



31st Annual Report
2018

Din[®]

Din Textile Mills Ltd.



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CORPORATE INFORMATION

Board of Directors

Shaikh Mohammad Muneer
Shaikh Mohammad Pervez
Shaikh Muhammad Tanveer
Shaikh Mohammad Naveed
Mr. Fawad Jawed
Mr. Farhad Shaikh Mohammad
Mr. Abdul Razzak

Chairman

Director

Chief Executive

Director

Director

Director

Director

Company Secretary

Mr. Islam Ahmed

Chief Financial Officer

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

Auditors

Naveed Zafar Ashfaq Jaffery & Co.,
Chartered Accountants

S Allied Bank Limited
L Bank Alfalah Limited
E Bank Al-Habib Limited
K Dubai Islamic Bank Pakistan Limited
C Habib Bank Limited
S Habib Metropolitan Bank Limited
B MCB Bank Limited
MCB Islamic Bank Limited
Meezan Bank Limited
National Bank of Pakistan
Faysal Bank Ltd
Standard Chartered Bank (Pakistan) Limited

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 District Lahore - Punjab.

Unit-IV: Dars Road, Off Raiwind Manga Road,
Bachuki Majha Distt. Kasur

Website

www.dingroup.com

Audit Committee

Mr. Abdul Razzak	Chairperson
Shaikh Mohammad Pervez	Member
Mr. Farhad Shaikh Mohammad	Member

Human Resource and Remuneration Committee

Mr. Abdul Razzak	Chairperson
Shaikh Mohammad Pervez	Member
Mr. Fawad Jawed	Member



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 value added spinning industry in Pakistan. With four state-of-the-art spinning units and 1 dyeing unit located at Multan Road Pattoki and Raiwind having Consolidated annual production capacity of yarn 35.282/-Million-Kgs and dyeing of Fiber and Yarn 4.38 million Kgs.

With an consolidated annual turnover of Rs 9.479 billion, today Din Textile Mills Ltd. employs over 2,552 employees. Din's aims to create superior value for our 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

Dyed Yarn

Mélange Yarn

Slub Lycra Yarn

Slub Yarn

Ply Yarn

Gassed Yarn



Organic Yarn
CU 813709
Din Textile Mills Ltd.
Pakistan





BOARD OF DIRECTORS

Shaikh Mohammad Muneer

Chairman

Shaikh Mohammad Muneer is the Chairman of Din Textile Mills Limited (Din Group of Companies). He also holds the position as Vice Chairman of MCB Bank Ltd, Patron-in-Chief of Korangi Association of Trade & Industry (KATI) and Patron-in-Chief of Friends of Burns Centre, Civil Hospital. He is also the Chairman of Chiniot Anjuman-e-Islamia, running various schools/colleges/hospitals and maternity homes & also involved in many other social and welfare activities across the globe.

Under his dynamic leadership and missionary zeal Din Group has been awarded various Best Export Performance Trophies by FPCCI for its highest exports and has 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 also been awarded **Life Time Achievement Award** by then President of Pakistan.

He has been the Chairman of All Pakistan Tanners Association for Seven 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.

Additional current holding position:

- Fatimid Blood Foundation, Board of Governors of College of Business Management (CBM) Karachi.
- Board of Governors of Greenwich University, Karachi.
- Board of Governors of Kidney Centre of Post Graduate Training Institute. Karachi
- Board of Governors of Shaukat Khanum Memorial Trust, Lahore
- Voice Chairmain of MCB Bank Limited.

Shaikh Mohammad Pervez

Director

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 addition to the above, he is also:

- Vice President of Patient Behood Society, Agha Khan University Hospital, Karachi.
- Member Board of Indus Hospital.
- Vice Chairman of Chiniot BaitulMaal

Shaikh Muhammad Tanveer

Chief Executive

Mr. Shaikh Muhammad Tanveer is the Executive Director of Din Textile Mills Limited (Unit of Din Group of Companies). After joining as Director of Din Textile Mills his contribution in the growth of company's business is remarkable. He has also visited many countries of the World as individual businessmen and also together with business delegates, as a member or as a leader of the delegation.

He has been the Chairman of Punjab Industrial Estate (PIE) till March 2016, and actively involved in various Business and industrial Development projects of the Govt. of Punjab.

He has been Chairman of All Pakistan Textile Mills Association till September 2015. In his tenor APTMA achieved remarkable milestones for the Development of Textile Sector in Pakistan.

He is also got certification as Certified Director (as required by Code of Corporate Governance issued by the Security and exchange commission of Pakistan) in 2015 under Director Training Program held by Institute of Chartered Accountants of Pakistan.

Shaikh Mohammad Naveed

Director

Shaikh Muhammad Naveed is the Executive Director of Din Textile Mills Limited (unit of Din Group of Companies).

He is Graduate from Boston University (BU), USA. in Bachelor of Science in Business Administration (BSBA) and Bachelor of Arts in Economic(BA Econ) . He is a Qualified ISO-9000 Auditor from International Registrar of Certified Auditors (IRCA) & Microsoft Certified Professional (MCP).

Being a Director of Din Textile Mills Ltd., his prime responsibility is to take care of the Balancing/ Modernization of Textile spinning, Dyeing, Power plants and procurement of the company to meet high quality standard of the products.

In addition to the above, he is also:-

- Elected President of Pakistan-China Joint Chamber of Commerce and Industry (PCJCCI)2017-2018.

Mr. Fawad Jawed

Director

Mr. Fawad Jawed is the Non Executive Director of Din Textile Mills Limited (Din Group of Companies). He is a business graduate from USA and is actively looking after Purchase of Dingroup of Companies. He is also actively involved in philanthropy.

In addition to the above, he is also;-

- Director of Din Leather (Pvt.) Limited
- Director of Din Energy Limited
- Director of Din Power Limited
- Director of Din Wind Limited
- Director of Din Ventures (Pvt.) Limited
- Director of Kanal (Pvt.) Limited

- Chairman of Pakistan Tanners Association in 2103-14
- Vice Chairman of Pakistan Tanners Association in 2011-12
- Convener of CPLC NC PTA Korangi.
- Vice Chairman of “Law & Order” Committee Korangi Association of Trade & Industry. (KATI) Karachi 2012-14

Mr. Farhad Shaikh Mohammad

Director

Mr. Farhad Shaikh Mohammad is the Non Executive Director of Din Textile Mills Limited (Din Group of Companies). He is a finance graduate and has participated in various courses such as Corporate Governance Leadership and Corporate Finance Management. He has been invited as guest speaker at many universities and conferences. He is engaged in the matters of finance and accounts of the Din Group of Industries. He is also actively involved in philanthropy.

In addition to the above, he is also;-

- Director of Din Leather (Pvt.) Limited
- Director of Din Energy Limited
- Director of Din Power Limited
- Director of Din Wind Limited
- Director of Din Corporation (pvt) Limited
- Director of Din Developments (pvt) Limited
- Director of Din sphere (pvt) Limited
- Director of Fauji Fertilizer Company Limited

Mr. Abdul Razzak

Director

Mr. Abdul Razzak is as independent Director of Din Textile Mills Limited. After completion his academic life he joined his family business in 1991. It is expected that he will play a success role in the growth and success of the company. He also participates in many social and welfare activities and he is a member of Trade bodies like Korangi Association of Trade and Industry etc.



BOARD OF DIRECTORS COMMITTEES

1- AUDIT COMMITTEE

The audit committee is a committee comprising board of non-executive 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 non Executive Directors one of them is chairman of the committee who are members of the committee.

1	Mr. Adul Razzak	(Independent / Non-Executive Director)	Chairperson
2	Shaikh Mohammad Pervez	(Non-Executive Director)	Member
3	Mr. Farhad Shaikh Mohammad	(Non-Executive Director)	Member
4	Mr. Islam Ahmed		Secretary

Meetings of the Committee

S. No.	Name of Director	Total No. of Meeting	Meeting Attend
1	Mr. Adul Razzak	4	4
2	Shaikh Mohammad Pervez	4	4
3	Mr. Farhad Shaikh Mohammad	4	4

Terms of References

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-define policies and procedures 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 Terms of Reference of Audit Committee were presented to the members as required under the Code of Corporate Governance and the same were approved by the Board of Directors. Accordingly, contents of the same are as under:

Financial Reporting

- Company has followed appropriate accounting standards and made appropriate estimates and judgments, taking into account views of the external auditor.

- 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, where different approaches are possible;
 - › Significant adjustments resulting from the audit;
 - › Going concern assumption;
 - › Any changes in accounting policies and practices, on a year by year basis;
 - › Compliance with applicable accounting standards;
 - › Compliance with listing regulations and other statutory and regulatory requirements; and
 - › All related party transactions.
- Review of preliminary announcements of results prior to publication.

Internal Controls and Risk Management Systems

- Review of the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed within the Company;
- Review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
- 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;
- Determination of appropriate measures to safeguard the Company's assets and detection of frauds; and
- Consideration of major findings as a result of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto.

Compliance

- Review the adequacy and security of the Company's arrangements for its employees and its contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;
- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof, receiving reports on non-compliance (if any). And
- Determination of compliance with relevant statutory requirements;

External Audit

- Consider and make recommendations to the board in relation to the appointment, re-appointment, audit fees and removal of the Company's external auditor. The Committee shall oversee the selection process for a new auditor and, if an auditor resigns, the committee shall investigate the issues leading to his resignation and decide whether any action is required. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof;
- Review the management letter and management's response to the auditor's findings and recommendations;
- Develop and implement a policy on the supply of non-audit services by the external auditor, taking into account any relevant ethical guidance on the matter; and
- Facilitating the external audit and discussion with external auditors on major observations arising from half-yearly review and annual audit, including any matter that the auditors may wish to highlight (in the absence of management, where necessary).

Reporting Procedure

- The committee shall make whatever recommendations to the board it deems appropriate on any area within its remit where action or improvement is needed; and
- The committee shall produce a report on its activities to Board of Directors.

Other Matters

- 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;
- Arrange for periodic reviews of its own performance and at least annually, review its constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the board for approval;
- Review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
- Be responsible for co-ordination of the internal and external auditors; and
- Consideration of any other issue or matter as may be assigned by the Board of Directors.

Review of Terms of References

The terms of reference of the committee may be revised and modified with the approval of the board.

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

The HR and Remuneration Committee has been reconstituted effective from May 02, 2018, Mr. Abdul Razzak, an independent director, has been appointed Chairperson of the Committee replacing Shaikh Mohammad Pervez.”

HR & R COMMITTEE MEMBERS & ITS MEETINGS

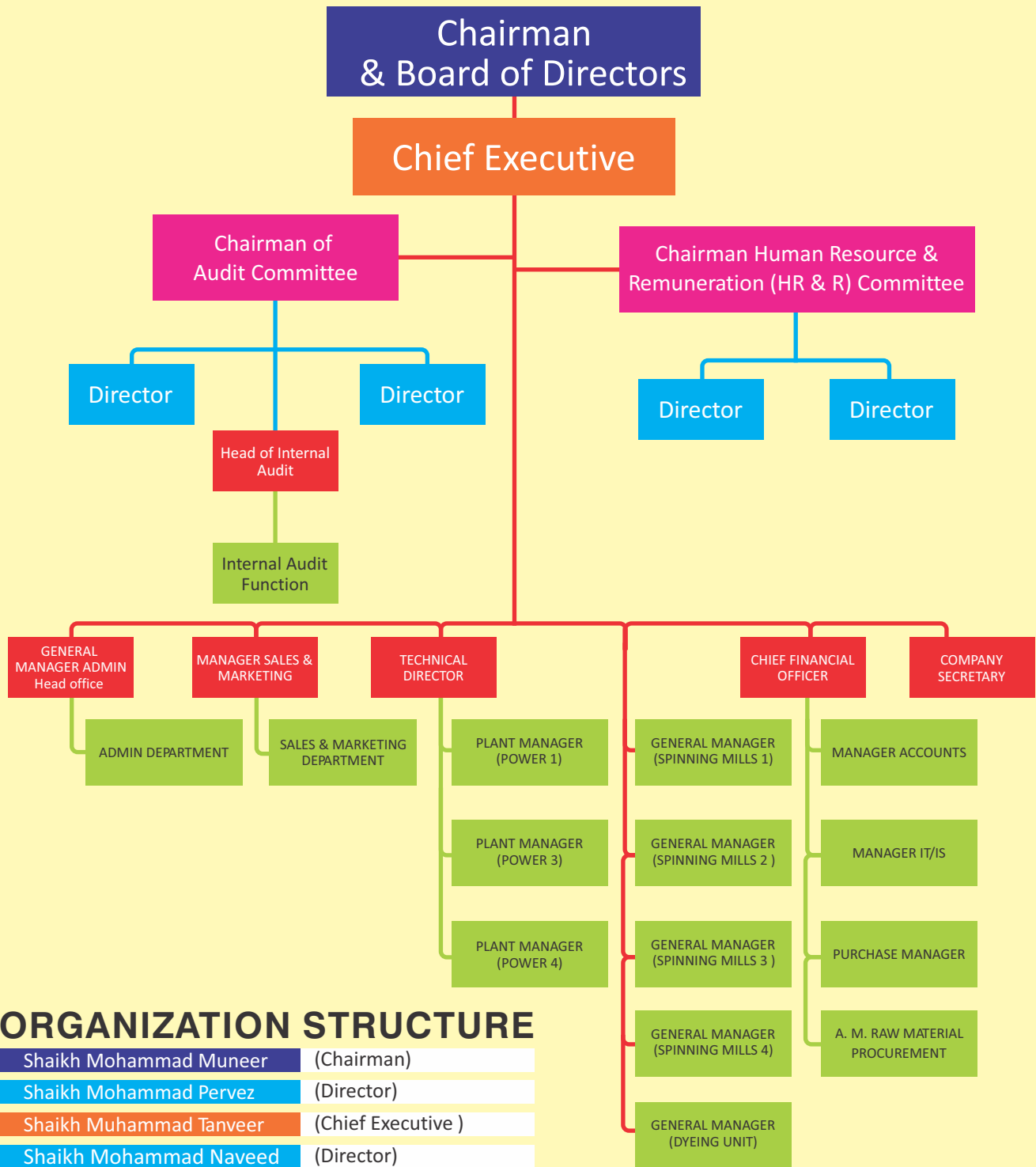
1	Mr. Abdul Razzak	(Non-Executive Director)	Chairperson
2	Shaikh Mohammad Pervez	(Non-Executive Director)	Member
3	Mr. Fawad Jawed	(Independent / Non-Executive Director)	Member
4	Mr. Amir Riaz Qureshi		Secretary

S. No.	Name of Director	Total No. of Meeting	Meeting Attend
1	Mr. Abdul Razzak	1	1
2	Shaikh Mohammad Pervez	1	1
3	Mr. Fawad Jawed	1	1

Terms of Reference

- Recommending human resource management policies to the board;
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO
- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of CFO, Company Secretary and Head of Internal Audit. This will included benefits in kind, compensation payments, including any compensation payable for loss or termination of their office or appointment; and
- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO.
 - The remuneration of executive and non executive Directors shall not fall within the preview of the HR & R Committee.
 - Recommendations in respect of compensation including performance incentives will ensure that:
 - The Company is able to recruit, motivate and retain persons of high ability, caliber and integrity.
 - The packages are consistent with what is normal in industry and / or specific job wise, as determined through surveys conducted.
 - Incentives where applicable are based on criteria which have been carefully examined, discussed and authorized.

- Selection recommendation should ensure that the Company has a formal selection procedure which provides for;
 - A description of the position that requires to be filled with a profile of the ideal candidate;
 - Selection Boards for various levels of recruitment;
- Performance evaluation should:
 - Be based on procedures formally specified and which override individual likes and dislikes;
 - Provide for a discussion of the Annual Performance Report with each manager concerned.
- The Committee will also:
 - Review and approve compensation payable to senior management for any loss or on termination of service to ensure that it is consistent with contractual terms and is otherwise fair.
 - Review and advice on the training, development and succession planning for the senior management with reference to the Board's corporate goals and objectives.
 - Devise a procedure for the approval of HR related policies of the Company.
 - Review from time to time as appropriate these Terms of Reference and the effectiveness of the Committee and recommend to the Board any necessary changes



ORGANIZATION STRUCTURE

Shaikh Mohammad Muneer	(Chairman)
Shaikh Mohammad Pervez	(Director)
Shaikh Muhammad Tanveer	(Chief Executive)
Shaikh Mohammad Naveed	(Director)
Mr. Fawad Jawed	(Director)
Mr. Farhad Shaikh Mohammad	(Director)
Mr. Abdul Razzak	(Director)
Mr. Tariq Shahab Ansari	(Technical Director)
Mr. Islam Ahmed	(Company Secretary)
Mr. Shaukat Hussain Ch.	(Chief Financial Officer)
Major (R) Kamran Hafeez	(GM. Administration)
Mr. Kashif Javed	(Head of Internal Audit)
Mr. Ashiq Jan	(Manager Sales)

Code of Ethics



STATEMENT OF ETHICS AND BUSINESS PRACTICES For the year ended June 30, 2018

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 & 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 complying 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 maintains 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 to 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 believes 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.

