 38,888,738).

		Note	2012 Rupees	2011 Rupees
9	**TRADE DEBTS**			
	Considered good			
	Secured		693,140,827	665,529,696
	Unsecured		312,456,377	335,435,084
			1,005,597,204	1,000,964,780
	Considered doubtful		-	20,837,781
			1,005,597,204	1,021,802,561
	Provision for doubtful debts	9.1	-	(20,837,781)
			1,005,597,204	1,000,964,780
	9.1 The movement in provision during the year is as follows:			
	Balance as at July 1, 2011		20,837,781	15,000,000
	Add: Provision during the year		-	6,000,000
			20,837,781	21,000,000
	Less: Bad debts written off during the year		-	(162,219)
	Less: Provision reversed during the year	9.1.1	(20,837,781)	-
	Balance as at June 30, 2012		-	20,837,781

9.1.1 Based on the management assessment and recovery during the year management believes that provision against doubtful debts is no longer necessary to be kept in the financial statements. Therefore existing provision is reversed during the year.

		2012 Rupees	2011 Rupees
10	**LOANS AND ADVANCES**		
	Considered good		
	Advance wages	3,971,199	3,926,518
	Advances to suppliers		
	Against purchases - unsecured	23,399,823	19,225,686
	Against letter of credit - secured	43,672,575	839,602,971
		71,043,597	862,755,175

	Note	2012 Rupees	2011 Rupees
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
Leasing companies		1,465,875	-
Others		1,117,850	1,107,850
Prepayments		3,010,000	3,010,000
		5,593,725	4,117,850
12 OTHER RECEIVABLES			
Export rebate		31,992	94,061
Insurance claim receivable		3,493,000	47,550
		3,524,992	141,611
13 TAX REFUNDS DUE FROM THE GOVERNMENT			
Income Tax		23,166,161	43,996,879
Opening balance		54,673,487	53,500,940
Paid/ Adjusted during the year -Net		(29,183,633)	(74,331,658)
Less Provision for the year			
		48,656,015	23,166,161
Sales tax		52,242,870	43,608,173
		100,898,885	66,774,334
14 CASH AND BANK BALANCES			
Cash with banks			
In current accounts	14.1	72,272,014	56,076,534
In dividend accounts	14.2	2,137,634	1,753,644
In savings account	14.3	14,574	-
		74,424,222	57,830,178

14.1 It includes balance with associated company (MCB Bank Limited) of Rs. 1,975,745 (June 30, 2011 : Rs. 12,970,820).
14.2 It represents balance with associated company (MCB Bank Limited) of Rs. 1,335,667 (June 30, 2011 : Rs. 1,357,527).
14.3 It represents balance with associated company (MCB Bank Limited) and carries mark up at the rate of 5.00 to 7.00 (June 30, 2011 : 5.00 to 7.00) percent per annum.

	Note	2012 Rupees	2011 Rupees
15 TRADE AND OTHER PAYABLES			
Creditors		192,026,794	193,812,786
Murahaba	15.1	1,245,661,170	1,726,945,944
Accrued liabilities	15.2	111,434,975	57,070,838
Advances from customers		3,696,404	4,479,818
Retention money		376,018	376,018
Excise duty on loans	15.3	4,429,581	4,429,581
Sales tax claim payable	15.4	14,759,965	14,759,966
Workers' profit participation fund	15.5	344,848	48,874,280
Unclaimed dividend		3,845,503	3,461,513
Withholding tax payable		9,509	308,161
		1,576,584,767	2,054,518,905

15.1 These facilities are secured against first pari passu hypothecation and floating charge over company's stocks, book debts and receivables, of the company. Overall limits for these facilities are disclosed in note 17.1. Mark up ranges from 11.60 to 14.19 (June 30, 2011 : 10.73 to 14.56) percent per annum. These facilities are expiring on various dates from December 2012 to April 2013.

15.2 Accrued liabilities also includes fuel adjustment surcharge of Rs. 17,185,172 for the month of August 2011, September 2011, October 2011 and November 2011. Company has taken stay orders from the Honorable Islamabad High Court against writ petitions No. 1020/2012, 1406/2012 and 2637/2012 dated: April 16, 2012, May 17, 2012 and August 10, 2012 respectively.

15.3 The company had provided the excise duty payable on loans from banks / financial institutions. The Supreme Court of Pakistan has decided the case against the company. The demand against payment of excise duty has not been raised by the authorities.

