



DIN GROUP



organic yarn
CU 813709
Din Textile Mills Ltd.
Pakistan



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CORPORATE INFORMATION

Board of Directors

Shaikh Mohammad Muneer	Chairman
Shaikh Mohammad Pervez	Director
Shaikh Muhammad Tanveer	Chief Executive
Shaikh Mohammad Naveed	Director
Mr. Faisal Jawed	Director
Mr. Farhad Shaikh Mohammad	Director
Mr. Abdul Razzak Tarmuhammad	Director

Company Secretary

Mr. Islam Ahmed

Chief Financial Officer

Mr. Shaukat Hussain Ch.
(ACA, FPFA, CFC)

Auditors

Mushtaq & Co.,
Chartered Accountants

- ☞ Allied Bank Ltd.
Bank Alfalah Limited Islamic
- ┌ Bank Al-Habib 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

Mr. Abdul Razzak Tarmuhammad	Chairman
Shaikh Mohammad Pervez	Member
Mr. Farhad Shaikh Mohammad	Member

Human Resource and Remuneration Committee

Shaikh Mohammad Pervez	Chairman
Shaikh Muhammad Tanveer	Member
Mr. Abdul Razzak Tarmuhammad	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: Dars Road, off Raiwind Manga Road, Bachuki Majha Distt. Kasur.

Website

www.dingroup.com

DIRECTORS' REPORT

Dear shareholders

In the Name of Almighty Allah The Most Gracious, The Beneficent, The Merciful, the Directors of the company are presenting un-audited financial statements of the Company for the 3rd quarter ended March 31,2015, in compliance with requirements of the section 245 of the Companies Ordinance, 1984.

Financial Results

During the 3rd quarter under review, the operational results of your company are as follows.

		Nine Months Ended		
		31-Mar-15	31-Mar-14	Inc. / (Dec.) % age
Sales	Rupees in '000'	6,610,072	6,463,139	2
Gross Profit	Rupees in '000'	292,445	722,968	(60)
Pre-tax (Loss) / Profit	Rupees in '000'	(174,866)	227,792	(177)
After Tax (Loss) / Profit	Rupees in '000'	(275,435)	175,507	(257)
Gross Profit	Percentage	4.42	11.19	
After Tax (Loss) / Profit	Percentage	(4.17)	2.72	
(Loss) / Earning per share	Rupees	(12.28)	7.83	

During the 3rd quarter under review the company shown down trend due to interruption of power supply and gas, Mills have resorted to alternate generation based on furnace oil and diesel which increase the cost and reduce the profitability of the company

General Market Conditions

The textile industry is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, processing, made-ups and garments. The overall sector contributes nearly one-fourth of industrial value-added, consumes more than 40% of banking credit to manufacturing sector and accounts for 8% of GDP. Textile products have maintained an average share of about 60% in national exports. However, despite being the 4th largest producer and 3rd largest consumer of cotton globally, Pakistan's comparative advantage is largely pre-empted by low value added exports as reflected in country's ranking of 12th in world textiles exports. Cotton value chain starts from ginning that adds value to it by separating cotton from seed and impurities. Spinning is the first process in the chain that adds value to cotton by converting raw material into a finished product i.e. conversion of ginned cotton into cotton yarn. Spinning is the foundation process and all the subsequent value additions, that is weaving, knitting, processing, garments and made-ups, depend upon the initial process of the spinning of yarn. Therefore, any variation in quality of yarn spinning directly affects the entire value chain.

The energy situation in Punjab remains erratic and power shortages continue to

persist. Mills have resorted to alternate generation at much higher costs increasing our operating costs. Gas availability in both Punjab and Sindh remains restricted in varying degrees. With the sharp decline in oil prices, our self-generation on furnace oil and diesel has become more viable and we hope that the government will also move to reduce tariffs on electricity through the national grid.

Future Outlook

The current year had opened on the back of strong demand for products and mainly stable prices for raw cotton. However, towards the end of the 3rd quarter, we witnessed a significant slowing down in demand in the international markets. Raw cotton prices show largely upwards approximately 5,400 per maund as the international raw material prices also showed a weaker trend. The crop was expected to be around 14 million bales and the latest figures show arrivals to be around 14.45 million bales, which is higher than target. Presently, the raw cotton prices in both the domestic and international market are on an upward trend with slack demand and depressed prices for our end products. This has resulted in an erosion of profitability and we expect that during the coming period, the viability of mills will be adversely affected.