EVENT CALENDERS

2017-18

**July 04,
2017**

Board of Directors Meeting for addition/disposal of Fixed Assets & Finance Facility of Diminishing Musharaka in Bank Al-Falah Limited.

Board of Directors Meeting for the Technical Director of the Company authorized as 2nd signatory in Allied Bank Limited, Raiwind Branch, Lahore.

**August 08,
2017**

**October 03,
2017**

Audit Committee and Board of Directors meeting for consider to financial accounts of the Company for the year ended June 30, 2017.

Audit Committee and Board of Directors meeting for consider to accounts of the Company for the first quarter ended September 30, 2017.

**October 26,
2017**

**October 28,
2017**

Annual General Meeting of shareholders for approval of Annual Accounts of the Company for the year ended June 30, 2017.

Board of Directors Meeting for the General Manager of the Company authorized as 2nd signatory in Allied Bank Limited, Pattoki Branch, Pattoki &; approval Form-2 and transfer of shares of Din Textile Mills Limited.
Human Resource and Remuneration (HR&R) Committee Meeting to propose and increase in monthly remuneration of Chief Financial Officer & ; Head of Internal Audit.

**December 20,
2017**

**February 20,
2018**

Audit Committee and Board of Directors meeting to consider accounts of the Company for the 2nd Quarter/Half Year ended December 31, 2017.

Board of Directors Meeting for the General Manager Admin of the Company authorized to sign, execute and verify any legal or other documents and initiate Legal and all related provisions of the Companies Act, 2017.

**February 22,
2018**

**April 20,
2018**

Audit Committee and Board of Directors meeting to consider accounts of the Company for the third quarter ended March 31, 2018.

Board of Directors Meeting for restructure of Human Resource and Remuneration Committee HR&R).

**May 02,
2018**

**June 28,
2018**

Board of Directors Meeting for Opening Bank Account in MCB Islamic Bank Limited and approval Form-2 and transfer of shares of Din Textile Mills Limited.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 31 st Annual General Meeting of the Company will be held on Friday the 26th October 2018 at 12:00 p.m. at Beach Luxury Hotel, Tulip Hall, M. T. Khan Road, Karachi.

1. To confirm the minutes of the Annual General Meeting of the Company held on 28 th October 2017.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2018 together with Directors and Auditors Report thereon.
3. To declare final dividend by way of issue of fully paid bonus shares @ 30% in the proportion of three (3) shares for every ten (10) shares of Rs. 10 each held by the members as recommended by the Board of Directors.
4. To appoint Auditors, and fix their remuneration.
5. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

ISLAM AHMED

COMPANY SECRETARY

Karachi: September 24, 2018

Notes:

1. The share transfer books of the Company will remain closed from October 20, to October 26, 2018 (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 Services**, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi.
4. Payment of Cash Dividend Electronically in accordance with the provision of section 242 of the companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into bank account designated by the entitled shareholders. SECP vide circular No. 18 of 2017 dated August 01, 2017, has presently waived this condition till October 31, 2017. Any dividend payable after this due date shall be paid

in the manner prescribed only.

All shareholders are requested to provide details of their bank mandate specifying;

(i) title of account (ii) account number (iii) IBAN number (iv) bank name and (v) branch name, code & address, to the Company's Share Registrar. Shareholders who hold shares with CDC are advised to provide the bank mandate details as mentioned above, to the concerned CDC.

6. In accordance with SRO 470(I)2016 dated 31 st May 2016. SECP has allowed the Companies to circulate the annual audited accounts to its members through CD / DVD / USB instead of transmitting the hard copies at their registered addresses. The Company has obtained shareholders' approval in its 30 th Annual General Meeting held on 28 th October, 2017. Accordingly, the Annual Report of Din Textile Mills Limited for the year which ended on 30 th June, 2018 is being dispatched to the shareholders through CD. However, if an shareholders, in addition, desires to get the hard copy of Annual Audited Financial Statements, the same shall be provided free of cost within seven working days of receipt of such request.
7. For convenience of shareholders, a **“Standard Request Form”** for provision of Annual Audited Financial Accounts is available on the Company's website.

Message from CHAIRMAN



Din Textile's has grown and developed over the three decades and today, your company has a powerful impact on the Value Added Spinning Sector in Pakistan. We always believe that progressive values, a fresh perspective and innovative thinking are the secrets of real success.

Since inception, we have used the powerful synergies that we have with our Professional team and our own strengths in advanced technology, speed to market, and innovative manufacturing solutions to build a company that ranks second to none in its industry sector.

While reviewing the financial year just past, this report also looks to the future, as we plan to continue our expansion into innovative technologies, new market, strengthen our commitment to research and development in new products, and environmentally friendly processes in all that we do.

Our business sector is a challenging one and our success is no incident. We plan to keep pushing the boundaries, moving out of our comfort zone and realising our peoples' potential in creativity, innovation and style **to be quite simply...better by performance**



Chairman’s Review

As the chairman of Din Textile Mills Limited, I am please to present the 30th Annual Audited Accounts along with the auditor’s report thereon for the year ended June 30, 2018.

Economic Environment

The overall Country's economy is performing well and continues to grow strongly, with a modest increase in inflation. Although Government has made substantial progress to reform the business environment, there are still some critical red flags, such as growing fiscal deficit and increasing current account deficit which require immediate attention. GDP continued to grow above 5 percent in each of the last 2 years reaching 5.79 percent highest in 13 years in the outgoing fiscal year 2017 - 2018 and 4 percent in each of the three preceding years.

Losing out the export competitiveness has been an important issue facing the economy. Strategic interventions and reforms by the Government are required to address sectors represented by the aforementioned weakening economic indicators to ensure macroeconomic stability in the long-run. Due to the fall in Rupee the economy has suffered. Rupee was hit hard, adversely affecting the currency. Rupee has always remained between 104 and 105 per dollar since 2015, but in last three sessions it lost its value by over 5 percent. Currency’s level always has a direct bearing on various aspects of the economy. The outcome of the devaluation of Rupee against US dollar in the domestic market incidentally coincided with a rise in the crude oil prices in the global market resulting in an upward trend in oil prices from January 2018. The trend will obviously result in increase in the manufacturing and transportation cost resulting in price hike of all the commodities produced locally. Thus in 2018 the country may witness considerable price hike. The Government takes all possible measures to maintain price hike to an acceptable level.

Textile Outlook

Textile industry has been the worst hit by power cuts. In addition to energy crisis, a massive increase in gas, electricity and other fuels has forced the textile mills to close their units, especially in Punjab the industry is under severe pressure due to unsustainable gas pricing. As a result low profitability and loss in textile industry, the revival strategy needs to be holistic and all the requisite production stages have to prosper in tandem. No point imposing duties on importing cotton while failing to restrict cotton exports, since an artificial shoring up of cotton prices in the domestic market will either be short lived or will take down the entire national textile chain with it, including the farmer.

The growth in textile sector's production remained below 0.47 % in 2017-18 as compared to 0.59 % in 2016-17. Also, despite the government’s giving high priority to the power sector, growth in electricity generation/distribution and gas distribution remained below two percent.

Marketing Activities

In line with the global economy is on the track of recovery, Pakistan’s exports are also on the increasing trend and the negative growth is

bottoming out, as far as textile sector is concerned, despite of high cost of doing business, uncompetitive business environment takes 60% share in total exports with a 7.20% growth recorded in textile group as compare of last year. Being a basic sector of textile, Spinning sector recorded 1.9 % growth in export as compare to last year in Value and 9.8% growth in quantity, it shows clearly the price pressure on cotton yarn.

During the year under Review, there is low demand of yarn which create depressed market sentiment, which is mainly because of low price import of yarn from India and china. The company's overall gross sales increase by 27.72% in term of value, mainly because of increase in production capacity by increasing 9,552 Spindles, Where as export sales reduced by 0.36% inspite of devaluation and domestic sale increase by 37.55% as compared to last year. Combination of gross local and export sales is **79.17%** and 20.83 % respectively in current year where as it was **73.36%** and 26.64% in the year 2017.

Despite of Depress market situation, increase in major cost components e-g Fuel and power and minimum wages of worker your company gross profit Margin Increased by 2.09% (2018: 8.52% , 2017: 6.43%). The increase in Gross Margin shows the strict control over cost and better stock management.

Operational Review

The target of cotton season 2017-18 set at 14.00 Million bales and at the end of season the Actually cotton produce 11.5 million bales (170 Kgs) on an ex-gin basis. Due to shortage of cotton, demand for higher grades of lint has increased.

At Domestic level the prices of raw cotton during the year 2017-18 have rise in prices as compare to last year. From start of the cotton season prices are 41% more than in same period (August 2017 Rs. 6884/= per mound, August 2016 Rs. 4880/= per mound). Market Average Cotton Prices for the year 2017-18 is for Rs. 7768/= per mound where as it was Rs. 6912/= per mound in the last year 2016-17 which are on and average higher by 12.38% through out the year.

To Compete in a high competitive yarn market our company continuously doing BMR in all units of the company, Due to non consisting of Power Supplies the annual production and yield Targets of our company are slightly missed. The management team of our company emphasized the need to be strategically prepared for emergency and crises situations. During the year our Company Produced 32.134 Million Kgs yarn as compared to 26.849 Million Kgs in last year, there by achieving an average capacity utilization of 91.07% as against 84.69% during the year. 98,527 out of 103,488 spindles remained operational during the year which attended 95.20% utilization of installed capacity as compare to 87,025 working spindle out of 93,936 spindle having 94.65% utilization of installed capacity in last year.

Financial Review

The Management of Our Company are fully award with the current economic situation of the country and close Monitoring of related markets, The Company carefully review its Stock and stores policies with the view to avoid losses due to increasing trend in prices. In spite of increasing trends in prices of all factors of cost of doing business our company perform well in the year under review. The financial Performance of our company for the years 2017-18 reflect better as compare to last year, despite having low demand in yarn and uncompetitive business environment, as it Net Sales revenue reached up to Rs. 9.479 Billion (FY 2016-17 Rs. 7.421 billion) and Profit Before Tax (PBT) Rs.231.337 million (FY 2016-17 PBT Rs. 1.488 million).

Keeping in view the un competitiveness we were taken cost saving and controlling initiatives, to particularly offset the negative impact of escalating input costs. Din Textiles is committed to enhancing its' product base by diversifying in to low cost high quality products with high financial returns. That we believe in People Planet and Profits (Three PPP's). Cost of Sale as compare to sale decreased by **2.09%**. It is Rs. 8.671 billion which is **91.48%** of sale in year 2017-18 where it was 6.944 billion (93.57 % of sale) in year 2016-17. The decrease in cost of sales is mainly due to cost reduction without compromising in qualities, policies of Management inspite of Increase in prices of raw cotton, the raw material consumption decreased by 4.46% which is 63.72% of Sales in current year, where as it was 68.18% of Sales in year 2016-17. The Power Cost as compare to Sale have also reduce by 0.31% which is 10.65% of sales in current year, where as it was 10.96% in the year 2016-17. The Increase Profit margins on sale is mainly due to effective control on cost and best utilization of company resources.

Company made considerable efforts and motivative measure to promote a cost conscious culture by utilizing the best negotiation skill in all sector of the business, the distribution cost, Administrative expenses, as compare to sales percentage have also decrease by 0.17%, 0.31% respectively, it is 0.55% and 1.56% in current year, where as it was 0.73% and 1.87% of sales in year 2016-17 respectively. In spite of expansion of operation, minimum wage rate and inflationary economic conditions the management of your company follows best practices and intelligent use of working capital the financial cost also have a decreased by 0.08% as compare to last Year , it is 3.72% of sales in year 2017-18 and 3.80% of sales in year 2016-17. Increase in other operating cost by 0.20 % is due workers profit participation fund and workers welfare fund.

The company's current year cash flow from operation after working capital changes, payment of income tax, finance cost, WPPF and staff retirement benefits shows cash inflow of Rs. 690.836 million mainly due to best ulitilization of companies resources, effective control on stocks and stores sale and procurement strategies, and better operational results. Keeping the continuous BMR policy to achieve the economy of scale your company spent Rs. 992.289 millions in current year and 592.706 in the year 2016-17, after adjustment of

investment activities of Rs. 982.738 million and net of financing activities of Rs. 1005.604 Million, The Company's net cash inflow of Rs. 713.701 million during the year, cash and cash Equivalent at the end of year shows an amount of short term borrowing of RS. 1,078.886 Millions as compared to last year short term borrowing of Rs. 1,807 Million .

In view of the above financial result rendered by the Company for the year 2017-18, We are putting our best efforts to focus on driving forward our financial performance which helping us to sustain long term growth and deliver industry leading return to our stakeholders in future.

Dividend

The Company's Philosophy revolves around sharing the success with all stake holders who have entrusted us with their precious capital . This work ethic has gone a long way, is not only sustaining the company through the general downturn, but also getting in to thrive. keeping in view of current year financial result, the Board of Director has recommended bonus share of three (3) shares for every ten (10) shares of Rs. 10 each held by the members i-e (30%) amounting to Rs.67,265,064/- (2017 : Nil).

Contribution To National Exchequer

Din Textile contributes towards the national economy on account of taxes and other levies, during the year under review our company paid 326.848 million (2016-17 Rs. 250.675 million) as cost of finance , contribute to the foreign reserves of the country US\$ 10.986 million (2016-17 \$ 13.312 Million) as direct exports, and accrued to government in term of Tax payment amounting to Rs. 96.044 million (2016-17 Rs. 151.004 million).

Research & Development

Din Textile believes in market driven approach and stands committed to invest to satisfy our customer need. Our focused and continuous investment in BMR bring the update technology during the year under review our company Spent net of Rs.992.289/= million (2016-17 Rs. 592.706 million) on capital expenditure. The investment portfolio of the company has been realigned as per changing market needs. There is an emphasis on team achievements and pride in individual accomplishment that contribute to our over all success.

Information Technology

We are committed to the process of upgrading and enhancing our IT infrastructure and moving towards greater process automation. Additionally, we remain focused on working closely with end users in studying their day to day activities and finding opportunities to automate and stream line various tasks in this regard, Considerable efforts were expended in analyzing business process and reporting gaps in ERP System through a series of discussion with business users.

Health, Safety and Environment

We believe and understand that creating a healthy, safe and supportive environment helps people and organization to flourish. The Company places great emphasis on safety and is concerned not only with the Over all Health Services activities with the Company but with its Vendors also. The Company organized and conducted different training relating to Health and Safety environment to enhance employees awareness on Health and Safety Related Issues.

The company has conducive environment for its employees, to work free of injury and illness. The employees are capable and accountable for preventing work related injuries and illness. The company also has a first aid facility for providing emergency treatment.

HR Management and Employment Relations

We firmly believe that it is our people who make us different from our competitors. Our people are our main assets and therefore we should put everything needed in place to win with our people. As we continue to evolve in the new era, by attracting the best and retain the best. We equip them with up to date knowledge and skills to create and sustain a culture of high performance in a competitive business environment. Continuing Training to be an important factor which supports and build organizational capability for continual innovation and change. Rigorous succession planning is also in place throughout the organization ensuring that employees are consistently developed to fill each role. We constantly look for the people who have ability to accept challenges and have the potential to lead the future.

Din's has successfully fostered a performance based remuneration culture. It endeavors to ensure that employees are regularly trained

and looked after well to ensure high levels of performance delivery. At Din's all executive and management staff are allowed 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.

Corporate Social Responsibility (CSR)

Din's CSR policy is driven by the imperative need to positively touch the lives of its stakeholders. At Din's we remain committed towards supporting the Communities where we live and operate through various social and community initiatives. In this direction, our key areas of focus include health care, education and sports. During the past three decades, Din's philosophy remained to conduct business in an ethical and responsible manner, bringing development to the land where it operates. The Company takes on social initiatives which it considers that its contribution would improve the lives of its communities.

Din's practices active corporate citizenship through corporate philanthropy, energy conservation, environmental protection measures, community investments, consumer protection measures, employment of special persons, industrial relationships, occupational safety & health, business ethics, anti-corruption measures, and contribution to national exchequer.

Future Outlook

The Management of the company is committed to secure optimum results, and focusing on efficient sales mix and product differentiation strategy along with consistent monitoring of areas where measures can be taken to reduce cost. The Company will work extensively to expand its product's market by increasing its export sales despite the fact that benefits of government export packages will not be available for the year 2018-19 on sale of yarn. Country's Economic scenario and market conditions for the textile-spinning sector seem to be the same for the near future, as in the current year. For the revival of the textile sector, Government needs to address the issue related to import of yarn from India and China and allow duty-free import of cotton because local cotton is not sufficient for local consumption and not fit for production of high quality fine count yarn.

Acknowledgment

I extend my sincere thanks to all our stakeholders including lending banks, shareholders, customers and our loyal, hardworking and committed Board of Directors, and Management of our company for their unstinted support in shaping and improving the performance of the Company, which makes Din Textile as Market Leader of Textile Industry.