15.4 The company has filed appeal in High Court of Sind, Karachi against the order of Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax.

		2012 Rupees	2011 Rupees
15.5	**Workers' profit participation fund**		
	Opening balance	48,874,280	21,872,433
	Interest on fund utilized in company's business	344,848	154,113
		49,219,128	22,026,546
	Paid during the year	(48,874,280)	(21,872,433)
		344,848	154,113
	Allocation for the year	-	48,720,167
	Closing balance	344,848	48,874,280

16.3.1 Interest on Workers' profit participation fund has been provided at the rate of 15.5 % (June 30, 2011 : 15.5%)

		2012 Rupees	2011 Rupees
16	**ACCRUED MARK UP AND INTEREST**		
	Mark up / interest accrued on secured loans		
	Long term financing	8,938,892	8,497,742
	Short term borrowings	51,988,641	77,737,858
	Finance lease	2,541,139	-
		63,468,672	86,235,600
17	**SHORT TERM BORROWINGS**		
	Secured - from banking companies		
	Running finance	251,525,710	197,785,258
	Money market loan	250,000,000	550,000,000
		501,525,710	747,785,258

17.1 Total credit limits available for short term bank borrowings are Rs. 7,085 million (June 30, 2011 : Rs. 9,002 million). These borrowings were secured against first pari passu hypothecation and floating charge over company's stocks, book debts, movables, receivables, and lien on export / import documents of the company. Mark up ranges from 11.56 to 14.94 (June 30, 2011 : 11.85 to 14.81) percent per annum. Average effective interest rate computes to 14.00 (June 30, 2011 : 12.95) percent per annum. These facilities are expiring on various dates from December 2012 to April 2013

		Note	2012 Rupees	2011 Rupees
18	**LONG TERM FINANCING**			
	Secured - from banking companies and financial institutions			
	Pak Oman Investment Company Ltd.	18.1	46,625,039	66,958,857
	Standard Chartered Bank Ltd.	18.2	69,048,900	28,934,900
	Habib Metropolitan Bank Ltd.	18.3	222,750,000	52,500,000
	Meezan Bank Ltd.	18.4	158,354,000	155,000,000
			496,777,939	303,393,757
	Less : Current portion		(222,562,722)	(129,543,818)
			274,215,217	173,849,939

	Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
18.1	Pak Oman Investment Company	SBP-LTFF	13,725,000	6.50%	04 Semi Annual	01-May-15	Firs pari passu hypothecation charge of Rs. 103.400 million over present and future assets (plant and machinery) with 25 percent margin.
		SBP-LTFF	13,725,000	6.50%	04 Semi Annual	01-Jun-15	
		SBP-LTFF	4,575,000	6.50%	04 Semi Annual	01-Jun-15	
		SBP-LTFF	6,917,703	6.75%	05 Semi Annual	01-Aug-15	
		SBP-LTFF	3,841,000	SBP refinance rate + 1%	04 Quarterly	1-May-13	Demand promissory note and first pari passu charge by way of hypothecation of Rs. 54.667 million over present and future plant and machinery of the company inclusive of 25% margin.
		Term Finance	3,841,336	6 Month Kibor + 2%	04 Quarterly	1-May-13	
		Total	46,625,039				

	Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
18.2	Standard Chartered Bank	Term Finance	7,974,900	9.20%	01 Semi Annual	1-Dec-12	Specific charge of Rs. 50 million over specific plant and machinery of the company
		LTFF	1,500,000	SBP refinance + 1.5%	03 Semi Annual	1-Dec-13	First specific charge of 6.5 million on company's plant and machinery
		Term Finance	1,500,000	3 Month Kibor + 1%	03 Semi Annual	1-Dec-13	
		LTFF	26,456,000	SBP refinance + 1.5%	05 Semi Annual	1-Nov-14	Demand promissory note and first charge on company's specific plant and machinery of Rs. 125 million
		Term Finance	26,456,000	6 Month Kibor + 1%	05 Semi Annual	1-Nov-14	
		LTFF	2,581,000	SBP refinance + 1.5%	05 Semi Annual	1-Dec-14	
		Term Finance	2,581,000	6 Month Kibor+1%	05 Semi Annual	1-Dec-14	
		Total	69,048,900				
18.3	Habib Metropolitan Bank Ltd	Diminishing Musharika	-	3 Month Kibor + 1%	Loan Repaid In the year	1-Jun-12	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
		Diminishing Musharika	151,250,000	3 Month Kibor + 1%	11 Quarterly	1-Mar-15	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
		Diminishing Musharika	71,500,000	3 Month Kibor + 1%	11 Quarterly	1-Mar-15	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
		Total	222,750,000				
18.4	Meezan Bank Ltd	Diminishing Musharika	116,250,000	6 Month Kibor + 0.55%	03 Semi Annual	1-Sep-13	The Loan is secured against first specific charge of Rs. 193.750 million over fixed assets with 20% margin
		Diminishing Musharika	42,104,000	6 Month Kibor + 0.55%	04 Semi Annual	1-Sep-14	The Loan is secured against first specific charge of Rs. 52.630 million over fixed assets with 20% margin
		Total	158,354,000				