We expect the FY 2015 to remain sluggish in terms of profitability. Both domestic and international demand for our products has become very weak especially China which is depicting a sharp downturn. Pakistan textile products are also facing severe competition from India, which continues to take our market share in international markets of yarn and is also affecting our domestic markets especially in fine counts. Although the cotton crop output in the current year has been improved over last year, we feel that these increases are marginal and efforts must be made to use advanced research and genetics to improve our yields. We continue to raise this issue in our reports for the last many years but see no credible moves on the part of the government to address this problem. Higher output leading to stable prices will also help in maintaining our margins for better profitability.

The countries internal manufacturing has also being impacted in adverse manner due to the power crisis and load shedding of all the basic resources including electricity, gas and petroleum has hindered the processing units and forced the people to either shut down their producing units or even take those units out of the country to the neighboring countries. This has again punched the economy of the country in dreadful manner. The political instability is also playing its role in making the conditions of economy even worse, as such variation in political and governing bodies, corruption, and continuous vigorous change and amendments in the policy of trading and producing has been continuously creating hurdles in the way of progress and success of the economy.

The company could not attain its required profitability levels because of severe energy crisis prevailing in the Country during first to third quarters of the year. Management is concerned about the profitability of the company for the remaining period of the year due to ever increasing load shedding in Gas & Power and double digit inflation. However the management is hopeful, with the summer approaching

that the energy crisis will be arrested, and is putting its best efforts to maximize company's profit for remaining period of the financial year and is positive of better results in the remaining months and hope to maximize the profitability of the company.

Acknowledgment

The Directors wish to express their appreciation to the staff & workers of the Company for their dedication & devotion displayed in the growth of the Company. The Directors feel pleasure in expressing appreciation for the continued interest and support of all the shareholders, bankers, various government bodies of the Company while performing their duties during the period and hope that the same spirit will prevail in the future as well.

On behalf of the Board of Directors

Karachi:
Dated :April 24, 2015

SHAIKH MUHAMMAD TANVEER
Chief Executive

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ACCOUNTS

Financial Statements (Un-Audited)
3rd Quarter Ended March 31, 2015



DIN TEXTILE MILLS LTD.

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Condensed Interim Balance Sheet (Un-Audited) as at March 31, 2015

(Amounts in Thousand)		Un-Audited	Audited
	Note	31-Mar-15 Rupees	30-Jun-14 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	2,666,005	2,670,683
Long term deposits		15,388	15,491
Deferred tax assets		20,328	68,161
		2,701,721	2,754,335
CURRENT ASSETS			
Stores, spare parts and loose tools		215,386	366,569
Stock in trade	6	1,392,855	1,325,019
Trade debts		923,834	1,193,936
Loans and advances		52,246	47,450
Trade deposits and short term prepayments		1,236	8,847
Other receivables		10,925	10,474
Other financial assets		-	84
Tax refunds due from the Government		464,673	362,920
Cash and bank balances		6,944	72,767
		3,068,099	3,388,066
CURRENT LIABILITIES			
Trade and other payables		2,226,584	2,241,887
Accrued mark up / interest		103,694	68,931
Short term borrowings		430,693	759,600
Current portion of			
Long term financing from banking companies - secured		299,053	343,270
Liabilities against assets subject to finance lease		3,952	19,335
		3,063,976	3,433,023
WORKING CAPITAL		4,123	(44,957)
TOTAL CAPITAL EMPLOYED		2,705,844	2,709,378
NON CURRENT LIABILITIES			
Long term financing from banking companies - secured		945,748	658,006
Liabilities against assets subject to finance lease		4,193	6,811
Deferred liabilities			
Staff retirement benefits - gratuity		125,903	139,114
		1,075,844	803,931
CONTINGENCIES AND COMMITMENTS			
Net Worth	7	1,630,000	1,905,447
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
77,100,000 ordinary shares of Rs. 10/- each		771,000	771,000
Net Worth Represented by:			
Issued, subscribed and paid up capital			
22,421,688 ordinary shares of Rs. 10/- each	8	224,217	224,217
Reserves		1,405,783	1,681,230
		1,630,000	1,905,447