On behalf of the Board of Directors

S.M. Muneer
Chairman



Directors' Report

The Directors are pleased to present the 2018 Annual Report together with the audited Financial Statements of the Company for the year ended June 30, 2018.

Overview

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. The business of the Company is mainly exposed to price increase in raw material and exchange rate fluctuations, which may affect its performance.

Financial Results

	Year ended June 30	
	2018	2017
Rupees in '000'.....	
Profit & Loss Appropriations		
Un-appropriated Profit brought forward	1,033,751	1,123,471
Total comprehensive Income / (Loss) for the year	142,843	(61,693)
Dividend for the year ended June 30, 2016 @ Rs 1.25/- per share	-	(28,027)
Purposed bonus shares @ 30% i.e. 3 shares for every 10 share held	(67,265)	-
Un-appropriated Profit carried forward	1,109,329	1,033,751
Earnings / (Loss) per share - basic and diluted	6.46	(2.82)

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

	Year ended June 30		
	2018	2017	Inc./ (Dec.)
Rupees in '000'.....		
			%age
Total Sales	9,479,190	7,421,792	27.72
Local Sales	7,610,170	5,532,629	37.55
Export Sales	2,002,051	2,009,262	(0.36)
Commission & Claims	(133,031)	(120,099)	-
Gross Profit	807,289	477,141	69.19

Salient Feature of the Accounting Results

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

	Year ended June 30	
	2018	2017
Rupees in '000'.....	
Sales	9,479,190	7,421,792
Cost of Sales	(8,671,900)	(6,944,651)
Gross profit	807,289	477,141
Distribution cost	(52,545)	(53,948)
Administrative Expenses	(147,942)	(138,734)
Other operating expenses	(22,880)	(2,750)
Finance cost	(352,703)	(282,011)
	(576,070)	(477,444)
Other Income	118	1,791
Profit before Tax	231,337	1,488

Dividend

The board of Directors have proposed dividend by way of issue of fully paid bonus shares for the year ended June 30, 2018 of three (3) shares for every ten (10) shares of Rs. 10 each held by the members i-e (30%) amounting to Rs.67,265,064/- (2017 : Nil), at their meeting held on September 24, 2018 for approval of the members at the Annual General Meeting to be held on October 26, 2018. These financial statements do not reflect this impact.

Financial Management

Cash Flow Management

During the year an amount of Rs. 988.304 million was Generated from company's operating activities before taking the effect of changes of working capital, this is mainly due to effective cost control measures, in spite of continuous increase in direct costs e.g. minimum wages and fuel & power, Rs. (1,020.810) Million was used in working capital by increasing Stock in trade, Trade debts, Advances and Other receivables. At the end of the year 2018 the liquid fund position comprising of cash and cash equivalents amounts to Rs. (1,042.060) 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 the accessibility to credit and a strong Statement of Financial Position as at June 30, 2018 with current Ratio 1.07 : 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 a part of our policy to produced forward looking statement we are outlining the risks which may affect 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 basis 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. The company believes that it is prudent to provide for doubtful debts.

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 Statement of Profit or Loss.

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 continues 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 uncontrolled price methods.

The company has fully complied with the best practices of transfer pricing as contained in the listing regulation of Pakistan Stock Exchanges.

Corporate Governance

The Company is committed to standards of corporate governance to ensure business integrity and upholding the confidence of all the stake holders. The Board of Directors is accountable to the share holders for good corporate governance. The management of the company is continuing to comply with the provision of best practices set out in the Code of Corporate Governance particularly with regards to independence of Non-Executive Director. The company remains committed to conduct its business in line with the listing regulations of Pakistan Stock Exchange, which clearly defines the rules and responsibilities of the Board of Directors and the management. Vision and Mission statements, Core Values, and Code of Conduct have been prepared and approved by the Board. Significant policies as required under the Code of Corporate Governance have been framed and are under review of the Board.

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 of 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 together with the notes thereon have been drawn up by the management in conformity with the Companies Act 2017. These statements present 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 reviewing 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 has been no material changes since June 30, 2018 other then mentioned in the audited financial statements of the company for the year ended June 30, 2018 which would affect its financial position at the date.

Board of Directors

The Board of Directors comprises of two Executive Directors, and five Non Executive Directors one of them is Independent Director. Current members of the Board of Directors have been listed in the company's information.

Board of Director Meetings

During the year under review ten meetings of the Board of Directors were held from July 2017 to June 2018. The attendance of the board member are as follows.

<i>NAME OF DIRECTORS</i>		<i>NO. OF MEETINGS ATTENDED</i>
1	Shaikh Mohammad Muneer (Non-Executive Director)	7
2	Shaikh Mohammad Pervez (Non-Executive Director)	9
3	Shaikh Muhammad Tanveer (Executive Director)	9
4	Shaikh Mohammad Naveed (Executive Director)	9
5	Mr. Fawad Jawed (Non-Executive Director)	9
6	Mr. Farhad Shaikh Mohammad (Non-Executive Director)	10
7	Mr. Abdul Razzak (independent / Non-Executive Director)	10

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

Internal Controls and Audit

Din Textile has an independent Internal Audit Function. The Internal Audit function is as integral and effective part of the Company's corporate governance structure which provide the Management, the 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.

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 discussed. 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 Transactions were also placed before the Audit Committee prior to the approval of Board.

Orientation Course

The management of the company has decided to carry out in-house management orientation training program by a professional management trainer to acquaint them with best current business practices. The main area of the training is time management, best use of available resources, optimal use of production resources and minimizing the breakdown time, etc.

Post Statement of Financial Position Events.

There are no material changes or commitments affecting the financial position of the Company that have occurred between the end of the financial years of the Company and the date of this report except as disclosed in the reports.

Statement of Ethics and Business Practices.

The Board has prepared and circulated the Statement of Ethics and Business Practices signed by every Director and employee of the Company as a token of acknowledgement 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 Pakistan Stock Exchange in the Listing Regulations relevant for the year ended June 30, 2018 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.

Board Evaluation

In compliance with Code of Corporate Governance 2012, the Board has put in place a mechanism for the annual evaluation of Board's performance. The evaluation of the performance of the Board is essentially an assessment of how the board has performed on all of the following parameters:

- Board composition and quality
- Board functions
- Financial performance of the company
- Statutory obligations

- Corporate Governance
- Risk Management
- Human Resource Management
- Research and Development
- Business expansion

Auditors

Statutory Audit for the company for the financial year ended June 30, 2018 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 Messrs.' Naveed Zafar Ashfaq Jaffery & 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 auditors for the financial year ended June 30, 2018 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, 2018 along with disclosures as required under Code of Corporate Governance , is annexed.

The Directors, Chief Executive, Chief Financial Officer, Company Secretary, and their spouses and minor children, have reportedly carried out no trading in the shares of the Company.

Acknowledgement

The Board of Directors is always a source of guidance and support for the management and are well aware of the challenges that lies ahead and is determined to ensure growth, generate profits and create value for your company and we are confident that they will continue to show the same dedication in the years ahead. We are pleased to acknowledge that the relation with employees remained cordial and harmonious throughout the year. The management recognizes and record its sincere appreciation to all employees for their continued dedication, commitment and hard work for the growth and prosperity of the company, without which, this performance would have not been possible.

In the end the board of directors would like to thank the Almighty for all his blessings in these challenging times and to convey our appreciation to all banks, customers , dealers and stake holders for their continued support in the company.

KARACHI

Date: 24 September 2018

SHAIKH MUHAMMAD TANVEER
Chief Executive

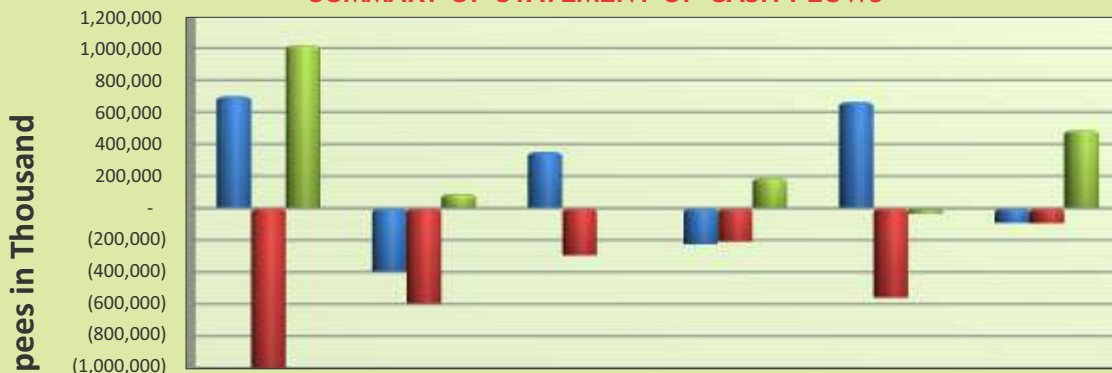
FARHAD SHAIKH MUHAMMAD
Director



SUMMARY OF STATEMENT OF CASH FLOWS

	Year ended June 30					
	2018	2017	2016	2015	2014	2013
 Rupees in '000'					
Cash Flows from / (Used in)						
Operation activities	690,836	(387,956)	347,286	(221,544)	655,214	(90,419)
Investing activities	(982,739)	(586,003)	(290,638)	(205,643)	(550,851)	(92,272)
Financing activities	1,005,605	88,206	574	186,789	(32,371)	481,461
Net Cash Flows	713,702	(885,753)	57,223	(240,397)	71,992	298,770
Opening Cash and Cash Equivalents	(1,755,762)	(870,009)	(927,232)	(686,835)	(128,332)	(427,101)
Cash and cash equivalents of subsidiary merged	-	-	-		(630,495)	-
Closing Cash and Cash Equivalents	(1,042,060)	(1,755,762)	(870,009)	(927,232)	(686,835)	(128,332)

SUMMARY OF STATEMENT OF CASH FLOWS



	2018	2017	2016	2015	2014	2013
operation activities	690,836	(387,956)	347,286	(221,544)	655,214	(90,419)
investing activities	(982,739)	(586,003)	(290,638)	(205,643)	(550,851)	(92,272)
financing activities	1,005,605	88,206	574	186,789	(32,371)	481,461

Six Years at a Glance

	YEAR ENDED JUNE 30						
	2018	2017	2016	2015	2014	2013	
Operating Results:							
Sales-net	(Rs 000)	9,479,190	7,421,792	7,602,604	8,552,541	10,211,074	8,296,374
Cost of Sales	(Rs 000)	8,671,900	6,944,651	6,942,947	8,126,147	9,536,724	6,908,178
Gross Profit / (Loss)	(Rs 000)	807,289	477,141	659,657	426,393	674,349	1,388,196
Operating Profit / (Loss)	(Rs 000)	583,922	281,708	460,626	203,961	460,586	1,101,856
Profit / (Loss) Before Tax	(Rs 000)	231,337	1,488	201,128	(167,227)	(41,338)	818,587
Profit / (Loss) for the year	(Rs 000)	144,888	(63,297)	60,519	(200,323)	(150,451)	734,663
Dividends	(Rs 000)	-	-	28,027	-	56,054	101,917
Earning / (Loss) before interest, taxes, depreciation & amortization(EBITDA)	(Rs 000)	915,966	560,048	717,539	462,403	671,040	1,285,558
Per Share Results and Returns:							
Earning / (Loss) per share	(Rupees)	6.46	(2.82)	2.70	(8.93)	(6.71)	32.77
Cash Dividend per Share	(Rupees)	-	-	1.25	-	2.50	5.00
Dividend yield ratio	(%)	-	-	1.48	-	2.09	8.20
Dividend payout ratio	(%)	-	-	46.31	-	(50.37)	13.87
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	94.77	113.05	84.59	131.25	119.42	61.00
Price Earning Ratio	(Times)	14.67	(40.05)	31.34	(14.69)	(24.06)	1.86
Financial Position:							
Reserves	(Rs 000)	1,576,594	1,433,752	1,523,471	1,451,305	1,642,074	2,089,835
Current Assets	(Rs 000)	5,393,380	4,410,750	3,009,652	2,849,314	3,388,066	4,507,036
Current Liabilities	(Rs 000)	5,023,205	4,681,202	3,040,434	2,880,464	3,412,966	3,109,746
Net Current Assets / (Liabilities)	(Rs 000)	370,175	(270,452)	(30,782)	(31,150)	(24,900)	1,397,290
Property Plant & Equipment	(Rs 000)	3,542,913	2,895,905	2,585,435	2,551,517	2,598,680	1,635,532
Total assets	(Rs 000)	8,951,539	7,322,125	5,629,405	5,525,668	6,076,377	6,343,980
Long Term Debt	(Rs 000)	2,282,450	1,276,846	1,188,639	1,188,065	1,001,276	1,059,793
Shareholders' equity	(Rs 000)	1,800,811	1,657,968	1,747,688	1,675,522	1,866,290	2,293,668
Capital Employed	(Rs 000)	3,928,334	2,640,923	2,588,971	2,645,203	2,663,411	3,234,234
Share Capital	(Rs 000)	224,217	224,217	224,217	224,217	224,217	203,834
Break up value per share	(Rupees)	80.32	73.94	77.95	74.73	83.24	112.53
Financial Ratio:							
Current ratio	(Times)	1.07	0.94	0.99	0.99	0.99	1.45
Long-Term Debt to Shareholders' equity	(%)	36.75	32.59	31.47	30.99	27.32	24.68
Debt to Total Assets	(%)	37.55	42.12	37.86	38.95	28.98	19.58
Return on equity	(%)	8.05	(3.82)	3.46	(11.96)	(8.06)	32.03
Return on capital employed	(%)	3.69	(2.40)	2.34	(7.57)	(5.65)	22.72
Quick Acid test ratio	(Times)	0.39	0.31	0.48	0.51	0.50	0.84
Earnings / (Loss) before interest, taxes depreciation & amortization margin (EBITDA)	(%)	9.66	7.55	9.44	5.41	6.57	15.50
Dividend cover ratio	(%)	-	-	2.16	-	(2.68)	7.21
Bonus Share issued	(Rs 000)	-	-	-	-	20,383	-
Debt to Equity Ratio	(Times)	1.27	0.77	0.68	0.71	0.54	0.46
Profitability Ratios:							
Gross Profit / (Loss) Ratio	(%)	8.52	6.43	8.68	4.99	6.60	16.73
Net Profit / (Loss) Margin	(%)	2.44	0.02	2.65	(1.96)	(0.40)	9.87
Interest Coverage	(Times)	1.66	1.01	1.78	0.55	0.90	3.74
No. of days in Receivable	(Days)	47.39	34.85	38.38	36.97	42.68	69.48
No. of days in Payable	(Days)	13.68	10.51	10.94	9.69	15.28	13.69
No. of Days in Inventory	(Days)	114.40	90.46	60.38	71.64	69.98	86.87
Cash Operating Cycle	(Days)	148.11	114.80	87.82	98.91	97.38	142.66
Debtors turnover ratio	(Times)	7.70	10.47	9.51	9.87	8.55	5.25
Creditor Turnover ratio	(Times)	30.13	36.71	34.12	26.00	26.33	28.12
Inventory turnover	(Times)	3.19	4.04	6.04	5.10	5.22	4.20
Fixed Assets Turnover	(Times)	2.68	2.56	2.94	3.35	3.93	5.07
Total Assets Turnover	(Times)	1.06	1.01	1.35	1.55	1.68	1.31
Other Data:							
Depreciation & Amortization	(Rs 000)	331,926	276,549	256,906	257,117	238,949	168,307
Capital Expenditure	(Rs 000)	992,290	592,707	293,942	211,893	500,821	113,083

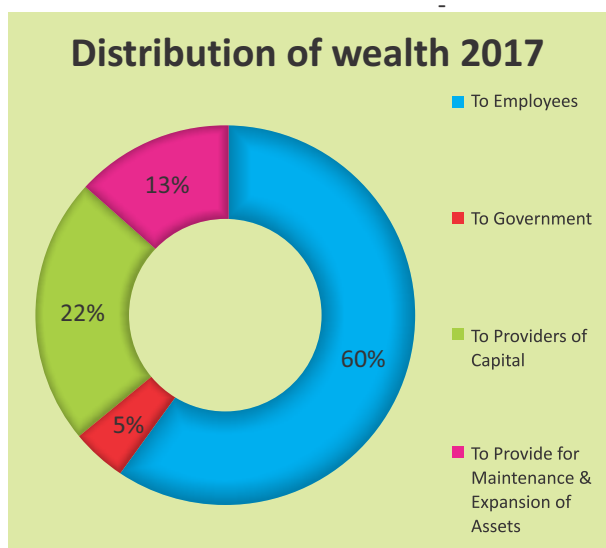
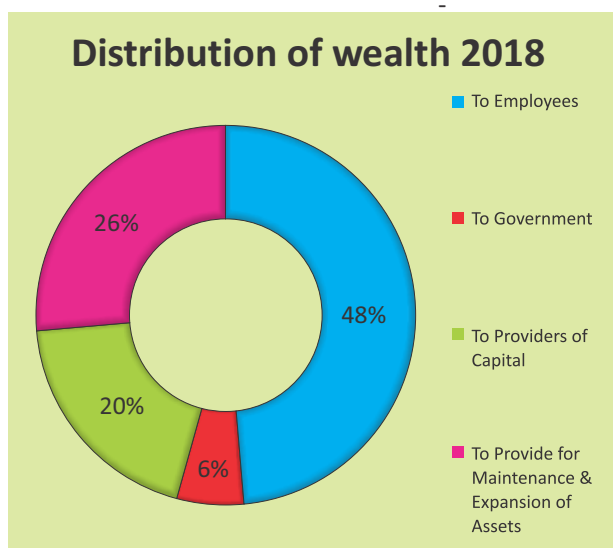
STATEMENT OF VALUE ADDED