	2012 Rupees	2011 Rupees
19 LONG TERM FINANCING FROM DIRECTORS AND OTHERS		
Unsecured		
Opening balance	-	250,000,000
Less: Repayment during the year	-	(250,000,000)
	-	-
Transfer to current maturity	-	-
	-	-

19.1 These were unsecured, interest free and not subordinated to banking companies.

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2012			2011		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees			Rupees		
Up to one year	43,099,120	8,360,225	34,738,895	18,016,936	4,168,734	13,848,202
Later than one year but not later than five years	51,963,797	5,148,416	46,815,381	27,129,434	3,061,753	24,067,681
	95,062,917	13,508,641	81,554,276	45,146,370	7,230,487	37,915,883

20.1 The total lease rentals due under the lease agreements aggregate Rs. 95.063 million (June 30, 2011 : Rs. 45.146 million) and are payable in equal monthly / semi annually installments under various lease agreements, latest by 2014. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of approximately 10.00% to 15.69% (June 30, 2011 : 10.00% to 14.76%) per annum. If any lease is terminated, the lessee is required to pay the purchase price specified in the lease agreements. The cost of repairs and insurance are borne by the lessee. The liability is partially secured by a deposit of Rs. 6.096 million (June 30, 2011 : Rs. 2.611 million) and demand promissory note. The estimated residual value of assets acquired on finance lease is Rs. 6.096 million (June 30, 2011 : Rs. 2.611 million). The company intends to exercise the option of purchasing the leased assets at residual value upon completion of lease term. The number of maximum / minimum monthly lease rentals payable are 30 and 2 respectively.

		Note	2012 Rupees	2011 Rupees
21	**STAFF RETIREMENT BENEFITS - GRATUITY**			
21.1	Movement in the net liability recognized in the balance sheet			
	Opening net liability		64,972,067	49,728,712
	Expense for the year	21.2	33,047,781	30,731,800
			98,019,848	80,460,512
	Benefits paid during the year		(22,552,281)	(15,488,445)
	Closing net liability		75,467,567	64,972,067
21.2	**Expense recognized in the income statement**			
	Current service cost		22,964,524	21,420,453
	Interest cost		7,952,610	8,349,390
	Actuarial loss recognized		2,130,647	961,957
			33,047,781	30,731,800
21.3	**Movement in the present value of defined benefit obligation**			
	Present value of defined benefit obligation		89,408,343	62,977,987
	Current service cost		22,964,524	21,420,453
	Interest cost		7,952,610	8,349,390
	Actuarial loss / (gain)		(5,682,138)	12,148,958
	Benefits paid		(22,552,281)	(15,488,445)
			92,091,058	89,408,343

21.4 **Historical information**

	2012	2011	2010	2009	2008
Present value of defined benefit obligation	92,091,058	89,408,343	62,977,987	62,835,084	57,205,102
Experience adjustments on plan liabilities	5,682,138	(12,148,958)	(3,047,302)	237,696	(4,194,890)

		2012 Rupees	2011 Rupees
21.5	**Reconciliation**		
	Present value of defined benefit obligation	92,091,058	89,408,343
	Unrecognized actuarial loss	(16,623,491)	(24,436,276)
		75,467,567	64,972,067

21.6 **General description**

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

		2012	2011
21.7	**Principal actuarial assumption**		
	Following are a few important actuarial assumption used in the valuation.		
	Discount rate	13%	14%
	Expected rate of increase in salary	10%	10%

21.8 Expected gratuity expense for the year ending June 30, 2013 works out to Rs. 35,496,552.

	2012 Rupees	2011 Rupees

22 **DEFERRED TAXATION**

The deferred taxation liability / (asset) comprises of following temporary differences.