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

Karachi:
Dated : April 24, 2015

SHAIKH MOHAMMAD MUNEEB
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

**Condensed Interim
Profit and Loss Account (Un-audited)
For the quarter and 3rd quarter ended March 31, 2015**

(Amounts in Thousand except earning per share)

	Note	Nine Months Ended		Quarter Ended	
		31-Mar-15 Rupees	31-Mar-14 Rupees	31-Mar-15 Rupees	31-Mar-14 Rupees
Sales		6,610,072	6,463,139	1,964,505	2,056,699
Cost of sales		(6,317,627)	(5,740,171)	(1,887,353)	(1,894,563)
Gross Profit		292,445	722,968	77,152	162,136
Distribution cost		(71,246)	(84,680)	(21,733)	(28,691)
Administrative expenses		(103,319)	(86,475)	(35,942)	(30,260)
Other operating expenses		(107)	(12,278)	11	413
Finance cost		(293,984)	(311,926)	(93,622)	(115,162)
		(468,656)	(495,359)	(151,286)	(173,700)
		(176,211)	227,609	(74,134)	(11,564)
Other operating income		1,345	183	(334)	43
(Loss) / Profit before taxation		(174,866)	227,792	(74,468)	(11,521)
Provision for taxation		(100,569)	(52,285)	(2,778)	(19,311)
(Loss) / Profit for the period		(275,435)	175,507	(77,246)	(30,832)
(Loss) / Earning per share - basic (Rupee per share)	9	(12.28)	7.83	(3.45)	(1.38)

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

Karachi:
Dated : April 24, 2015

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

**Condensed Interim
Statement of Comprehensive Income (Un-Audited)
For the quarter and 3rd quarter ended March 31, 2015**

(Amounts in Thousand)

	Nine Months Ended		Quarter Ended	
	31-Mar-15 Rupees	31-Mar-14 Rupees	31-Mar-15 Rupees	31-Mar-14 Rupees
(Loss) / Profit for the period	(275,435)	175,507	(77,246)	(30,832)
Items that will be subsequently reclassified to profit and loss account				
Available for sale investments				
Unrealized gain on remeasurement of available for sale investments	2	-	-	-
Reclassification adjustments relating to gain realized on disposal of available for sale investments	(14)	-	-	-
	(12)	-	-	-
Total comprehensive (Loss) / Income for the period	(275,447)	175,507	(77,246)	(30,832)

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

Karachi:
Dated : April 24, 2015

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

**Condensed Interim
Cash Flow Statement (Un-Audited)
for the 3rd quarter ended March 31, 2015**
(Amounts in Thousand)

	31-Mar-15 Rupees	31-Mar-14 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) / Profit before taxation	(174,866)	227,792
Adjustments for		
Depreciation	175,561	132,017
Staff retirement benefits - gratuity	28,569	27,915
Workers' profit participation fund	-	11,989
Finance cost	293,984	311,926
Gain on disposal of available for sale investments	(36)	-
(Gain) / Loss on disposal of property, plant and equipment	(714)	145
	497,364	483,992
Profit before working capital changes	322,498	711,784
(Increase) / Decrease in current assets		
Stores, spare parts and loose tools	151,183	(90,322)
Stock in trade	(67,836)	(75,027)
Trade debts	270,102	300,604
Loans and advances	(4,796)	(702,445)
Trade deposits and short term prepayments	4,229	(759)
Other receivables	(451)	25,009
Other financial assets	108	-
(Decrease) / Increase in current liabilities	352,539	(542,940)
Trade and other payables	(15,557)	21,383
Cash generated from operations	659,480	190,227
Finance cost paid	(259,191)	(279,453)
Taxes paid	(153,519)	(139,595)
Dividend paid	(86)	(100,790)
Workers' profit participation fund paid	(661)	(44,253)
Staff retirement benefits - gratuity paid	(41,779)	(24,322)
Net cash generated from / (used in) operating activities	204,244	(398,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of property, plant and equipment	1,651	1,847
Fixed capital expenditure	(171,820)	(237,313)
Long term deposits	3,485	(510)
Long term Investment	-	(44,681)
Net cash used in investing activities	(166,684)	(280,657)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	243,525	(15,414)
Liabilities against assets subject to finance lease	(18,001)	(21,367)
Net cash generated from / (used in) financing activities	225,524	(36,781)
Net increase / (decrease) in cash and cash equivalents	263,084	(715,624)
Cash and cash equivalents at the beginning of the period	(686,833)	(128,332)
Cash and cash equivalents at the end of the period	(423,749)	(843,956)
CASH AND CASH EQUIVALENTS		
Cash and bank balances	6,944	163,777
Short term borrowings	(430,693)	(1,007,733)
	(423,749)	(843,956)