WEALTH GENERATED

	2018		2017	
Gross Sales Revenue	9,612,220,238		7,541,890,923	
Other Receipts	117,627		1,791,230	
Less:				
Material & services				
Material & Factory cost	7,583,961,613		5,947,409,893	
Administrative & other	37,386,593		32,824,667	
Distribution	52,544,898		53,948,412	
Broker's Commissions	133,030,613		120,099,229	
Value Add	1,805,414,148	100	1,389,399,952	100

WEALTH DISTRIBUTED

		%age		%age
To Employees				
Salaries & benefits	874,934,945	48.46	827,223,018	59.54
To Government				
Tax	85,862,299	4.76	65,199,855	4.69
Worker Profit Participation fund	12,424,118	0.69	79,937	0.01
Worker Welfare Fund	4,721,165	0.26	30,376	0.00
To Providers of Capital				
Dividend to Share Holders	-	-	28,027,110	2.02
Mark up/Interest on Borrowed Fund	352,702,909	19.54	282,010,510	20.30
To Provide for Maintenance & Expansion of Assets				
Depreciation	331,925,982	18.39	276,548,820	19.90
Profit Retained	142,842,730	7.91	(89,719,674)	(6.46)
	1,805,414,148		1,389,399,952	



HORIZONTAL ANALYSIS

	2018	Variance vs Last Year Increase/ (Decrease) %	2017	Variance vs Last Year Increase/ (Decrease) %	2016	Variance vs Last Year Increase/ (Decrease) %	2015	Variance vs Last Year Increase/ (Decrease) %	2014
..... (Rupees in million).....									
Operating Results									
Sales - net	9,479	27.72	7,422	(2.38)	7,603	(11.11)	8,553	(16.24)	10,211
Cost of sales	(8,672)	24.87	(6,945)	0.02	(6,943)	(14.56)	(8,126)	(15.22)	(9,585)
Gross profit	807	(69.19)	477	(27.67)	660	54.71	426	(31.84)	626
Distribution cost	53	(2.60)	54	4.20	52	(38.29)	84	(34.25)	128
Administrative expenses	148	6.64	139	6.09	131	(4.55)	137	5.99	129
Other operating expenses	23	731.85	3	(83.32)	16	974.76	2	(44.79)	3
Finance cost	353	25.07	282	8.67	260	(30.34)	373	(10.25)	415
Other operating income /(loss)	0	(93.43)	2	25,071.87	0	(99.46)	1	(82.95)	8
Profit / (loss) before taxation	231	15442	1	(99.26)	201	(220.27)	(167)	304.54	(41)
Provision for taxation	(86)	33.44	(65)	(53.93)	(141)	324.85	(33)	(69.67)	(109)
Profit / (loss) for the year	145	328.90	(63)	(204.59)	61	(130.21)	(200)	33.15	(150)
Statement of Financial Position									
NON CURRENT ASSETS									
Property, plant and equipment	3,543	22.34	2,896	12.01	2,585	1.33	2,552	(1.81)	2,599
Long term deposits	15	(1.44)	15	3.37	15	0.15	15	(3.54)	15
Deferred Taxation Assets	-	0.00	-	(100.00)	19	(82.39)	110	48.23	74
Total non current assets	3,558	22.22	2,911	11.13	2,620	(2.11)	2,676	(0.44)	2,688
CURRENT ASSETS									
Stores, spare parts and loose tools	285	(54.77)	630	55.54	405	92.74	210	(38.68)	343
Stock in trade	3,124	35.16	2,312	104.49	1,130	(4.28)	1,181	(12.45)	1,349
Trade debts	1,231	73.67	709	(11.35)	799	(7.71)	866	(27.45)	1,194
Advances	57	38.63	41	(28.61)	58	66.25	35	(26.98)	47
Trade deposits	0	(73.04)	1	22.33	1	(22.17)	2	(82.59)	9
Other receivables	41	63.41	25	7.04	23	(38.96)	38	265.74	10
Tax refunds due from the Government	618	(3.65)	641	23.41	520	8.12	481	32.47	363
Cash and bank balances	37	(28.31)	51	(29.48)	73	98.37	37	(49.54)	73
Total current assets	5,393	22.28	4,411	46.55	3,010	5.63	2,849	(15.90)	3,388
Total assets	8,952	22.25	7,322	30.07	5,629	1.88	5,526	(9.06)	6,076
CURRENT LIABILITIES									
Trade and other payables	3,509	47.47	2,380	47.97	1,608	3.85	1,549	(30.74)	2,236
Unclaimed dividend	5	(0.20)	5	(1.38)	5	(6.59)	6	(2.00)	6
Accrued mark up and interest	94	38.06	68	85.25	37	(7.79)	40	(41.71)	68
Short term borrowings	1,079	(40.30)	1,807	91.67	943	(2.19)	964	26.90	760
Current portion of Long term financing	336	(20.23)	421	(5.85)	447	38.75	322	(6.06)	343
Total Current Liabilities	5,023	7.31	4,681	53.96	3,040	5.55	2,880	(15.60)	3,413
WORKING CAPITAL	370	(236.87)	(270)	778.60	(31)	(1.18)	(31)	25.10	(25)
TOTAL CAPITAL EMPLOYED	3,928	48.75	2,641	2.01	2,589	(2.13)	2,645	(0.68)	2,663
NON CURRENT LIABILITIES									
Long term financing	1,946	127.50	856	15.43	741	(14.37)	866	31.55	658
Deferred liabilities									
Staff retirement benefits - gratuity	101	(9.03)	111	10.75	100	(3.85)	104	(25.18)	139
Deferred taxation	80	385.47	17	100.00	-	0.00	-	0.00	-
Total Non Current Liabilities	2,128	116.44	983	16.84	841	(13.24)	970	21.65	797
Net Worth	1,801	8.62	1,658	(5.13)	1,748	4.31	1,676	(10.22)	1,866
Net Worth Represented by:									
Issued, subscribed and paid up capital	224	0.00	224	0.00	224	0.00	224	0.00	224
Reserves	1,577	9.96	1,434	(5.89)	1,523	4.97	1,451	(11.62)	1,642
Total liabilities	1,801	8.62	1,658	(5.13)	1,748	4.31	1,676	(10.22)	1,866
Total liabilities	8,952	22.25	7,322	30.07	5,629	1.88	5,526	(9.06)	6,076

VERTICAL ANALYSIS

	2018	%	2017	%	2016	%	2015	%
	(Rupees in million)							
Operating Results								
Sales - net	9,479	100.00	7,422	100.00	7,603	100.00	8,553	100.00
Cost of sales	(8,672)	(91.48)	(6,945)	(93.57)	(6,943)	(91.32)	(8,126)	(95.01)
Gross profit	807	8.52	477	6.43	660	8.68	426	4.99
Distribution cost	53	0.55	54	0.73	52	0.68	84	0.98
Administrative expenses	148	1.56	139	1.87	131	1.72	137	1.60
Other operating expenses	23	0.24	3	0.04	16	0.22	2	0.02
Finance cost	353	3.72	282	3.80	260	3.41	373	4.36
Other operating income	0	0.00	2	0.02	0	0.00	1	0.02
Profit before taxation	231	2.44	1	0.02	201	2.65	(167)	(1.96)
Provision for taxation	(86)	(0.91)	(65)	(0.87)	(141)	(1.85)	(33)	(0.39)
Profit for the year	145	1.53	(63)	(0.85)	61	0.80	(200)	(2.34)
Statement of Financial Position								
NON CURRENT ASSETS								
Property, plant and equipment	3,543	39.58	2,896	39.55	2,585	45.93	2,552	46.18
Long term deposits	15	0.17	15	0.21	15	0.27	15	0.27
Deffered Taxation Assets	-	0.00	-	0.00	19	0.34	110	1.99
Total non current assets	3,558	39.75	2,911	39.76	2,620	46.54	2,676	48.43
CURRENT ASSETS								
Stores, spare parts and loose tools	285	3.18	630	8.60	405	7.19	210	3.80
Stock in trade	3,124	34.90	2,312	31.57	1,130	20.08	1,181	21.37
Trade debts	1,231	13.75	709	9.68	799	14.20	866	15.68
Advances	57	0.64	41	0.56	58	1.02	35	0.63
Trade deposits	0	0.00	1	0.02	1	0.02	2	0.03
Other receivables	41	0.46	25	0.34	23	0.42	38	0.69
Tax refunds due from Government	618	6.90	641	8.76	520	9.23	481	8.70
Cash and bank balances	37	0.41	51	0.70	73	1.29	37	0.66
Total current assets	5,393	60.25	4,411	60.24	3,010	53.46	2,849	51.57
Total assets	8,952	100.00	7,322	100.00	5,629	100.00	5,526	100.00
CURRENT LIABILITIES								
Trade and other payables	3,509	39.20	2,380	32.50	1,608	28.57	1,549	28.03
Unclaimed dividend	5	0.06	5	0.07	5	0.09	6	0.10
Accrued mark up and interest	94	1.05	68	0.93	37	0.65	40	0.72
Short term borrowings	1,079	12.05	1,807	24.68	943	16.75	964	17.44
Current portion of								
Long term financing	336	3.75	421	5.75	447	7.95	322	5.84
Total current Liabilities	5,023	56.12	4,681	63.93	3,040	54.01	2,880	52.13
WORKING CAPITAL	370	4.14	(270)	(3.69)	(31)	(0.55)	(31)	(0.56)
TOTAL CAPITAL EMPLOYED	3,928	43.88	2,641	36.07	2,589	45.99	2,645	47.87
NON CURRENT LIABILITIES								
Long term financing	1,946	21.74	856	11.69	741	13.17	866	15.67
Deferred liabilities								
Staff retirement benefits - gratuity	101	1.13	111	1.51	100	1.78	104	1.88
Deferred taxation	80	0.90	17	0.23	-	0.00	-	0.00
Total Non Current Liabilities	2,128	22.87	983	13.20	841	14.94	970	17.55
Net Worth	1,801	21.01	1,658	22.87	1,748	31.05	1,676	30.32
Net Worth Represented by:								
Issued, subscribed and paid up capital	224	2.50	224	3.06	224	3.98	224	4.06
Reserves	1,577	17.61	1,434	19.58	1,523	27.06	1,451	26.26
	1,801	20.12	1,658	22.64	1,748	31.05	1,676	30.32
Total liabilities	8,952	100.00	7,322	100.00	5,629	100.00	5,526	100.00

DETAIL OF PATTERN OF SHAREHOLDING

As at June 30, 2018

Category No.	Categories of Shareholders	No. of Shareheld	Category-wise No. Of Folios / CDC Accounts	Category wise Sahreheld	Percentage %
1	Individuals / General Public	7,719,190	811	7,719,190	34.43
2	Others	2,557,038	13	2,557,038	11.40
3	Directors, Chief Executive and their Spouse and Minor Children 1. Shaikh Mohammad Muneer 2. Shaikh Mohammad Pervez 3. Shaikh Muhammad Tanveer 4. Shaikh Mohammad Naveed 5. Mr. Fawad Jawed 6. Mr. Farhad Shaikh Mohammad 7. Mr. Abdul Razzak 8. Mrs. Ghazala Pervez	1,837 2,536,972 1,263,240 3,791,556 966,676 941,138 550 1,227,578	8	10,729,547	47.85
4	Executive 1. Mr. Faisal Jawed	943,800	1	943,800	4.21
5	Public Sector Companies and Corporations CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST NATIONAL BANK OF PAKISTAN M/S INVESTMENT CORPORATION OF PAKISTAN M/S NATIONAL BANK OF PAKISTAN INVESTOR A/C	363,220 204 330 7,326	4	371,080	1.66
6	Associated Company Din Leather (Pvt.) Limited	7,260	1	7,260	0.03
7	Bank Development Finance Institutions, Non-Banking Companies, Insurance Companies, Takaful, Modaraba and pension Funds	39,044	6	39,044	0.17
8	Mutual Fund Golden Arrow Selected Stocks Fund Limited	54,729	1	54,729	0.24
9	Foreign Companies	-	-	-	-
TOTAL		22,421,688	845	22,421,688	100

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

Total Paid-up Capital of the Company **22,421,688**
5% of the Paid-up Capital of the Company **1,121,084**

Share holders holding 5% or more	Shares Held	Percentage
Shaikh Mohammad Naveed	3,791,556	16.91
Shaikh Mohammad Pervez	2,536,972	11.31
Masood Spinning Mills Limited	2,120,152	9.46
S.M. Tanveer	1,263,240	5.63
Irfan Munir	1,263,240	5.63
S.M.Imran	1,263,240	5.63
Ghazala Pervez	1,227,578	5.47

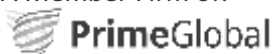
DIN TEXTILE MILLS LIMITED
Pattern of Shareholding
As of June 30, 2018

NO. OF SHARE HOLDERS	SHAREHOLDING SLAB			TOTAL SHARES HELD
273	1	to	100	3,422
193	101	to	500	38,322
265	501	to	1000	189,511
80	1001	to	5000	164,301
11	5001	to	10000	81,991
2	10001	to	15000	29,185
1	15001	to	20000	15,620
1	30001	to	35000	33,206
1	40001	to	45000	41,624
1	50001	to	55000	54,729
1	360001	to	365000	363,220
1	375001	to	380000	376,100
6	940001	to	945000	5,652,152
1	945001	to	950000	945,651
1	965001	to	970000	966,676
1	1225001	to	1230000	1,227,578
3	1260001	to	1265000	3,789,720
1	2120001	to	2125000	2,120,152
1	2535001	to	2540000	2,536,972
1	3790001	to	3795000	3,791,556
845				22,421,688

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

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Review Report on the Statement of Compliance contained in Listed Companies(Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Din Textile Mills Limited** (the Company) for the year ended June, 30 2018 in accordance with the requirements of regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Karachi

Dated : 24 September 2018

Chartered Accountants

Engagement Partner: Ahsan Elahi Vohra – FCA

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**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017**

For the year ended June 30, 2018

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are seven as per the following:

A. Male	7
B. Female	-

2. The composition of Board is as follows:

CATEGORY	Name
Non-Executive	Shaikh Mohammad Muneer - Chairman
Non-Executive	Shaikh Mohammad Pervez
Executive	Shaikh Muhammad Tanveer
Executive	Shaikh Mohammad Naveed
Non-Executive	Mr. Fawad Jawed
Non-Executive	Mr. Farhad Shaikh Mohammad
Independent	Mr. Abdul Razzak

3. The Directors have confirmed that none of them is serving as a Director on more than five listed companies, including this Company.
4. 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.
5. 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.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the Directors of the Company have attended Directors' Training program.
10. The board has approved appointment of CFO and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. Mr. Islam Ahmed was assigned the responsibilities of Company Secretary of the Company in addition to his responsibilities in other group companies.
11. CFO and CEO duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

Audit Committee

Mr. Abdul Razzak	Chairperson
Shaikh Mohammad Pervez	Member
Mr. Farhad Shaikh Mohammad	Member

Human Resource and Remuneration Committee

Mr. Abdul Razzak	Chairperson
Shaikh Mohammad Pervez	Member
Mr. Fawad Jawed	Member

The Board has reconstituted HR and Remuneration Committee on May 02, 2018. Mr. Abdul Razzak, an independent director, has been appointed Chairperson of the Committee replacing Shaikh Mohammad Pervez.

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

The frequency of meetings of the committee were as per following:

- | | |
|----------------------------------|--|
| a. Audit Committee | Four Quarterly Meetings |
| b. HR and Remuneration Committee | One Annual Meeting held on December 20, 2017 |

15. The board has setup an effective audit function under Head of Internal Audit, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. 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 and registered with Audit Oversight Board of Pakistan, 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.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all other requirements of the Regulations have been complied with.