Taxable temporary differences (deferred tax liabilities)		
Accelerated tax depreciation allowance	90,205,866	131,460,132
Deductible temporary differences (deferred tax assets)		
Staff retirement benefits - gratuity	(9,111,620)	(8,089,397)
Provision for doubtful debts	-	(1,528,633)
Unused tax credits - unabsorbed depreciation	(220,718,864)	(67,874,580)
	(139,624,618)	53,967,522

22.1 In view of applicability of presumptive tax regime, deferred tax liability / (assets) has been worked out after taking effect of income covered under presumptive tax regime. During the year deferred tax assets amounted to Rs. 156.743 million recognized, management believes that it is probable that future taxable profits will be available against which deferred tax asset can be utilized in future.

23 **CONTINGENCIES AND COMMITMENTS**

23.1 Complaint was lodged against the company and directors before Securities and Exchange Commission of Pakistan (SECP) regarding non receipt of shares after being held successful in the share balloting. An order was passed against the directors and chief executive of the company imposing a fine of Rs. 50,000. The company and its directors had filed an appeal against that order which is pending for disposal before the Appellate Bench of SECP.

23.2 The Company has issued post dated cheques amounting to Rs. 54.437 million (June 30, 2011: Rs. 11.783 million) in favor of Collector of Customs in lieu of custom levies against various statutory notification. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	2012 Rupees	2011 Rupees
23.3 **Contingencies**		
Bills discounted with recourse	392,420,154	245,037,943
Bank guarantees issued in the ordinary course of business	139,240,401	164,313,656
23.4 **Commitments**		
Letters of credit for capital expenditure	-	111,310,796
Letters of credit for raw material	263,623,889	558,028,398
Letters of credit for stores and spares	11,940,841	10,899,484

24 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2012 Number of shares	2011 Number of shares		2012 Rupees	2011 Rupees
13,479,600	13,479,600	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	134,796,000	134,796,000
1,962,334	1,962,334	Ordinary shares of Rs. 10 each allotted for consideration of amalgamation of power plant	19,623,340	19,623,340
4,941,419	4,941,419	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	49,414,190	49,414,190
20,383,353	20,383,353		203,833,530	203,833,530

24.1 Associated company (Din Leather (Pvt.) Limited) held 6,600 (June 30, 2011 : 6,600) ordinary shares of the company.

24.2 The shareholders' are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the company. All shares carry "one vote" per share without restriction.

24.3 The company has issued Nil (June 30, 2011 : 1,853,032) ordinary shares of Rs.10 each during the year as fully paid bonus shares.

	Note	2012 Rupees	2011 Rupees
25 **RESERVES**			
Capital			
Merger reserve	25.1	10,376,660	10,376,660
Revenue			
General		400,000,000	400,000,000
Unappropriated profit		952,376,513	1,662,629,864
		1,362,753,173	2,073,006,524

25.1 This represents book difference of capital under scheme of arrangement for amalgamation with Din Power Limited in the year 2001.

		Note	2012 Rupees	2011 Rupees
26	**SALES - NET**			
	Export			
	Yarn - Direct export	26.1	2,739,840,729	2,622,165,004
	Yarn - Indirect export		109,571,527	3,957,266,200
	Waste and others		139,267,869	237,782,908
	Rebate		344,643	517,481
	Total export sales		2,989,024,768	6,817,731,593
	Local			
	Yarn		4,086,629,507	769,047,313
	Raw Material		284,811,737	47,872,478
	Waste and others		117,083,282	74,091,863
	Total local sales		4,488,524,526	891,011,654
	Commission and claims		(119,060,669)	(134,089,058)
			7,358,488,625	7,574,654,189