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

Karachi:
Dated : April 24, 2015

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

**Condensed Interim
Statement of Changes in Equity (Un-Audited)
for the 3rd quarter ended March 31, 2015**

(Amounts in Thousand)

Particulars	Share capital	Reserves			Sub total	Total
		Capital	Revenue			
		Merger reserve	General	Unappropriated profit		
Rupees						
Balance as at July 01, 2013	203,833	10,377	400,000	1,679,458	2,089,835	2,293,668
Total comprehensive income for the 3rd quarter ended March 31, 2014	-	-	-	175,507	175,507	175,507
Dividend for the year ended June 30, 2013 @ Rs 5/- per share	-	-	-	(101,916)	(101,916)	(101,916)
10% Bonus share issue for the year ended June 30, 2013 @ Rs 1/- per share	20,384	-	-	(20,384)	(20,384)	-
Interim dividend for the half year ended December 31, 2013 @ Rs 2.50/- per share	-	-	-	(56,054)	(56,054)	(56,054)
Balance as at March 31, 2014	224,217	10,377	400,000	1,676,611	2,086,988	2,311,205
Balance as at July 01, 2014	224,217	-	400,000	1,281,230	1,681,230	1,905,447
Total comprehensive loss for the 3rd quarter ended March 31, 2015	-	-	-	(275,447)	(275,447)	(275,447)
Balance as at March 31, 2015	224,217	-	400,000	1,005,783	1,405,783	1,630,000

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

Karachi:
Dated : April 24, 2015

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

Selected Notes to the Condense Interim Financial Statements (Un-Audited) for the 3rd quarter ended March 31, 2015

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, M. T. Khan road, 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 and Raiwind 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 2014, the license was renewed and extended for a period of twelve months expiring on November 12, 2014. The license fee was agreed at rupees 2,843,375 per month payable quarterly in advance. In view of the worst power, gas supply and current dialing trend yarn prices, the management of the company has decided to curtail the production capacity of the company by not renewing the license agreement to operate this unit.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information is un-audited and has been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 "Interim Financial Reporting" as applicable in Pakistan. This condensed interim financial information does not include all of the information and disclosures required for annual financial statements, and should be read in conjunction with the financial statements of the company as at and for the year ended 30th June, 2014.

These condensed interim financial information are being submitted to the shareholders as required by the Listing regulations of Karachi and Lahore Stock Exchange and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements comprise of condensed interim balance sheet, condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the selected notes for the 3rd quarter ended March 31, 2015 which have not been audited. These condensed interim financial statements also include condensed interim profit and loss statement for the quarter ended March 31, 2015.

3 SIGNIFICANT ACCOUNTING POLICIES

- 3.1 The accounting policies and methods of computation which have been used in the preparation of these condensed interim financial information are the same as those applied in preparation of the financial statements for the preceding year ended June 30, 2014.
- 3.2 Amendments to certain existing standards and new interpretations on approved accounting standards effective during the period either were not relevant to the company's operations or did not have any impact on the accounting policies of the company.

4 ACCOUNTING ESTIMATES, JUDGMENTS AND FINANCIAL RISK MANAGEMENT

- 4.1 The preparation of these condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

Judgements and estimates made by management in the preparation of these condensed interim financial information are the same as those that were applied to the financial statements as at and for the year ended June 30, 2014.