KARACHI
Date: 24 September 2018

Shaikh Muhammad Tanveer
Chief Executive

Farhad Shaikh Mohammad
Director

Naveed Zafar Ashfaq Jaffery & Co.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DIN TEXTILE MILLS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Din Textile Mills Limited** (the Company), which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the Key audit matter(s):

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<p>New requirements under the Companies Act, 2017 (Refer note 2.3.1)</p> <p>The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements which replaced previously applicable fourth schedule to the repealed Companies Ordinance 1984.</p> <p>The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company.</p> <p>In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.</p>	<p>We reviewed the requirements of the Fourth schedule to the Act and carried out the following audit procedures to ensure that the financial statements were prepared in accordance with new requirements:</p> <ul style="list-style-type: none"> As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements; We evaluated the results of management's analysis and key decisions taken in respect of the transition,; and We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.
2.	<p>The Company's exposure to litigation risk</p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases in respect of tariff difference claimed by Sui Northern Gas Pipelines Limited (SNGPL), levy of Gas Infrastructure Development Cess (GIDC), levy of Cotton Cess, contribution to Employees Old-Age Benefits Institution (EOBI) and Social Security and Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax, details of which are disclosed in notes 15.2 to 15.3 to the annexed financial statements.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> Obtained and reviewed details of the significant pending legal/tax cases and discussed the same with Company's management; Circulated confirmations to the company's external legal and tax counsels for their views on open legal/tax matters; Reviewed correspondence of the company with the relevant authorities; Evaluated rationale provided by the company and opinion of the external legal/tax counsel Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the tax advisors engaged by the Company; and Reviewed the disclosures made in the financial statements in respect of such contingencies

Other
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Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. (XIX of 2017);

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017

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- b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and

The engagement partner on the audit resulting in this independent auditor's report is Mr. Ahsan Elahi Vohra.

Karachi

Dated : 24 September 2018

Naveed Zafar Ashfaq Jaffery & Co

Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra – FCA

Statement of Financial Position

As at June 30, 2018

	Note	2018 Rupees	2017 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	3,542,913,022	2,895,905,218
Long term deposits	6	15,246,261	15,469,561
		3,558,159,283	2,911,374,779
CURRENT ASSETS			
Stores, spare parts and loose tools	7	284,916,091	629,933,998
Stock in trade	8	3,124,499,774	2,311,688,158
Trade debts	9	1,230,752,471	708,664,469
Advances	10	57,001,211	41,118,901
Trade deposits	11	395,300	1,466,192
Other receivables	12	40,900,153	25,028,770
Tax refunds due from Government	13	618,089,275	641,483,065
Cash and bank balances	14	36,825,820	51,366,744
		5,393,380,095	4,410,750,297
CURRENT LIABILITIES			
Trade and other payables	15	3,509,434,660	2,379,790,999
Unclaimed dividend		5,095,120	5,105,350
Accrued mark up / interest	16	93,772,875	67,921,760
Short term borrowings - Secured	17	1,078,886,160	1,807,128,919
Current portion of Long term financing - Secured	18	336,016,263	421,254,799
		5,023,205,078	4,681,201,827
WORKING CAPITAL		370,175,017	(270,451,530)
TOTAL CAPITAL EMPLOYED		3,928,334,300	2,640,923,249
NON CURRENT LIABILITIES			
Long term financing	18	1,946,434,125	855,591,032
Deferred liabilities			
Staff retirement benefits - gratuity	19	100,815,513	110,828,405
Deferred taxation	20	80,273,473	16,535,353
		2,127,523,111	982,954,790
CONTINGENCIES AND COMMITMENTS	21		
NET WORTH		1,800,811,189	1,657,968,459
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorized capital 77,100,000 (2017: 77,100,000) ordinary shares of Rs. 10 each		771,000,000	771,000,000
Net Worth Represented by:			
Issued, subscribed and paid up capital	22	224,216,880	224,216,880
Reserves	23	1,576,594,309	1,433,751,579
		1,800,811,189	1,657,968,459

The annexed notes from 1 to 45 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

Statement of Comprehensive Income

For the year ended June 30, 2018

	2018 Rupees	2017 Rupees
Profit / (Loss) for the year	144,887,550	(63,296,651)
Items that will not be subsequently reclassified to profit and loss account		
Remeasurements of staff retirement benefits		
Remeasurement recognised	(2,632,043)	2,018,858
Related deferred taxation	587,223	(414,771)
	(2,044,820)	1,604,087
Total comprehensive Income / (Loss) for the year	142,842,730	(61,692,564)

The annexed notes from 1 to 45 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		231,337,072	1,488,433
Adjustments for:			
Depreciation		331,925,982	276,548,820
Staff retirement benefits - gratuity		50,919,367	49,046,422
Workers' profit participation fund		12,424,118	79,937
Workers' welfare fund		4,721,165	30,376
Finance cost		352,702,909	282,010,510
Loss / (Gain) on disposal of property, plant and equipment		4,273,627	(1,787,677)
		756,967,168	605,928,388
Profit before working capital changes		988,304,240	607,416,821
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		345,017,907	(224,923,961)
Stock in trade		(812,811,616)	(1,181,234,897)
Trade debts		(522,088,002)	90,704,183
Advances		(15,882,310)	16,481,381
Other receivables		(15,871,383)	(1,645,476)
		(1,020,809,812)	(1,300,618,770)
Increase in current liabilities			
Trade and other payables		1,119,489,036	775,098,969
Cash generated from operations		1,086,983,464	81,897,020
Finance cost paid		(326,848,110)	(250,675,840)
Taxes refund / (paid)		2,432,741	(151,004,429)
Dividend paid		(10,230)	(28,098,468)
Workers' profit participation fund paid		(8,157,470)	(3,801,536)
Staff retirement benefits - gratuity paid		(63,564,302)	(36,272,985)
		(396,147,371)	(469,853,258)
Net cash generated from / (used) in operating activities		690,836,093	(387,956,238)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		9,082,476	7,475,642
Fixed capital expenditure		(992,289,891)	(592,706,727)
Long term deposits - net		468,600	(771,910)
Net cash used in investing activities		(982,738,815)	(586,002,995)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		1,005,604,557	88,206,372
Net cash generated from financing activities		1,005,604,557	88,206,372
Net increase / (decrease) in cash and cash equivalents		713,701,835	(885,752,861)
Cash and cash equivalents at the beginning of the year		(1,755,762,175)	(870,009,314)
Cash and cash equivalents at the end of the year		(1,042,060,340)	(1,755,762,175)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	36,825,820	51,366,744
Short term borrowings	17	(1,078,886,160)	(1,807,128,919)
		(1,042,060,340)	(1,755,762,175)

The annexed notes from 1 to 45 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAIKH MUHAMMAD TANVEER
Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2018

Particulars	Share capital	Reserves			Total
		General	Unappropriated profit	Sub total	
	Rupees				
Balance as at June 30, 2016	224,216,880	400,000,000	1,123,471,253	1,523,471,253	1,747,688,133
Dividend for the year ended June 30, 2016 @ Rs 1.25/- per share			(28,027,110)	(28,027,110)	(28,027,110)
Total comprehensive loss for the year			(61,692,564)	(61,692,564)	(61,692,564)
Balance as at June 30, 2017	224,216,880	400,000,000	1,033,751,579	1,433,751,579	1,657,968,459
Total comprehensive income for the year			142,842,730	142,842,730	142,842,730
Balance as at June 30, 2018	224,216,880	400,000,000	1,176,594,309	1,576,594,309	1,800,811,189

The annexed notes from 1 to 45 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

Notes to and Forming Part of the Financial Statements For the year ended June 30, 2018

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 Pakistan stock exchange (Formerly: Karachi Stock Exchange Limited). The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, 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.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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 Changes in accounting standards, interpretations and pronouncements.

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

The third and fourth schedule to the Companies Act, 2017 became applicable to the Company for the first time for the preparation of these financial statements. The companies Act, 2017 (including its third and fourth schedule) forms an integral part of the statutory financial reporting framework applicable to the Company and amongst others, prescribes the nature and content of disclosures in relation to various elements of the financial statements. Additional disclosures include but are not limited to, particulars of immovable assets of the Company (refer note 5.1.2), management assessment of sufficiency of tax provision in the financial statements (refer note 31.3), change in threshold for identification of executives (refer note 33), additional disclosure requirements for related parties (refer note 40) etc.

IAS 7, 'Statement of Cash Flows' amendments introduce an additional disclosure that will enable users of the financial statements to evaluate the changes in liabilities arising from financing activities. The amendment is part of the IASB's disclosure initiative, which continues to explore how financial statement disclosure can be improved. In the first year of adoption comparative information need not to be provided. The relevant disclosure has been made in these financial statements (Refer note 35.7 to these financial statements).

2.3.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant:

There are certain new standards, amendments to the approved accounting standards and new

interpretations that are mandatory for accounting periods beginning on or after 1 July 2017. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2018:

Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 01 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on the Company's financial statements.

Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 01 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on the Company's financial statements.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 01 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.

IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 01 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be rejected in the measurement of current and deferred tax.

IFRS 15 'Revenue from contracts with customers' (effective for annual periods beginning on or after 1 July 2018). IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programmes'. The Company is currently in the process of analyzing the potential impact of changes required in revenue recognition policies on adoption of the standard.

IFRS 9, 'Financial instruments' (effective for annual periods beginning on or after 1 January 2018), which replaces the guidance in IAS 39. This final version includes requirements on the classification and measurement of financial assets and liabilities; it also includes an expected credit losses model that replaces the incurred loss impairment model currently being used. The standard not likely to have material impact on the Company's financial statements.

IFRS 16 Leases' (effective for annual periods beginning on or after 1 January 2019). IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for

short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the full impact of this standard on its financial statements.

Amendments to IAS-12 'Income Taxes' (effective for annual periods beginning on or after 1 January 2019). This amendment as part of the annual improvement 2015-2017 cycle, clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognised consistently with the transactions that generated the distributable profits - i.e. in profit or loss, other comprehensive income or equity. The amendments are not likely to have material impact on the Company's financial statements.

Amendment to IAS-23 'Borrowing Cost' (effective for annual periods beginning on or after 1 January 2019). The amendment is part of the annual improvement 2015-2017 cycle. The amendment clarifies that the general borrowing pool used to calculate eligible borrowing costs exclude only borrowings that specifically finance qualifying assets that are still under development or construction. Borrowing that were intended to specifically finance qualifying assets that are now ready for their intended use or sale - or any non - qualifying assets - are included in that general pool. This amendment will be applied prospectively to borrowing costs incurred on or after the date an entity adopts the amendments. The amendments are not likely to have material impact on the Company's financial statements.

Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 01 January 2018). This amendment is part of annual improvement 2014-2016 cycle. This amendment clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on the Company's financial statements.

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 Statement of Financial Position 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 Investments

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital, are included in current assets, all other investments are classified as non-current. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

4.5.1 Investment in subsidiary and associated companies

Investments in subsidiaries and associates are recognized at cost less impairment loss, if any. At each Statement of Financial Position date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments

are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverses, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the Statement of Profit or Loss.

4.5.2 Investment - available for sale

Investments that are intended to be held for an indefinite period of time or may be sold in response to the need for liquidity are classified as available for sale.

Investments classified as available for sale are initially measured at cost, being the fair value of consideration given. At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The investments for which a quoted market price is not available, are measured at cost as it is not possible to apply any other valuation methodology. Unrealized gains and losses arising from the changes in the fair value are included in fair value reserves in the period in which they arise.

At each Statement of Financial Position date, the company reviews the carrying amounts of the investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense. In respect of available for sale investments, cumulative impairment loss less any impairment loss previously recognized in Statement of Profit or Loss, is removed from equity and recognized in the Statement of Profit or Loss. Impairment losses recognized in the Statement of Profit or Loss on equity instruments are not reversed through the Statement of Profit or Loss.

All purchases and sales are recognized on the trade date which is the date that the company commits to purchase or sell the investment, except for sale and purchase of securities in future market which are accounted for at settlement date. Cost of purchase includes transaction cost.

4.6 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.

4.7 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.

4.7.1 Raw material	
In hand	Weighted average cost
In transit	Cost comprising invoice value plus other charges incurred thereon
4.7.2 Work in process	Raw material cost plus appropriate manufacturing overheads
4.7.3 Finished goods	Raw material cost plus appropriate manufacturing overheads
4.7.4 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.

4.8 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.

4.9 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.

4.10 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, 2018 using the Projected Unit Credit Method.

Expense comprising of current service cost and interest cost is recorded in Statement of Profit or Loss, whereas any remeasurements due to actuarial assumptions are charged to other comprehensive income as and when they arise.

4.11 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.

4.11.1 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.

4.11.2 Deferred

Deferred tax is provided, using the Statement of Financial Position liability method, on all temporary differences at the Statement of Financial Position 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 Statement of Financial Position 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 Statement of Financial Position date.

4.12 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.

4.13 Provisions

A provision is recognized in the Statement of Financial Position 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.

4.14 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.

4.15 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.

4.16 Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into Pak Rupee at the rate of exchange prevailing at the Statement of Financial Position 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.

4.17 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.

4.18 Offsetting of financial assets and liabilities

A financial asset and financial liability is offset and the net amount is reported in the Statement of Financial Position 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.

4.19 Impairment

At each Statement of Financial Position 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.

4.20 Related party transactions

All transactions with related parties are carried out by the company at arms' length price using the method prescribed under the Companies Act 2017 with the exception of loan taken from related parties which is interest / mark up free.

4.21 Government grants

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

4.22 Research and development cost

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

4.23 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	2018 Rupees	2017 Rupees
Operating fixed assets	5.1	3,505,881,595	2,837,422,633
Capital work in progress - at cost	5.2	37,031,427	58,482,585
		<u>3,542,913,022</u>	<u>2,895,905,218</u>

5.1 Operating fixed assets

		2018						
Cost as at July 01, 2017	Additions / (deletions)	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2018	Book value as at June 30, 2018	Annual depreciation rate %	
Rupees								
Owned Assets								
Freehold land	174,304,150	174,304,150	-	-	-	174,304,150	0%	
Building on freehold land	690,963,496	77,551,655	768,515,151	445,566,513	25,471,987	471,038,500	297,476,651	10%
Plant and machinery	5,010,195,637	898,002,037 (69,483,733)	5,838,713,941	2,748,607,853	286,586,512 (56,758,391)	2,978,435,974	2,860,277,967	10%
Electric installation	232,654,903	23,290,175	255,945,078	128,721,219	11,182,601	139,903,820	116,041,258	10%
Tools and equipment	63,699,374	-	63,699,374	46,947,518	1,675,186	48,622,704	15,076,670	10%
Furniture and fixture	31,949,901	3,114,963	35,064,864	13,814,028	1,961,218	15,775,246	19,289,618	10%
Office equipment	9,168,680	72,980	9,241,660	4,764,294	444,496	5,208,790	4,032,870	10%
Computers	19,234,453	1,324,574 (5,439,868)	15,119,159	15,963,536	1,233,711 (5,379,656)	11,817,591	3,301,568	30%
Vehicles	21,727,678	10,384,665 (3,221,647)	28,890,696	12,090,678	3,370,271 (2,651,096)	12,809,853	16,080,843	20%
30-Jun-18	6,253,898,272	1,013,741,049 (78,145,248)	7,189,494,073	3,416,475,639	331,925,982 (64,789,143)	3,683,612,478	3,505,881,595	
		2017						
Cost as at July 01, 2016	Additions / (deletions)	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017	Annual depreciation rate %	
Rupees								
Owned Assets								
Freehold land	174,304,150	174,304,150	-	-	-	174,304,150	0%	
Building on freehold land	628,183,898	62,779,598	690,963,496	424,680,333	20,886,180	445,566,513	245,396,983	10%
Plant and machinery	4,561,407,477	474,207,793 (25,419,633)	5,010,195,637	2,531,131,308	237,865,570 (20,389,025)	2,748,607,853	2,261,587,784	10%
Electric installation	218,958,936	13,695,967	232,654,903	118,187,080	10,534,139	128,721,219	103,933,684	10%
Tools and equipment	63,699,374	-	63,699,374	45,086,199	1,861,319	46,947,518	16,751,856	10%
Furniture and fixture	29,437,875	2,512,026	31,949,901	11,975,686	1,838,342	13,814,028	18,135,873	10%
Office equipment	9,168,680	-	9,168,680	4,274,919	489,375	4,764,294	4,404,386	10%
Computers	18,459,028	775,425	19,234,453	14,709,636	1,253,900	15,963,536	3,270,917	30%
Vehicles	21,048,784	3,678,280 (2,999,386)	21,727,678	12,612,712	1,819,995 (2,342,029)	12,090,678	9,637,000	20%
30-Jun-17	5,724,668,202	557,649,089 (28,419,019)	6,253,898,272	3,162,657,873	276,548,820 (22,731,054)	3,416,475,639	2,837,422,633	

5.1.1 Depreciation for the year has been allocated as under.

	2018 Rupees	2017 Rupees
Cost of sales	327,605,045	272,832,410
Administrative expenses	4,320,937	3,716,410
	331,925,982	276,548,820

5.1.2 Particulars of immovable property (land and building) in the name of the company are as follows

Location	Usage of immovable property	Total Area (in acres)	Covered Area (In sq.ft)
Kot Akbar Khan, 70 Km Multan Road, Tehsil Pattoki, Distt. Kasur, Punjab	Manufactueing Facility	33.39	544,459
Revenue Estate, Bhai Kot, Tablighi Chowk, Rawind Road, Tehsil and Distt. Lahore, Punjab	Manufactueing Facility	51.99	326,510
Dars Road, Off Raiwind Manga Road,Bachuki Majha, Distt. Kasur	Manufactueing Facility	27.50	335,055

	2018 Rupees	2017 Rupees
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5.2 Capital work in progress - at cost

Building - civil works	6,633,472	49,185,610
Plant & Machinery	29,800,189	-
Electric Installation	597,766	9,296,975
	37,031,427	58,482,585

The movement in capital work in progress is as follows.