26.1 This includes net exchange gain / (loss) amounting to Rs.44,741,398 (June 30, 2011 : Rs. 5,426,595).

		Note	2012 Rupees	2011 Rupees
27	**COST OF SALES**			
	Cost of goods manufactured	27.1	7,358,383,642	6,237,293,960
	Finished goods			
	Opening stock		344,148,350	206,323,495
	Closing stock		(138,985,873)	(344,148,350)
			7,563,546,119	6,099,469,105
27.1	**Cost of goods manufactured**			
	Raw material consumed	27.1.1	5,469,372,504	4,964,775,473
	Cost of raw material sold		411,637,984	35,550,547
	Packing material consumed		96,604,436	79,606,779
	Stores and spares consumed		108,368,651	136,757,825
	Salaries, wages and other benefits	27.1.2	412,906,530	377,137,776
	Fuel and power		620,077,732	477,181,340
	Insurance		14,260,583	14,687,661
	Repairs and maintenance		20,565,688	11,438,274
	Depreciation	5.1.1	165,819,995	164,336,336
	Vehicle running and maintenance		6,438,618	5,743,232
	Books and periodicals		780,023	1,228,450
	Postage and telephone		510,369	373,765
	Traveling and conveyance		2,145,851	2,360,141
	Contract / license fee	27.1.3	25,800,000	16,340,000
	Rent, rates and taxes		2,521,191	1,984,576
	Other overheads		4,669,262	3,253,697
			7,362,479,417	6,292,755,872
	Work in process			
	Opening stock		93,473,857	38,011,945
	Closing stock		(97,569,632)	(93,473,857)
			(4,095,775)	(55,461,912)
			7,358,383,642	6,237,293,960
27.1.1	**Raw material consumed**			
	Opening stock		1,398,746,335	620,494,225
	Purchases		5,242,102,112	5,665,107,185
			6,640,848,447	6,285,601,410
	Closing stock		(891,469,908)	(1,398,746,335)
			5,749,378,539	4,886,855,075
	Dyeing charges		131,631,949	113,470,945
	Cost of raw material sold		(411,637,984)	(35,550,547)
			5,469,372,504	4,964,775,473

27.1.2 Salaries, wages & other benefits includes Rs. 31,641,261 (June 30, 2011 : Rs. 28,926,598) in respect of staff retirement benefits.

27.1.3 It represents contract fee / license fee paid to Brother textile mills limited against use of production facility.

	Note	2012 Rupees	2011 Rupees
28 DISTRIBUTION COST			
Ocean freight		60,022,860	46,012,385
Air freight		26,931,559	5,856,026
Local freight		36,745,678	17,890,043
Clearing and forwarding		7,670,950	7,255,677
Export development surcharge		6,543,827	6,034,505
Samples and others		3,140,503	2,574,164
Traveling expense		128,165	51,305
		141,183,542	85,674,105
29 ADMINISTRATIVE EXPENSES			
Directors' remuneration	35	38,059,200	38,059,200
Staff salaries and other benefits	29.1	38,705,785	29,332,170
Traveling and conveyance		3,925,776	4,376,888
Vehicle running and maintenance		2,914,808	2,539,483
Rent, rates and taxes		37,406	48,896
Electricity, gas and water		857,022	907,429
Printing and stationery		789,135	829,544
Fees, subscription and periodicals		2,370,765	2,001,691
Legal and professional		789,000	640,000
Repairs and maintenance		1,307,222	2,584,250
Postage and telephone		6,258,035	4,544,782
Entertainment		740,925	786,883
Advertisement		21,600	21,600
Depreciation	5.1.1	1,886,496	1,583,325
Others		3,808,041	3,421,036
		102,471,216	91,677,177

29.1 Staff salaries and other benefits includes Rs. 1,406,521 (June 30, 2011 : Rs. 1,805,202) in respect of staff retirement benefits.

	Note	2012 Rupees	2011 Rupees
30 OTHER OPERATING EXPENSES			
Workers' profit participation fund	15.5	-	48,720,167
Loss on sale of property, plant and equipment	5.4	193,149	785,343
Provision for doubtful debts		-	6,000,000
Auditors' remuneration	30.2	1,188,000	930,000
Donation	30.1	200,000	200,000
Loss on translation of foreign currency account		-	1,548
		1,581,149	56,637,058

30.1 None of the directors or their spouses had any interest in donee fund.

30.2 **Auditors' remuneration**

Audit fee	1,000,000	750,000
Half yearly review fee	88,000	80,000
Tax services	100,000	100,000
	1,188,000	930,000