- 4.2 The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2014.

5 PROPERTY, PLANT AND EQUIPMENT

		Un-Audited	Audited
		31-Mar-15	30-Jun-14
		-----Rupees in '000'-----	
Operating assets	5.1	2,642,049	2,647,474
Capital work in progress - at cost	5.2	23,956	23,209
		2,666,005	2,670,683

- 5.1 The cost of additions and deletions to property, plant and equipment during the 3rd quarter ended were as follows.

	31-Mar-15		31-Mar-14	
	Acquisition	Disposal	Acquisition	Disposal
	Cost		Cost	
	-----Rupees in '000'-----		-----Rupees in '000'-----	
Owned Assets				
Plant and machinery	165,752	675	221,483	15,991
Electric installation	904	-	4,571	-
Tools and equipment	25	-	-	-
Furniture and fixture	1,401	-	2,162	-
Office equipment	-	-	235	-
Computers	336	1,270	941	85
Vehicles	2,654	3,518	146	2,336
Leased Assets				
Vehicles	-	-	7,020	-
	171,072	5,463	236,558	18,412

5.2 CAPITAL WORK IN PROGRESS

	(Un-audited)	(Audited)
	31-Mar-15	30-Jun-14
	-----Rupees in '000'-----	
Building	15,509	15,421
Plant and machinery	659	-
Electric Installation	7,788	7,788
	23,956	23,209

6 STOCK IN TRADE

- 6.1 Finished goods amounting to Rs. 30,677,463 (June 30, 2014 : Rs. 40,497,935) stated at their net realizable value aggregating Rs. 26,878,455 (June 30, 2014 : Rs. 36,529,682). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 3,799,007 (June 30, 2014 : Rs. 3,968,254).

7 CONTINGENCIES AND COMMITMENTS

There has been no significant change in the contingencies and commitments since the last audited financial statements except as disclosed in note 7.1, 7.2 and 7.3 respectively.

- 7.1 The Company has issued post dated cheques amounting to Rs. 86.23 million (June 30, 2014: Rs. 57.56 million) in favor of Collector of Customs in lieu of custom

9 (LOSS) / EARNING PER SHARE

	Nine Months ended		Quarter ended	
	31-Mar-15 Rupees	31-Mar-14 Rupees	31-Mar-15 Rupees	31-Mar-14 Rupees
	-----Rupees in '000'-----			
(Loss) / Profit for the period	<u>(275,435)</u>	<u>175,507</u>	<u>(77,246)</u>	<u>(30,832)</u>
Weighted average number of ordinary shares outstanding during the period	22,421,688	22,421,688	22,421,688	22,421,688
(Loss) / Earning per share - basic (Rupee per share)	<u>(12.28)</u>	<u>7.83</u>	<u>(3.45)</u>	<u>(1.38)</u>

9.1 There is no dilutive effect on the basic earning per share of the company.

10 TRANSACTIONS WITH RELATED PARTIES

	Relationship	(Un-audited)	(Un-audited)
		31-Mar-15	31-Mar-14
		-----Rupees in '000'-----	
Transactions with related parties			
MCB Bank Limited	Associated company		
Deposits		173,899	215,305
Withdrawals		195,372	212,702
Din Leather (Pvt) Limited	Associated company		
Reimbursement of Expenses		1,450	-
Din Farm Product (Pvt) Limited	Associated company		
Sale of electricity		-	4,779
Reimbursement of Expenses		73	-
Ihsan Raiwind Mills (Pvt) Limited	Subsidiary company		
Sales		-	203,486
Purchase		-	3,333
Advance		-	49,440
Salaries and other employees benefits	Key management personnel	87,106	61,746
Staff retirement benefits	Key management personnel	4,039	1,817

	(Un-audited)	(Audited)
	31-Mar-15	30-Jun-14
	-----Rupees in '000'-----	

Balances outstanding at the period end

MCB Bank Limited	1,212	22,685
Din Leather (pvt) Ltd	-	2,019

11 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements have been authorized for issue on April 24, 2015 by the board of directors of the company.

12 GENERAL

Figures have been rounded off to the nearest thousand rupees.

Karachi:
Dated : April 24, 2015

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

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