Balance at the beginning of the year	58,482,585	23,424,947
Additions during the year		
Building - civil works	34,999,517	94,971,681
Plant & Machinery	927,802,226	-
Electric installation	14,590,966	-
	977,392,709	94,971,681
Transfer to operating fixed assets		
Building - civil works	77,551,655	59,914,043
Plant & Machinery	898,002,037	-
Electric installation	23,290,175	-
	998,843,867	59,914,043
Balance at the end of the year	37,031,427	58,482,585

5.3 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal
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Rupees

Items with individual net

amount exceeding Rs.500,000 each

Plant and machinery

Ring Frame	Khalid Pervaiz	1,212,135	711,012	501,123	504,202	3,079	Negotiation
Gas Generator	Tanveer Shahzad	14,138,640	10,164,091	3,974,549	1,949,580	(2,024,969)	Negotiation
Auto Cone Savio Machine	Haider Ali	14,821,696	11,044,670	3,777,026	428,571	(3,348,455)	Negotiation
Auto Cone Savio Machine	Haider Ali	10,426,395	8,788,193	1,638,202	428,571	(1,209,631)	Negotiation
Sub total		40,598,866	30,707,966	9,890,900	3,310,924	(6,579,976)	

Various assets having net book amount upto Rs. 500,000 each

Vehicles		3,221,647	2,651,096	570,551	1,355,000	784,449	
Plant And Machinery		28,884,867	26,050,425	2,834,442	4,386,552	1,552,110	
Computer		5,439,868	5,379,656	60,212	30,000	(30,212)	
Sub total		37,546,382	34,081,177	3,465,205	5,771,552	2,306,347	
Grand total		78,145,248	64,789,143	13,356,105	9,082,476	(4,273,629)	

Note	2018 Rupees	2017 Rupees
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5.4 Loss / (Gain) on disposal property, plant and equipment

Cost		78,145,248	28,419,019
Less : Accumulated depreciation		(64,789,143)	(22,731,054)
		13,356,105	5,687,965
Sale proceeds		(9,082,476)	(7,475,642)
Loss / (Gain) on disposal of property, plant and equipment	28 & 30	4,273,629	(1,787,677)
(Gain) on disposal of property, plant and equipment		(2,339,638)	(2,471,745)
Loss on disposal of property, plant and equipment		6,613,267	684,068

	Note	2018 Rupees	2017 Rupees
6 LONG TERM DEPOSITS			
Security deposits			
Electricity - WAPDA	6.1	13,882,651	13,882,651
Ijarah Deposits	6.2	972,910	1,196,210
Others	6.1	390,700	390,700
		15,246,261	15,469,561

6.1 These deposits are non-interest bearing.

6.2 These represents deposits against the vehicles under Ijarah agreement obtained from Habib Metropolitan Bank Limited - Islamic banking branch and hence carry no markup.

	Note	2018 Rupees	2017 Rupees
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores - at mills		87,893,163	235,684,196
Stores - in transit		106,159,407	16,324,525
Spare parts		90,779,929	377,828,080
Loose tools		83,592	97,197
		284,916,091	629,933,998

8 STOCK IN TRADE			
Raw material			
Raw material in hand		2,563,115,420	1,716,459,213
Raw material in transit		115,664,070	12,744,471
Work in process		118,665,350	114,191,402
Finished goods	8.1	286,332,114	442,175,295
Waste		21,923,540	9,350,246
Packaging		18,799,280	16,767,531
		3,124,499,774	2,311,688,158

8.1 Finished goods amounting to Rs. 13,639,270 (June 30, 2017 : Rs 216,225,376) are stated at their net realizable value aggregating Rs. 9,348,866 (June 30, 2017 : Rs. 208,410,375). The amount charged to statement of profit or loss in respect of stocks written down to their net realizable value is Rs. 4,290,404 (June 30, 2017 : Rs. 7,815,001).

	Note	2018 Rupees	2017 Rupees
9 TRADE DEBTS			
Considered good			
Secured	9.1	103,434,769	51,184,364
Unsecured		1,127,317,702	657,480,105
		1,230,752,471	708,664,469

9.1 This represents trade debts arising on account of export sales which are secured by way of Export letter of credit.

	Note	2018 Rupees	2017 Rupees
10 ADVANCES - Considered good			
Advance to subsidiary company		5,823,085	7,760,406
Advance against wages		659,491	1,436,592
Advances to suppliers		49,257,085	26,715,210
Others		29,273	3,768,521
Secured - Considered good			
Advance against letter of credit	10.1	1,232,277	1,438,172
		57,001,211	41,118,901

10.1 These advances are secured against Import letter of credit.

10.2 These advances are non-interest bearing.

	Note	2018 Rupees	2017 Rupees
11 TRADE DEPOSITS			
Security deposits			
Ijarah Deposits	11.1	223,300	468,600
Others	11.2	172,000	997,592
		395,300	1,466,192

11.1 These represents deposits against the vehicles under Ijarah agreement obtained from Habib Metropolitan Bank Limited - Islamic banking branch and hence carry no markup.

11.2 These deposits are non-interest bearing.

	Note	2018 Rupees	2017 Rupees
12 OTHER RECEIVABLES			
Export rebate	12.1	32,476,925	22,641,446
Cotton claims receivable	12.1	7,419,085	1,566,681
Others		1,004,143	820,643
		40,900,153	25,028,770

12.1 It is a non-interest bearing receivable.

	Note	2018 Rupees	2017 Rupees
13 TAX REFUND DUE FROM THE GOVERNMENT			
Income Tax			
Opening balance		285,795,047	236,402,878
Paid/ Adjusted during the year -Net		96,044,039	78,703,617
Less Provision for the year		(22,124,179)	(29,311,448)
		359,714,907	285,795,047
Sales tax		258,374,368	355,688,018
		618,089,275	641,483,065

14 CASH AND BANK BALANCES			
Cash with banks			
In current accounts	14.1	33,366,885	48,011,232
In dividend accounts	14.2	3,426,018	3,323,823
In savings account	14.3 & 14.4	32,917	31,689
		36,825,820	51,366,744

14.1 It includes balance with associated company (MCB Bank Limited) of Rs. 14,929 (June 30, 2017 : Rs. 18,821).

14.2 It represents balance with associated company (MCB Bank Limited) of Rs. 929,841 (June 30, 2017 : Rs. 929,841).

14.3 It represents balance with associated company (MCB Bank Limited) of Rs. 19,254 (June 30, 2017 : Rs. 18,620).

14.4 It carries mark up at the rate of 3.75 to 6.00 (June 30, 2017 : 3.50 to 4.00) percent per annum. These balances are placed with banks under conventional banking arrangements.

	Note	2018 Rupees	2017 Rupees
15 TRADE AND OTHER PAYABLES			
Creditors		260,943,142	185,361,370
Murahaba	15.1	2,814,201,173	1,872,626,372
Accrued liabilities	15.2	393,087,360	272,487,542
Advances from customers		15,813,884	33,003,047
Sales tax claim payable	15.3	14,759,965	14,759,965
Workers' profit participation fund	15.4	4,427,602	157,270
Workers' welfare fund		4,751,541	30,376
Withholding tax payable		1,163,130	-
Other payables	15.5	286,863	1,365,057
		3,509,434,660	2,379,790,999

15.1 These facilities are secured against first pari passu hypothecation and floating charge over company's stocks, book debts and receivables and lien over export documents of the company. Mark up ranges from 5.90 to 8.04 (June 30, 2017 : 5.77 to 6.68) percent per annum. These facilities are expiring on various dates from July 2018 to December 2018.

15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against tariff difference amounted to Rs 22,416,224 from July 2016 to May 2017 claimed by SNGPL. The decision of court is still pending.

15.2 This includes an amount of Rs. 150.46 million (2017: Rs. 90.10 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The company has filed an appeal in Honourable High Court of Sindh. The Honourable High Court of Sindh declared the GIDC Act, 2015 as null and void through its judgement dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgement till the disposal of appeal. The matter is pending for hearing of appeal. However, the company has recorded a provision in the financial statements as Liability.

15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against Cotton Cess amounted to Rs 20,269,591 (2017: 13,831,110). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.

- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against EOBI amounted to Rs. 16,822,180 (2017: 1,209,396). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against Social Security amounted to Rs. 6,271,185 (2017: 1,930,210). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.3 The company has filed appeal in High Court of Sindh, Karachi against the order of Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax. The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.

	Note	2018 Rupees	2017 Rupees
15.4 Workers' profit participation fund			
Opening balance		157,270	3,801,536
Interest on fund utilized in company's business	15.4.1	3,684	77,333
		160,954	3,878,869
Paid during the year		(8,157,470)	(3,801,536)
		(7,996,516)	77,333
Allocation for the year		12,424,118	79,937
Closing balance		4,427,602	157,270
15.4.1	Interest on Workers' profit participation fund has been provided at the rate of 7.5 % (June 30, 2017 : 7.5 %) per annum.		
15.5	This amount represents Rs. 286,863 (June 30, 2017 Rs. 165,057) payable to related party- Din Leather (Private) Limited against reimbursement of expenses.		

	Note	2018 Rupees	2017 Rupees
16 ACCRUED MARK UP AND INTEREST			
Mark up / interest accrued on secured loans			
Long term financing		32,061,649	9,577,840
Short term borrowings		61,711,226	58,343,920
		93,772,875	67,921,760
17 SHORT TERM BORROWINGS - Secured			
<i>Conventional</i>			
Running finance under markup arrangements	17.1	1,031,769,837	399,039,916
Money market loan under markup arrangement	17.1	-	1,124,250,000
<i>Islamic</i>			
Short term finance under Running Musharakah	17.2	47,116,323	283,839,003
		1,078,886,160	1,807,128,919
17.1	These facilities are available from various commercial banks for meeting working capital requirements. These are secured against first pari passu charge, joint floating/hypothecation over present and future stocks, book debts, movables, receivables, and lien on export / import documents of the company. These carry markup ranging from 6.30 % to 8.07 % (June 30, 2017: 6.01 % to 7.04 %) per annum. These facilities are expiring on various dates from July 2018 to April 2019		
17.2	The company has obtained short term running finance under running musharkah. These are secured against first pari passu charge and joint pari passu floating charge over movables, receivables, stocks and book debts of the company. The rate of profit ranges from 6.34 % to 7.12 % (June 30, 2017: from 6.18 % to 6.44 %). This facility matures with in twelve months and is renewable.		

	Note	2018 Rupees	2017 Rupees
18 LONG TERM FINANCING - Secured			
From banking companies and financial institutions under markup arrangements			
<i>Conventional</i>			
Bank Alfalah Ltd.	18.1	1,109,447,850	534,368,800
Allied Bank Ltd.	18.2	400,895,000	192,382,000
<i>Islamic</i>			
Meezan Bank Ltd.	18.3	743,125,000	422,682,760
Habib Metropolitan Bank Ltd.	18.4	28,982,538	127,412,271
		2,282,450,388	1,276,845,831
Less: Current portion		(336,016,263)	(421,254,799)
		1,946,434,125	855,591,032

Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
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Conventional

18.1

Bank Alfalah Limited	SBP-LTFF	2,371,200	SBP refinance rate + 0.50%	16 Semi Annual	29-Mar-26	charge of Rs. 267.00 million on specific assets (plant and machinery) with 25 percent margin.
	SBP-LTFF	36,913,600	SBP refinance rate + 0.50%	16 Semi Annual	8-Apr-26	
	SBP-LTFF	70,425,600	SBP refinance rate + 0.50%	16 Semi Annual	18-Apr-26	
	SBP-LTFF	20,813,600	SBP refinance rate + 0.50%	16 Semi Annual	16-May-26	
	SBP-LTFF	29,294,400	SBP refinance rate + 0.50%	16 Semi Annual	21-Jun-26	charge of Rs. 671.519 million on specific assets (plant and machinery) with 25 percent margin.
	SBP-LTFF	26,022,750	SBP refinance rate + 0.50%	17 Semi Annual	15-Sep-26	
	SBP-LTFF	7,242,000	SBP refinance rate + 0.50%	17 Semi Annual	28-Nov-26	
	SBP-LTFF	23,292,550	SBP refinance rate + 0.50%	17 Semi Annual	21-Dec-26	
	SBP-LTFF	37,674,000	SBP refinance rate + 0.50%	18 Semi Annual	12-Jan-27	
	SBP-LTFF	2,649,600	SBP refinance rate + 0.50%	18 Semi Annual	1-Feb-27	
	SBP-LTFF	48,471,300	SBP refinance rate + 0.50%	18 Semi Annual	7-Mar-27	
	SBP-LTFF	3,330,900	SBP refinance rate + 0.50%	18 Semi Annual	13-Mar-27	
	SBP-LTFF	71,541,000	SBP refinance rate + 0.50%	18 Semi Annual	16-Mar-27	
	SBP-LTFF	22,068,900	SBP refinance rate + 0.50%	18 Semi Annual	24-Mar-27	
	SBP-LTFF	17,016,300	SBP refinance rate + 0.50%	18 Semi Annual	28-Mar-27	
	SBP-LTFF	17,059,500	SBP refinance rate + 0.50%	18 Semi Annual	28-Apr-27	
	SBP-LTFF	42,414,300	SBP refinance rate + 0.50%	18 Semi Annual	2-May-27	
	SBP-LTFF	107,746,150	SBP refinance rate + 0.50%	19 Semi Annual	5-Jul-27	
	SBP-LTFF	23,100,200	SBP refinance rate + 0.50%	19 Semi Annual	25-Jul-27	
	Diminishing Musharika	500,000,000	6 Month Kibor + 0.65%	8 Semi Annual	31-Aug-22	
Total	1,109,447,850					

18.2

Allied Bank Ltd	SBP-LTFF	7,830,000	SBP refinance rate + 0.50%	32 Quarterly	19-Apr-26	The Loan is secured against specific charge of Rs.9,787,500 on machinery with 25 percent margin.
	SBP-LTFF	6,447,000	SBP refinance rate + 0.50%	32 Quarterly	19-Apr-26	The Loan is secured against specific charge of Rs.8,058,750 on machinery with 25 percent margin.
	SBP-LTFF	8,750,000	SBP refinance rate + 0.50%	32 Quarterly	8-Aug-26	The Loan is secured against specific charge of Rs.10,937,500 on machinery with 25 percent margin.
	SBP-LTFF	1,024,000	SBP refinance rate + 0.50%	32 Quarterly	17-Aug-26	The Loan is secured against specific charge of Rs.1,280,000 on machinery with 25 percent margin.
	SBP-LTFF	22,095,000	SBP refinance rate + 0.50%	32 Quarterly	3-Oct-26	The Loan is secured against specific charge of Rs.27,618,750 on machinery with 25 percent margin.
	SBP-LTFF	3,560,000	SBP refinance rate + 0.50%	32 Quarterly	23-Nov-26	The Loan is secured against specific charge of Rs.4,450,000 on machinery with 25 percent margin.
	SBP-LTFF	129,067,000	SBP refinance rate + 0.50%	32 Quarterly	21-Dec-26	The Loan is secured against specific charge of Rs.161,333,750 on machinery with 25 percent margin.