31	**FINANCE COST**		
Mark up / interest on			
Long term financing		50,192,187	39,898,403
Liabilities against assets subject to finance lease		10,854,650	2,748,115
Short term borrowings		321,711,233	260,408,010
Workers' profit participation fund	15.5	344,848	154,113
Bank charges and commission		22,473,585	26,874,681
		405,576,503	330,083,322
32	**OTHER OPERATING INCOME**		
From financial assets			
Gain on translation of foreign currency account		10,670	-
Profit on savings account		3,772	2,650
Reversal of provision for doubtful debts		20,837,781	-
From other than financial assets			
Gain on sale of land	5.4	-	14,243,710
Gain on sale of plant and equipment, Vehicles	5.4	1,122,529	323,387
		21,974,752	14,569,747

		2012 Rupees	2011 Rupees
33 TAXATION			
Provision / reversal for taxation			
Taxation:			
Current		29,610,690	76,785,993
Prior		(427,057)	(1,176,766)
Workers welfare fund:			
Current year	33.3	-	-
Prior Year		-	(1,277,569)
Deferred		(193,592,140)	-
		(164,408,507)	74,331,658

33.1 The assessment of the company will be finalized in respect of export proceeds under presumptive tax regime under section 169. Other than export income, assessment will be finalized under the provisions of Income Tax Ordinance, 2001. During the year company has declared gross loss before set off of depreciation and other inadmissible expenses under the Income Tax Ordinance, 2001. Therefore, entire provision for current taxation is calculated under section 169 of the Income Tax Ordinance 2001.

33.2 The relationship between tax expense and accounting profit has not been presented in these financial statements as the total income of the company attracts final tax under Income Tax Ordinance, 2001.

33.3 Honorable High Court in writ petition bearing number W.P. No. 8763/2011 has decided that the amendment made in the Workers' Welfare Fund ordinance through Finance Act 2006 and 2008 is unconstitutional and unlawful. Therefore, no provision for workers welfare fund has been made in the financial statements. The Income tax Liability is being finalized under final tax regime. There is no taxable income under normal tax regime.

		2012 Rupees	2011 Rupees
34 (LOSS)/EARNINGS PER SHARE			
Basic earnings per share			
(Loss)/profit for the year	Rupees	(669,486,645)	851,351,511
Weighted average number of ordinary shares outstanding during the year	Numbers	20,383,353	20,383,353
(Loss)/earnings per share - basic and diluted	Rupees	(32.84)	41.77

34.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2012 and June 30, 2011.

35 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2012		2011	
	Directors	Executives	Directors	Executives
	Rupees		Rupees	
Managerial remuneration	34,599,360	35,246,761	34,599,360	24,891,117
			-	-
Medical allowance	3,459,840	3,524,676	3,459,840	2,251,225
			-	-
	38,059,200	38,771,437	38,059,200	27,142,342
Number of persons	**4**	**19**	**5**	**17**

35.1 The chief executive of the company has waived off his remuneration.

35.2 The company also bears the traveling expenses of the directors relating to travel for official purposes.

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instruments.

36.1 Credit risk
36.2 Liquidity risk
36.3 Market risk

The board of directors has overall responsibility for the establishment and oversight of company's risk management framework. The board is also responsible for developing and monitoring the company's risk management policies.

36.1 Credit risk

36.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 1,101.115 million (June 30, 2011 : Rs. 1,076.253 million), financial assets which are subject to credit risk aggregate to Rs. 1,026.691 million (June 30, 2011 : Rs. 1,018.423 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

	2012 Rupees	2011 Rupees
Long term loans and advances	-	-
Long term deposits	15,500,421	13,340,008
Trade debts	1,005,597,204	1,000,964,780
Loans and advances	-	-
Trade deposits and short term prepayments	5,593,725	4,117,850
Cash and bank balances	74,424,222	57,830,178
	1,101,115,572	1,076,252,816

36.1.2 The maximum exposure to credit risk for trade debts at the balance sheet date by geographical region is as follows.

	2012 Rupees	2011 Rupees
Domestic	312,456,377	335,435,084
Export	693,140,827	665,529,696
	1,005,597,204	1,000,964,780

The majority of export debtors of the company are situated in Bangladesh, China and Turkey.

36.1.3 The maximum exposure to credit risk for trade debts at the balance sheet date by type of customer is as follows.

	2012 Rupees	2011 Rupees
Yarn	986,184,980	971,470,834
Services	3,579,811	10,909,548
Waste	13,388,054	18,424,633
Others	2,444,359	159,765
	1,005,597,204	1,000,964,780
	-	-

36.1.4 The aging of trade debtors at the balance sheet is as follows.

	Gross debtors	
	2012	2011
	Rupees	
Not past due	743,110,658	715,529,696
Past due 0 - 30 days	223,384,698	213,718,353
Past due 31 - 90 days	34,227,592	77,196,501
Past due 90 days - 1 year	4,874,256	15,332,544
More than one year	-	25,467
	1,005,597,204	1,021,802,561
Impairment	-	(20,837,781)
	1,005,597,204	1,000,964,780
	-	-

36.1.5 Based on the management assessment and recovery during the year management believes that provision against doubtful debts is no longer necessary to be kept in the financial statements. Therefore existing provision is reversed during the year.

36.2 **Liquidity risk**

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damages to the company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements.

	2012					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	496,777,939	644,190,385	105,174,041	141,701,202	397,315,142	-
Finance lease	81,554,276	95,062,917	21,884,898	21,214,222	51,963,797	-
Trade and other payables	1,557,050,373	1,557,050,373	1,557,050,373	-	-	-
Accrued mark up and interest	63,468,672	63,468,672	63,468,672	-	-	-
Short term borrowings	501,525,710	536,632,510	536,632,510	-	-	-
	2,700,376,970	2,896,404,857	2,284,210,494	162,915,424	449,278,939	-

	2011					
	Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	303,393,757	358,525,910	63,499,552	99,326,343	195,700,015	-
Finance lease	37,915,883	45,146,370	9,040,458	8,976,478	27,129,434	-
Trade and other payables	1,986,455,078	1,986,455,078	1,986,455,078	-	-	-
Accrued mark up / interest	86,235,600	86,235,600	86,235,600	-	-	-
Short term borrowings	747,785,258	825,523,116	825,523,116			-
	3,161,785,576	3,301,886,074	2,970,753,804	108,302,821	222,829,449	-

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

36.3 **Market risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the . market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities, and liquidity in the market. The company is exposed to currency risk and interest rate risk only.

36.3.1 **Currency risk**

Exposure to currency risk

The company is exposed to currency risk on trade debts, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar and Euro. The currencies in which these transactions primarily are denominated is US Dollar and Euro. The company's exposure to foreign currency risk is as follows.

	US Dollar	Euro	Others	Rupees
Trade debts 2012	7,355,363	27,187	-	693,140,827
Trade debts 2011	7,752,239	-	-	665,529,696

The following significant exchange rates applied during the year.

	Average Rates		Reporting Date Rates	
	2012	2011	2012	2011
US Dollar to Rupee	89.83	85.63	93.80	85.85
Euro to Rupee	121.30	114.47	117.99	124.6

Sensitivity analysis

5% strengthening of Pak Rupee against the following currencies at June 30, would have increased / (decreased) equity and income statement by the amount shown below. The analysis assumes that all other variables, in particular interest rates, remain constant. 5% weakening of Pak Rupee against the above currencies at periods ends would have had the equal but opposites effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2012 Rupees	2011 Rupees
US Dollar	(34,496,652)	(33,276,486)
Euro	(160,390)	-

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and liabilities of the company.

36.3.2 **Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposures arises from short and long term borrowings from bank and term deposits and deposits in PLS saving accounts with banks. At reporting date the interest rate profile of the company's interest bearing financial instrument is as follows.

	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	81,295,603	98,323,443
Variable rate instruments		
Financial assets	14,574	-
Financial liabilities	998,562,322	2,729,181,647

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through income statement. Therefore, a change in interest rates at reporting date would not affect income statement.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2011.

	Profit & Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2012	(9,985,623)	9,985,623	-	-
Cash flow sensitivity - variable rate instruments 2011	(27,291,816)	27,291,816	-	-

36.4 **Fair value of financial assets and liabilities**

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

	2012 Rupees	2011 Rupees
36.5 **Off balance sheet items**		
Bills discounted with recourse	392,420,154	245,037,943
Bank guarantees issued in ordinary course of business	139,240,401	164,313,656
Letters of credit for capital expenditure	-	111,310,796
Letters of credit for raw material	263,623,889	558,028,398
Letters of credit for stores and spares	11,940,841	10,899,484

36.6 The effective rate of interest / mark up for the monetary financial assets and liabilities are mentioned in respective notes to the financial statements.