Allied Bank Ltd	SBP-LTFF	2,631,000	SBP refinance rate + 0.50%	32 Quarterly	9-Jan-27	The Loan is secured against specific charge of Rs.3,288,750 on machinery with 25 percent margin.
	SBP-LTFF	6,808,000	SBP refinance rate + 0.50%	32 Quarterly	2-Feb-27	The Loan is secured against specific charge of Rs.8,510,000 on machinery with 25 percent margin.
	SBP-LTFF	4,170,000	SBP refinance rate + 0.50%	32 Quarterly	7-Feb-27	The Loan is secured against specific charge of Rs.5,212,500 on machinery with 25 percent margin.
	SBP-LTFF	10,959,000	SBP refinance rate + 0.50%	32 Quarterly	21-Nov-27	The Loan is secured against specific charge of Rs.13,698,750 on machinery with 25 percent margin.
	SBP-LTFF	71,342,000	SBP refinance rate + 0.50%	16 Semi Annual	22-Nov-27	The Loan is secured against specific charge of Rs.89,177,500 on machinery with 25 percent margin.
	SBP-LTFF	8,776,000	SBP refinance rate + 0.50%	16 Semi Annual	5-Dec-27	The Loan is secured against specific charge of Rs.10,970,000 on machinery with 25 percent margin.
	SBP-LTFF	3,946,000	SBP refinance rate + 0.50%	16 Semi Annual	14-Dec-27	The Loan is secured against specific charge of Rs.4,932,500 on machinery with 25 percent margin.
	SBP-LTFF	2,245,000	SBP refinance rate + 0.50%	32 Quarterly	21-Dec-27	The Loan is secured against specific charge of Rs.2,806,250 on machinery with 25 percent margin.
	SBP-LTFF	1,394,000	SBP refinance rate + 0.50%	32 Quarterly	6-Feb-28	The Loan is secured against specific charge of Rs.1,742,500 on machinery with 25 percent margin.
	SBP-LTFF	5,530,000	SBP refinance rate + 0.50%	32 Quarterly	15-Mar-28	The Loan is secured against specific charge of Rs.6,912,500 on machinery with 25 percent margin.
	SBP-LTFF	4,046,000	SBP refinance rate + 0.50%	32 Quarterly	29-Mar-28	The Loan is secured against specific charge of Rs.5,057,500 on machinery with 25 percent margin.
	SBP-LTFF	28,650,000	SBP refinance rate + 0.50%	32 Quarterly	10-Apr-28	The Loan is secured against specific charge of Rs.35,812,500 on machinery with 25 percent margin.
	SBP-LTFF	43,950,000	SBP refinance rate + 0.50%	32 Quarterly	12-Apr-28	The Loan is secured against specific charge of Rs.54,937,500 on machinery with 25 percent margin.
	SBP-LTFF	27,675,000	SBP refinance rate + 0.50%	32 Quarterly	31-May-28	The Loan is secured against specific charge of Rs.34,593,750 on machinery with 25 percent margin.
Total		400,895,000				

Islamic

18.3

Meezan Bank Ltd	Diminishing Musharika	-	6 Month Kibor + 0.75%	0 Semi Annual	30-May-18	The Loan is secured against specific charge of Rs.879.305 million over fixed assets with 20 percent margin.
	Diminishing Musharika	73,125,000	6 Month Kibor + 0.50%	03 Semi Annual	26-Nov-19	The Loan is secured against specific charge of Rs.243.750 million over fixed assets with 20 percent margin.
	Diminishing Musharika	-	6 Month Kibor + 0.50%	0 Semi Annual	20-Feb-18	The Loan is secured against specific charge of Rs.5.400 million over fixed assets with 24 percent margin.
	Diminishing Musharika	82,500,000	6 Month Kibor + 0.50%	04 Semi Annual	25-Mar-20	The Loan is secured against specific charge of Rs.206.250 million over fixed assets with percent margin.
	Diminishing Musharika	587,500,000	6 Month Kibor + 0.65%	08 Semi Annual	14-Sep-22	The Loan is secured against specific charge of Rs.879.305million over fixed assets with 20 percent margin.
Total		743,125,000				

18.4

Habib Metropolitan Bank Ltd	Diminishing Musharika	-	3 Month Kibor + 1%	00 Quarterly	23-Jul-17	The Loan is secured against specific charge up to Rs.54,912,750 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1%	00 Quarterly	28-Oct-17	The Loan is secured against specific charge up to Rs.48,763,000 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1%	00 Quarterly	28-Oct-17	The Loan is secured against specific charge up to Rs.17,503,200 over musharika asset, demand promissory note and standing debit instructions.

Habib Metropolitan Bank Ltd	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	1-Dec-17	The Loan is secured against specific charge up to Rs.5,405,948 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	3-Dec-17	The Loan is secured against specific charge up to Rs.7,194,750 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	23-Dec-17	The Loan is secured against specific charge up to Rs.2,779,110 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	23-Dec-17	The Loan is secured against specific charge up to Rs.2,468,544 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	29-Jan-18	The Loan is secured against specific charge up to Rs.20,356,874 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	30-Jan-18	The Loan is secured against specific charge up to Rs.9,504,432 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	30-Jan-18	The Loan is secured against specific charge up to Rs.12,123,000 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	18-Jun-18	The Loan is secured against specific charge up to Rs.51,036,200 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	24-Jun-18	The Loan is secured against specific charge up to Rs.2,847,500 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	24-Jun-18	The Loan is secured against specific charge up to Rs.7,215,000 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	30-Jun-18	The Loan is secured against specific charge up to Rs.14,701,500 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	6,232,608	3 Month Kibor + 1 %	2 Quarterly	25-Nov-18	The Loan is secured against specific charge up to Rs.41,550,720 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	6,431,196	3 Month Kibor + 1 %	2 Quarterly	25-Nov-18	The Loan is secured against specific charge up to Rs.42,874,640 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	256,736	3 Month Kibor + 1 %	2 Quarterly	25-Nov-18	The Loan is secured against specific charge up to Rs.1,711,584 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	1,428,210	3 Month Kibor + 1 %	2 Quarterly	25-Nov-18	The Loan is secured against specific charge up to Rs.9,521,400 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	1,123,968	3 Month Kibor + 1 %	4 Quarterly	13-May-19	The Loan is secured against specific charge up to Rs.3,746,560 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	4,208,400	3 Month Kibor + 1 %	4 Quarterly	13-May-19	The Loan is secured against specific charge up to Rs.14,028,000 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	1,577,215	3 Month Kibor + 1 %	4 Quarterly	13-May-19	The Loan is secured against specific charge up to Rs.5,257,386 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	5,505,480	3 Month Kibor + 1 %	4 Quarterly	13-May-19	The Loan is secured against specific charge up to Rs.18,351,600 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	772,200	3 Month Kibor + 1 %	9 Quarterly	18-Aug-20	The Loan security including but not limited to the title documents of the musharaka assets, hypothecation charge, mortgage charge and demand promissory note
	Diminishing Musharika	721,575	3 Month Kibor + 1 %	9 Quarterly	18-Aug-20	The Loan security including but not limited to the title documents of the musharaka assets, hypothecation charge, mortgage charge and demand promissory note
Diminishing Musharika	724,950	3 Month Kibor + 1 %	9 Quarterly	18-Aug-20	The Loan security including but not limited to the title documents of the musharaka assets, hypothecation charge, mortgage charge and demand promissory note	
	Total	28,982,538				

	Note	2018 Rupees	2017 Rupees
19 STAFF RETIREMENT BENEFITS - GRATUITY			
19.1 Movement in the net liability recognised in the statement of financial position			
Opening net liability		110,828,405	100,073,826
Expense for the year	19.2	50,919,367	49,046,422
Remeasurements recognised		2,632,043	(2,018,858)
		164,379,815	147,101,390
Benefits paid during the year		(63,564,302)	(36,272,985)
Closing net liability		100,815,513	110,828,405
19.2 Expense recognised in the income statement			
Current service cost		44,819,689	43,130,668
Interest cost		6,099,678	5,915,754
		50,919,367	49,046,422
19.3 Total measurements chargeable in Other comprehensive income			
Actuarial losses from changes in financial assumptions		541,175	228,923
Experience adjustment		2,090,868	(2,247,781)
		2,632,043	(2,018,858)
19.4 Movement in the present value of defined benefit obligation			
Present value of defined benefit obligation		110,828,405	100,073,826
Current service cost		44,819,689	43,130,668
Interest cost		6,099,678	5,915,754
Actuarial gain		2,632,043	(2,018,858)
Benefits paid		(63,564,302)	(36,272,985)
		100,815,513	110,828,405

19.5 Historical information

	2018	2017	2016	2015	2014
Present value of defined benefit obligation	100,815,513	110,828,405	100,073,826	104,080,675	139,114,050
Experience adjustments on plan liabilities	(2,632,043)	2,018,858	13,993,437	10,882,909	(10,427,758)

19.6 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.

	2018	2017
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19.7 Principal actuarial assumption

Following are a few important actuarial assumption used in the valuation.

Financial assumptions

Discount rate used to Charge Interest Cost in statement of Profit or Loss	7.25%	7.25%
Discount rate used for year end obligation	9.00%	7.25%
Expected rate of increase in future salary	7.00%	5.75%

Demographic assumptions

Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60 years	Age 60 years

19.8 Sensitivity analysis of actuarial assumption

The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.

	Increase in assumption	Decrease in assumption
Discount rate	4,914,437	5,575,652
Expected rate of increase in future salaries	5,974,550	5,368,878

19.9 Expected gratuity expense for the year ending June 30, 2019 works out to Rs. 55,832,968.

19.10 Weighted average duration of the defined benefit obligation	Number of years	
	5 years	5 years
	2018 Rupees	2017 Rupees

20 DEFERRED TAXATION

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

Taxable temporary differences (deferred tax liabilities)

Accelerated tax depreciation allowance 285,640,073 245,687,346

Deductible temporary differences (deferred tax assets)

Staff retirement benefits - gratuity (21,762,303) (22,769,518)

Unused tax credits - unabsorbed depreciation (183,604,297) (206,382,475)

80,273,473 16,535,353

20.1 In view of applicability of presumptive tax regime, deferred tax liability has been worked out after taking effect of income covered under presumptive tax regime.

21 CONTINGENCIES AND COMMITMENTS

21.1 The Company has issued post dated cheques amounting to Rs. 194.596 million (June 30, 2017 : Rs. 189.459 million) in favor of Collector of Customs in lieu of custom levies against various statutory notifications. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	2018 Rupees	2017 Rupees
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21.2 Contingencies

Bills discounted with recourse 271,036,960 342,973,080

Bank guarantees issued in the ordinary course of business 239,032,620 224,562,620

21.3 Commitments

Letters of credit for capital expenditure 191,771,072 137,679,555

Letters of credit for raw material 38,210,394 5,656,896

Letters of credit for stores and spares 50,403,992 14,845,149

22 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2018 Number of shares	2017 Number of shares		2018 Rupees	2017 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
6,979,754	6,979,754	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	69,797,540	69,797,540
22,421,688	22,421,688		224,216,880	224,216,880

22.1 Associated company (Din Leather (Pvt.) Limited) held 7,260 (June 30, 2017 : 7,260) ordinary shares of the company.

22.2 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.

	2018 Rupees	2017 Rupees
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23 RESERVES

General 400,000,000 400,000,000

Unappropriated profit 1,176,594,309 1,033,751,579

1,576,594,309 1,433,751,579

	Note	2018 Rupees	2017 Rupees
24			
SALES - NET			
Export			
Yarn - Direct export	24.1	1,117,849,961	1,300,597,917
Yarn - Indirect export		729,301,758	597,809,102
Waste and others		133,326,440	87,979,813
Rebate and duty draw back		21,573,151	22,875,038
Total export sales		2,002,051,310	2,009,261,870
Local			
Yarn		7,448,430,200	5,437,908,908
Raw Material		34,662,832	5,229,180
Waste and others		127,075,896	89,490,965
Total local sales		7,610,168,928	5,532,629,053
		9,612,220,238	7,541,890,923
Sales Tax		2,825,357	2,260,966
		9,615,045,595	7,544,151,889
Commission and claims		(133,030,613)	(120,099,229)
Sales Tax		(2,825,357)	(2,260,966)
		9,479,189,625	7,421,791,694

24.1 This includes net exchange gain / (loss) amounting to Rs. 43,831,956 (June 30, 2017 : Rs. (1,570,274)).

	Note	2018 Rupees	2017 Rupees
25			
COST OF SALES			
Cost of goods manufactured	25.1	8,528,630,329	7,217,960,879
Finished goods			
Opening stock		451,525,541	178,215,399
Closing stock		(308,255,654)	(451,525,541)
		8,671,900,216	6,944,650,737
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	6,039,738,285	5,060,139,003
Cost of raw material sold		32,429,477	5,247,220
Packing material consumed		132,851,280	111,605,124
Stores and spares consumed		149,056,258	154,759,311
Salaries, wages and other benefits	25.1.2	760,333,558	724,408,434
Fuel and power		1,009,424,123	813,294,777
Insurance		14,945,654	21,439,911
Repairs and maintenance		25,819,524	24,500,785
Depreciation	5.1.1	327,605,045	272,832,410
Ijarah rentals	34	3,949,776	3,465,318
Vehicle running and maintenance		6,302,607	5,678,948
Fee and subscriptions		4,507,609	1,543,086
Books and periodicals		76,144	53,005
Postage and telephone		601,919	601,633
Travelling and conveyance		5,731,582	7,181,277
Legal and professional		200,000	1,319,500
Rent, rates and taxes		8,370,221	17,740,340
Other overheads		11,161,215	18,400,134
		8,533,104,277	7,244,210,216
Work in process			
Opening stock		114,191,402	87,942,065
Closing stock		(118,665,350)	(114,191,402)
		(4,473,948)	(26,249,337)
		8,528,630,329	7,217,960,879

	2018 Rupees	2017 Rupees
25.1.1 Raw material consumed		
Opening stock	1,716,459,213	813,578,012
Purchases	6,670,949,992	5,749,253,646
	8,387,409,205	6,562,831,658
Closing stock	(2,563,115,420)	(1,716,459,213)
	5,824,293,785	4,846,372,445
Dyeing charges	247,873,977	219,013,778
Cost of raw material sold	(32,429,477)	(5,247,220)
	6,039,738,285	5,060,139,003

25.1.2 Salaries, wages & other benefits includes Rs. 46,245,406 (June 30, 2017 : Rs. 44,895,527) in respect of staff retirement benefits.

	Note	2018 Rupees	2017 Rupees
26 DISTRIBUTION COST			
Ocean freight		20,648,878	23,278,652
Air freight		1,641,034	1,229,850
Local freight		21,370,000	19,028,000
Clearing and forwarding		3,461,355	4,011,980
Export development surcharge		2,927,653	3,539,588
Others		1,597,334	2,445,099
Travelling expense		898,644	415,243
		52,544,898	53,948,412
27 ADMINISTRATIVE EXPENSES			
Directors' remuneration	33	29,085,000	29,065,000
Staff salaries and other benefits	27.1	82,884,344	75,768,442
Travelling and conveyance		1,810,408	2,547,344
Vehicle running and maintenance		1,938,912	1,202,233
Rent, rates and taxes		176,000	660,500
Electricity, gas and water		2,997,879	1,660,474
Printing and stationery		1,298,095	1,386,337
Fees, subscription and periodicals		5,973,929	6,177,323
Legal and professional		4,068,088	1,808,600
Repairs and maintenance		1,959,530	4,486,086
Postage and telephone		3,826,687	3,443,799
Entertainment		1,287,489	1,622,051
Advertisement		227,457	103,400
Depreciation	5.1.1	4,320,937	3,716,410
Ijarah rentals	34	579,238	374,550
Others		5,508,254	4,711,802
		147,942,247	138,734,351

27.1 Staff salaries and other benefits includes Rs. 4,673,961 (June 30, 2017 : Rs. 4,150,895) in respect of staff retirement benefits.

	Note	2018 Rupees	2017 Rupees
28 OTHER OPERATING EXPENSES			
Workers' profit participation fund	15.4	12,424,118	79,937
Workers' welfare fund		4,721,165	30,376
Loss on sale of property, plant and equipment	5.4	4,273,627	-
Donation	28.1	50,000	1,225,435
Auditors' remuneration	28.2	1,411,000	1,411,000
Loss on translation of foreign currency account			3,733
		22,879,910	2,750,481

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

	Note	2018 Rupees	2017 Rupees
28.2			
Auditors' remuneration			
Audit fee		1,211,000	1,211,000
Half yearly review fee		100,000	100,000
Tax services		100,000	100,000
		1,411,000	1,411,000
29			
FINANCE COST			
Mark up / interest on			
Long term financing		104,469,121	64,964,818
Short term borrowings		233,531,656	202,641,054
Workers' profit participation fund	15.4	3,684	77,333
Bank charges and commission		14,698,448	14,327,305
		352,702,909	282,010,510
30			
OTHER INCOME			
<i>From financial assets</i>			
Profit on savings account		3,509	3,553
Gain on translation of foreign currency account		114,118	-
<i>From other than financial assets</i>			
Gain on disposal of property, plant and equipment	5.4	-	1,787,677
		117,627	1,791,230
31			
TAXATION			
Provision / reversal for taxation			
Current Taxation:			
Current		22,235,811	28,568,653
Prior		(111,632)	742,795
Deferred taxation			
Current year		64,876,521	35,473,636
Prior year - effect of change in tax rate		(551,178)	-
		86,449,522	64,785,084
31.1	Tax expense for the year is calculated under section 169 as proportion of export sales and under section 113 as minimum tax for the year, therefore the assessment of the company will be finalized under final tax regime.		
31.2	Relationship between income tax expense and accounting profit		
Profit before taxation		231,337,072	1,488,433
Tax at the applicable rate of 30% (2017: 31%)		69,401,122	461,414
Prior year tax effect		(111,632)	742,795
Tax credit effect		92,129,221	(47,420,779)
Effect of income tax at lower rate		(74,969,189)	111,001,654
		86,449,522	64,785,084

31.3 As per the management's assessment, sufficient tax provision has been made in the Company's financial statements. The comparison of tax provision as per the financial statements viz-a-viz tax assessment for last three years is as follows:

	2017 Rupees	2016 Rupees	2015 Rupees
Provision as per financial statements	28,568,653	51,690,967	69,405,921
Tax assessment	28,457,021	52,433,762	70,148,716

31.4 The Board of Directors in its meeting held on September 24, 2018 has proposed sufficient cash dividend for the year ended June 30, 2018 (refer note 43). Accordingly, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 has been recognised in these financial statements for the year ended June 30, 2018.