37 CAPITAL RISK MANAGEMENT

The company's prime object when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The ratio is calculated as total borrowings divided by total capital employed. Borrowings represent long term financing, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2012	2011
Borrowings	Rupees	998,303,649	1,051,179,015
Total equity	Rupees	1,566,586,703	2,276,840,054
Total capital employed	Rupees	2,564,890,352	3,328,019,069
Gearing ratio	Percentage	38.92	31.59

38 PLANT CAPACITY AND PRODUCTION

It is difficult to describe precisely the production capacity in textile industry since it fluctuates widely depending on various factors such as count of yarn spun, raw material used, spindle speed and twist. It would also vary according to the pattern of production adopted in a particular year.

		2012	2011
Total number of spindles installed	38.1	80,569	79,008
Total number of spindles worked		77,587	76,973
Number of shifts per day		3	3
Installed capacity converted into 20/1 count (Kgs.)		26,718,219	24,499,564
Actual production converted into 20/1 count (Kgs.)		21,943,754	21,882,246

Actual production is lower than capacity due to the manufacturing of specialized Mélange yarn and periodic repair and maintenance.

38.1 The company has an agreement with Brother Textile Mills Limited having registered office at 135 Upper Mall, Lahore (manufacturing unit located at 48 Km Multan Road, Bhai Pheru), and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles.

39 TRANSACTION WITH RELATED PARTIES

			2012 Rupees	2011 Rupees
Transactions with related parties		**Relationship**		
MCB Bank Limited		Associated company		
	Deposits		210,284,224	167,222,143
	Withdrawals		221,300,357	155,284,466
Din Leather (Pvt.) Ltd.		Associated company		
	Deposits		-	-
	Withdrawals		-	-
Din Farm Products (Pvt.) Ltd.		Associated company		
	Disposal of Land		-	17,765,625
Salaries and other short term employee benefits		Key management personnel	76,830,637	65,201,542
Staff retirement benefits		Key management personnel	4,813,056	4,287,672
Balances Outstanding at the year end		**Relationship**		
MCB Bank Limited		Associated company	3,325,985	14,328,347

The company has related party relationship with its associated undertakings, its directors and executives officers. Transactions with related parties essentially entail sale and purchase of goods and / or services from the aforementioned concerns. All transactions are carried out on commercial basis.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity. The company considers all members of their management team, including the chief executive officer and directors to be its key management personnel.

There are no transactions with key management personnel other than under their terms of employments / entitlements. Balance outstanding from related parties are unsecured and repayable on demand or as contracted. Amounts due to related parties are shown in the relevant notes to the financial statements. Loans and advances to executives, balances in current accounts, loan from directors and remuneration of directors and executives are disclosed in respective notes.

40 **CORRESPONDING FIGURES**

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. Significant reclassifications includes t he following.

Reclassification				
Note	From	To	Nature	Rupees
26	Distribution Cost - Commission and claims	Sales - net (commission and claims)	Better presentation	134,089,058
8	Spare parts - dyes and chemicals	Raw material - dyes and chemicals	Better presentation	37,604,675
15	Short term borrowing - morabaha	Trade and other payables - morabaha	Proper classification	1,726,945,944

41 **GENERAL**

-Figures have been rounded off to the nearest rupees.

42 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on **September 28, 2012** by the board of directors of the company.

SHAIKH MOHAMMAD MUNEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Director

DIN TEXTILE MILLS LIMITED
PROXY FORM

Folio No. _____ CDC Participant ID No. _____ A/c. No. _____

I / we _____

Of _____ being

a member(s) of **DIN TEXTILE MILLS LIMITED** holder of _____

Ordinary Shares _____ hereby appoint

Mr. / Mrs. / Miss. _____ _____of_____

Share Register Folio No. _____

is also a member of **DIN TEXTILE MILLS LIMITED**, as my proxy vote for me on my beh alf

At the Twenty-fifth Annual General Meeting of the Company to be held on October 20, 2012 and at

any adjournment thereof.

Signed this _____ day of _____ 2012

Witness:

1. _____

2. _____

Signature on
Rs. 5.00 Revenue
Stamp

N. B (Signature should agree with the specimen
Signature registered with the Company)

NOTICE:

A member entitled to vote at this meeting may appoint a proxy, proxies in order to be effective must be received at Registered Office of the company duly stamped, signed and witnessed not later than 48 hours before the time of the meeting.

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