		2018	2017
32	Earning / (LOSS) PER SHARE		
	Basic earning / (loss) per share		
Profit / (loss) for the year	Rupees	144,887,550	(63,296,651)
Weighted average number of ordinary shares outstanding during the year	Numbers	22,421,688	22,421,688
Earning / (Loss) per share - basic and diluted	Rupees	6.46	(2.82)

32.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2018 and June 30, 2017.

33 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2018			2017		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees			Rupees		
Managerial remuneration	13,200,000	13,200,000	52,356,231	13,200,000	13,200,000	51,853,510
Medical allowance	1,320,000	1,320,000	5,238,625	1,320,000	1,320,000	5,185,351
Bonus	-	-	-	-	-	2,013,086
Gratuity	-	-	2,882,217	-	-	2,476,007
Director Meeting Fee		45,000			25,000	
	14,520,000	14,565,000	60,477,073	14,520,000	14,545,000	61,527,954
Number of persons	1	1	15	1	2	12

33.1 The chairman of the company has waived off his remuneration.

33.2 The company also bears the travelling expenses of the directors relating to travel for official purposes.

33.3 Meeting fee of Rupees 45,000 (2017: Rupees 25,000) was paid to the non-executive directors for attending meetings.

33.4 Comparative figures have been restated to reflect changes in the definition of executive as per The Companies Act, 2017.

	2018 Rupees	2017 Rupees
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34 IJARAH

Total future ijarah payment

Upto one year

4,169,543 4,988,348

Later than one year but not later than five years

3,145,662 7,285,541

7,315,205 12,273,889

34.1 The total ijarah rentals due under the ijarah agreements aggregate Rs. 7.315 million (June 30, 2017 : Rs. 12.274 million) and are payable in equal monthly installments under various ijarah agreements, latest by 2020. If any ijarah is terminated, the Mustajir (lessee) is required to pay the purchase price specified in the ijarah agreements. The cost of repairs and insurance are borne by the Mustajir (lessee). The ijarah is partially secured by a deposit of Rs. 1.196 million (June 30, 2017 : Rs. 1.665 million) and demand promissory note. The company intend to exercise the option of purchasing the assets under the ijarah at residual value upon completion of ijarah term. The number of maximum / minimum monthly ijarah rentals payable are 20 and 11 respectively.

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 35.1 Credit risk
- 35.2 Liquidity risk
- 35.3 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.

35.1 Credit risk

35.1.1 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, other receivables and cash and bank balances. Out of total financial assets of Rs. 1,291.643 million (June 30, 2017 : Rs. 779.354 million), financial assets which are subject to credit risk aggregate to Rs. 1,254.817 million (June 30, 2017 : Rs. 727.988 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.

	2018 Rupees	2017 Rupees
Long term deposits	15,246,261	15,469,561
Trade debts	1,230,752,471	708,664,469
Trade Deposits	395,300	1,466,192
Other receivables	8,423,228	2,387,324
Cash and bank balances	36,825,820	51,366,744
	1,291,643,080	779,354,290

35.1.2 The maximum exposure to credit risk for trade debts at the statement of financial position date by geographical region is as follows:

	2018 Rupees	2017 Rupees
Domestic	1,127,317,702	657,480,105
Export	103,434,769	51,184,364
	1,230,752,471	708,664,469

The majority of exports of the company are made in Bangladesh, Sri Lanka and Portugal.

35.1.3 The maximum exposure to credit risk for trade debts at the statement of financial position date by type of customer is as follows:

	2018 Rupees	2017 Rupees
Yarn	1,181,673,875	672,531,564
Services	34,086,594	26,595,963
Waste	14,972,002	7,552,739
Others	20,000	1,984,203
	1,230,752,471	708,664,469

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

	Gross debtors	
	2018	2017
	Rupees	
Not past due	476,383,459	259,817,702
Past due 0 - 30 days	459,150,304	250,235,804
Past due 31 - 90 days	248,691,427	159,417,778
Past due 90 days - 1 year	46,527,281	39,193,185
More than one year	-	-
	1,230,752,471	708,664,469

35.1.5 Following are the credit ratings of banks within which balances are held and credit lines are available.

	Rating	Ratings		2018	2017
	agency	Short term	Long term	Rupees	Rupees
Allied Bank Ltd.	PACRA	A1+	AAA	25,347,242	43,501,071
Bank Alfalah Limited	PACRA	A1+	AA+	621,057	135,764
Bank Al-Habib Ltd.	PACRA	A1+	AA+	67,644	226,654
Dubai Islamic Bank Pakistan Ltd.	JCR-VIS	A-1	AA-	23,014	105,791
Habib Bank Ltd.	JCR-VIS	A-1+	AAA	6,002	2,299
Habib Metropolitan Bank Ltd.	PACRA	A1+	AA+	8,666,226	5,876,874
MCB Bank Ltd.	PACRA	A1+	AAA	964,024	967,283
Meezan Bank Ltd.	JCR-VIS	A-1+	AA+	1,129,824	223,843
National Bank of Pakistan	PACRA	A1+	AAA	-	22,961
Standard Chartered Bank (Pakistan) Ltd.	PACRA	A1+	AAA	787	304,204
				36,825,820	51,366,744

35.2 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.

	2018					
	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	2,282,450,388	2,622,868,956	444,588,183	929,583,887	752,578,599	496,118,287
Trade and other payables	3,474,433,209	3,474,433,209	3,474,433,209	-	-	-
Accrued mark up and interest	93,772,875	93,772,875	93,772,875	-	-	-
Short term borrowings	1,078,886,160	1,152,250,419	1,152,250,419	-	-	-
	6,929,542,632	7,343,325,459	5,165,044,686	929,583,887	752,578,599	496,118,287
	2017					
	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	1,276,845,831	1,414,943,426	469,698,585	213,860,250	346,597,550	384,787,041
Trade and other payables	2,331,870,717	2,331,870,717	2,331,870,717	-	-	-
Accrued mark up and interest	67,921,760	67,921,760	67,921,760	-	-	-
Short term borrowings	1,807,128,919	1,922,785,170	1,922,785,170	-	-	-
	5,483,767,227	5,737,521,073	4,792,276,232	213,860,250	346,597,550	384,787,041

35.2.1 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.

35.3 **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.

35.3.1 **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	Rupees
Trade debts 2018	852,016	103,434,769
Cash with banks 2018	9,311	1,130,321
Trade debts 2017	488,400	51,184,364
Cash with banks 2017	2,140	224,273

The following significant exchange rates applied during the year.

	Average Rates		Reporting Date Rates	
	2018	2017	2018	2017
US Dollar to Rupee	113.10	104.65	121.40	104.80

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 opposite effect on the above currencies to the amount shown below, on the basis that all other variables remain constant.

	2018 Rupees	2017 Rupees
US Dollar	(5,171,738)	(2,559,218)

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

35.3.2 **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:

	2018 Rupees	2017 Rupees
Fixed rate instruments		
Financial Liabilities	1,510,342,850	726,750,800
Variable rate instruments		
Financial assets	32,917	31,689
Financial liabilities	4,665,194,871	4,229,850,322

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, 2017:

	Profit or Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2018	(46,651,949)	46,651,949	-	-
Cash flow sensitivity - variable rate instruments 2017	(42,298,503)	42,298,503	-	-

35.4 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.

	2018 Rupees	2017 Rupees
35.5 Off statement of financial position items		
Bills discounted with recourse	271,036,960	342,973,080
Bank guarantees issued in ordinary course of business	239,032,620	224,562,620
Letters of credit for capital expenditure	191,771,072	137,679,555
Letters of credit for raw material	38,210,394	5,656,896
Letters of credit for stores and spares	50,403,992	14,845,149

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

35.7 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Short term borrowings for cash management purpose	Other short term borrowings including related accrued markup	Long term borrowings including related accrued markup	Total
Balance as at July 01, 2017	399,039,916	3,280,715,375	1,286,423,671	4,966,178,962
Changes from financing cash flows				
Repayment of loan			(428,141,443)	(428,141,443)
Proceeds from long term loan			1,433,746,000	1,433,746,000
Payment/(repayment)-net	632,126,678	(422,161,942)	-	209,964,736
Total changes from financing activities	632,126,678	(422,161,942)	1,005,604,557	1,215,569,293
Other changes-interest cost				
Interest expense	32,323,266	201,208,390	104,469,121	338,000,777
Interest Paid	(31,720,023)	(198,444,327)	(81,985,312)	(312,149,662)
Total loan related other changes	603,243	2,764,063	22,483,809	25,851,115
Balance as at June 30, 2018	1,031,769,837	2,861,317,496	2,314,512,037	6,207,599,370

36 CAPITAL RISK MANAGEMENT

The company's prime objective 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, others and short term borrowings. Total capital employed includes total equity as shown in the statement of financial position plus borrowing.

		2018	2017
Borrowings	Rupees	3,361,336,548	3,083,974,750
Total equity	Rupees	1,800,811,189	1,657,968,459
Total capital employed	Rupees	5,162,147,737	4,741,943,209
Gearing ratio	Percentage	65.12	65.04

37 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.

	2018	2017
Total number of spindles installed	103,488	93,936
Total number of spindles worked	98,527	87,025
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs.)	35,281,910	31,702,000
Actual production converted into 20/1 count (Kgs.)	32,134,108	26,849,418

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

38 MEASUREMENT OF FAIR VALUES

A number of the company's accounting policies and disclosure require the measurement of fair values, for both financial, if any and non-financial assets and liabilities.

When measuring the fair value of an asset or a liability, the company uses valuation techniques that are appropriate in the circumstances and uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quote prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs)

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurements is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

For assets and liabilities that are recognized in the financial statements at fair value on a recurring basis, the management recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

39 SEGMENT REPORTING

The financial statements are prepared on the basis of a single reportable segment.

39.1 The company's gross revenue from external customers by geographical location is detailed below:

	2018 Rupees	2017 Rupees
Domestic sales	7,610,168,928	5,532,629,053
Export sales	2,002,051,310	2,009,261,870
	9,612,220,238	7,541,890,923

39.2 The maximum exposure to credit risk for trade debts at the Statement of Financial Position date by geographical region is as follows.

Country	Total export sales made to debtors outstanding	Amount outstanding	Mode of Contract
Portugal	805,907,348	71,351,261	Letter of Credit
Sri Lanka	3,457,717	1,348,775	Letter of Credit
Bangladesh	46,385,820	27,258,496	Letter of Credit
Taiwan	19,959,415	3,476,237	Letter of Credit
	875,710,300	103,434,769	

39.3 All non-current assets of the company as at June 30, 2018 are located in Pakistan.

39.4 There is no customer to whom 10% or more sales are made hence not disclosed in these financial statements.

40 RELATED PARTIES

40.1 The following are the related parties with whom the Company had entered into transaction or have arrangement / agreement in place during the year:

S No.	Name of Related Party	Relationship	Percentage of Shareholding
1	MCB Bank Limited	Associated company	Nil
2	Din Farm Products (Pvt.) Ltd.	Associated company	Nil
3	Din Leather (Pvt.) Ltd.	Associated company	0.03%
4	Shaikh Muhammad Tanveer	Director	5.63%
5	Shaikh Mohammad Naveed	Director	16.91%
6	Shahzad Naseer	Key Management Personnel	Nil
7	Faisal Jawed	Key Management Personnel	4.21%
8	Shaukat Hussain	Key Management Personnel	Nil
9	Hafiz Amir Mahmood	Key Management Personnel	Nil
10	Nadeem Altaf Sheikh	Key Management Personnel	Nil
11	Kamran Hafeez	Key Management Personnel	Nil
12	Sohail Taj	Key Management Personnel	Nil
13	Ashfaq	Key Management Personnel	Nil
14	Tariq Mehmood	Key Management Personnel	Nil
15	Mubashir Bashir	Key Management Personnel	Nil
16	Zahid Iqbal	Key Management Personnel	Nil
17	Shahid Yaqub	Key Management Personnel	Nil
18	Javed Iqbal	Key Management Personnel	Nil
19	Hafiaz Abdul Jabbar	Key Management Personnel	Nil
20	Tariq Shahab Ansari	Key Management Personnel	Nil

40.2 Transactions with related parties

		2018 Rupees	2017 Rupees
Transactions with related parties	Relationship		
MCB Bank Limited	Associated company		
Deposits		14,742	30,813
Withdrawals		18,000	44,734
Din Farm Products (Pvt.) Ltd.	Associated company		
Purchase of fixed assets		2,200,000	-
Din Leather (Pvt.) Ltd.	Associated company		
Reimbursement of expenses		2,997,879	1,660,474
Din Industries Ltd.	Associated company		
Reimbursement of expenses		-	320,608
Salaries and other short term employee benefits	Key management personnel	86,679,856	88,116,947
Staff retirement benefits	Key management personnel	2,882,217	2,476,007
Balances Outstanding at the year end	Relationship		
MCB Bank Limited	Associated company	964,024	967,282
Din Farm Products (Pvt.) Ltd.	Associated company		-
Din Leather (Pvt.) Ltd.	Associated company	286,863	165,057
Din Industries Ltd.	Associated company	-	-

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. Balances 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. Remuneration of directors and executives are disclosed in respective notes.

41 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

41.1	Description	Note	2018		2017	
			Carried under		Carried under	
			Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
Assets						
Loans and advances						
	Advance to employees against wages	10	-	5,823,085	-	7,760,406
	Advance to employees against expenses	10	-	659,491	-	1,436,592
	Advances to supplier	10	-	49,257,085	-	26,715,210
	Others	10	-	29,273	-	3,768,521
	Advance against letter of credit	10	-	1,232,277	-	1,438,172
Deposits						
	Long term deposits	6	-	15,246,261	-	15,469,561
	Trade deposits	11	-	395,300	-	1,466,192
	Bank balances	14	32,917	36,792,903	31,689	51,335,055
Liabilities						
Loan and advances						
	Long term financing	18	1,510,342,850	772,107,538	726,750,800	550,095,031
	Short term borrowings - Secured	17	1,031,769,837	47,116,323	1,523,289,916	283,839,003
	Murahaba	15.1	-	2,814,201,173	-	1,872,626,372
	Advances from customers	15	-	15,813,884	-	33,003,047
	Payable to associated companies	15.5	-	286,863	-	165,057
Income						
	Profit on savings account	30	3,509	-	3,553	-
			Note	2018 Rupees	2017 Rupees	

41.2 Sources of other income

Profit on savings account	30	3,509	3,553
Gain on disposal of property, plant and equipment	30	-	1,787,677

41.3 Exchange gain / (loss)

Gain / (loss) on translation of foreign currency account	24.1 & 28	43,831,956	(1,574,007)
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41.4 Relationship with banks

Name	Relationship	
	Non Islamic window operation	With Islamic window operation
Allied Bank Ltd.	✓	×
Bank Al-Habib Ltd.	✓	✓
Bank Al Falah Ltd.	✓	✓
Dubai Islamic Bank Pakistan Ltd.	×	✓
Faysal Bank Ltd.	✓	×
Habib Metropolitan Bank Ltd.	×	✓
Habib Bank Ltd.	✓	×
MCB Bank Ltd.	✓	×
Meezan Bank Ltd.	×	✓
National Bank Of Pakistan	✓	×
Standard Chartered Bank (Pakistan) Ltd.	✓	×

42 NUMBER OF EMPLOYEES

	2018 Rupees	2017 Rupees
Total number of employees as at year end	2,586	2,518
Average number of employees during the year	2,552	2,598
Total number of factory employees as at year end	2,509	2,439
Average number of factory employees during the year	2,474	2,524



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مفت آن لائن ٹولز:

- سکیم میٹر
- ماک ٹریڈنگ
- رسک پروفائلر
- نائج سینٹر
- کیلکولیٹر
- نیوز لیٹر سبسکرپشن

کھیل ہی کھیل
میں سیکھیں
سرمایہ کاری کا پتہ










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







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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/CDC ID & Account No. _____ or

Mr. / Mrs. / Miss. _____ of _____

Share Register Folio/CDC ID & Account No. _____

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

At the Thirty First Annual General Meeting of the Company to be held on October 26, 2018 and at any adjournment thereof.

Signed this _____ day of _____ 2018

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.



ADDENDUM IN AUDIT REPORT 2018

For information shareholders of Din Textile Mills Limited ("Company") encloses an addendum ("Addendum") to the Annual Audit Report 2018.

It is to inform that in our audit report at the last page following paragraph was mistakenly printed instead of the corrected paragraph:

Misprinted paragraph	Corrected paragraph
<i>a) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and</i>	<i>a) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.</i>

The company also confirms that there have been no other changes in the Annual Audited Report 2018.

(COMPANY SECRETARY)

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