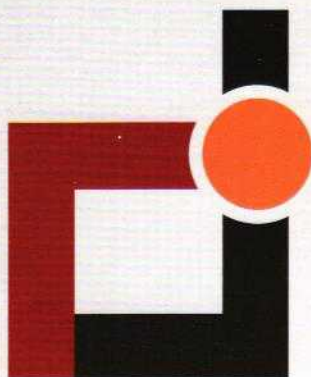




**28<sup>th</sup> ANNUAL REPORT 2015**

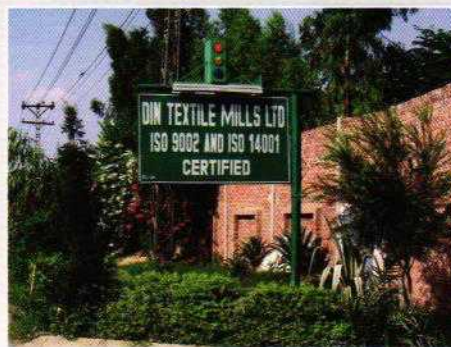
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**DIN TEXTILE MILLS LTD.**



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## OUR VISION

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



## OUR MISSION

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



## OUR AMBITION

Leading Textile Sector through innovation, value addition, Contributing significant role in social and economic sector of the Country.



## CORPORATE INFORMATION

### Board of Directors

Shaikh Mohammad Muneer

Shaikh Mohammad Pervez

Shaikh Muhammad Tanveer

Shaikh Mohammad Naveed

Mr. Faisal Jawed

Mr. Farhad Shaikh Mohammad

Mr. Abdul Razzak Tarmuhammad

Chairman

Director

Chief Executive

Director

Director

Director

Director

### Company Secretary

Mr. Islam Ahmed

### Chief Financial Officer

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

### Auditors

Mushtaq & Co.,  
Chartered Accountants

### 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](http://www.dingroup.com)

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

### Audit Committee

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

Chairman  
Member  
Member

### Human Resource and Remuneration Committee

Shaikh Mohammad Pervez  
Shaikh Muhammad Tanveer  
Mr. Abdul Razzak Tarmuhammad

Chairman  
Member  
Member

**DIN TEXTILE MILLS LTD**  
**ISO 9002 AND ISO 14001**  
**CERTIFIED**

## 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 & Raiwind, having Consolidated annual production capacity of yarn 29.017-Million-Kgs and dyeing of Fiber and Yarn 3.79 million Kgs.

With an consolidated annual turnover of Rs 8.552 billion, today Din Textile Mills Ltd. employs over 2,714 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, CEO of Trade Development Authority of Pakistan, President of India-Pakistan Chamber of Commerce & Industry (IPCCI), 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 Mr. Asif Ali Zardari in the President House on 27/08/2012.

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

#### **Additional current holding position:**

- Fatimid 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 Nazeer Husain University, Karachi
- World Hypertension League
- Board of Governors of Professional Education Foundation.
- Board of Governors of Shaukat Khanum Memorial Trust, Lahore
- "The Legend Trust" under Chairmanship of Governor of Sindh since 7-11-2006. The job of this Trust is to help the re-known artists for their grievances.
- Board of Make-A-Wish Foundation International USA
- Chief Executive Officer of Trade Development Authority of Pakistan ( TDAP)

## **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 recognition to his social and welfare services in the Country, he has been appointed as Justice of Peace Karachi Division by Government of Sindh. He is also member of Patient Behbood Society, Agha Khan University Hospital, Karachi.

## **Shaikh Muhammad Tanveer**

### **Chief Executive**

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 is the Chairman of Punjab Industrial Estate (PIE), and actively involved in various Business and industrial Development projects of the Govt. of Punjab.

He is Chairman of All Pakistan Textile Mills Association ( Punjab Zone )(APTMA ). 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 Mohammad Naveed Naveed is the Executive Director of Din Textile Mills Ltd. (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.

## **Mr. Faisal Jawed**

### **Director**

Mr. Faisal Jawed is the Executive Director of Din Textile Mills Ltd. (unit of Din Group of Companies.)

He is Graduate of Business Administration (BBA MARKETING). Being learned personality, he is regularly participating in different Business and Administration oriented courses held by LUMS and other leading business Institutions. He has vast experience in the field of marketing and having Good negotiation skills. Being a Director of Din Textile Mills Limited, he is involve in procurement of Material like cotton and other man made fibers like Lycra® etc.

Having good skills of operational and office management, he plays a strategic role in business's operation and management to improve the over all productivity and profitability of the Company.

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 2014 under Director Training Program held by Institute of Chartered Accountants of Pakistan.

## **Mr. Farhad Shaikh Mohammad**

### **Director**

Mr. Farhad Shaikh Mohammad is the Non Executive Director of Din Textile Mills Ltd. (Din Group of Companies). He is a finance graduate and has conducted various courses such as Corporate Governance Leadership and Corporate Finance Management. He has been invited as guest speaker at many universities and conferences. Being a Director of Din Textile Mills Ltd., and having vast experience in the field of finance and accounts. 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 Fauji Fertilizer Company Limited.
- > Justice of Peace (Karachi Division), appointed by Government of Sindh.
- > Vice Chairman of "Law & Order" Committee Korangi Association of Trade & Industry. (KATI) Karachi.

## **Mr. Abdul Razzak Tarmuhammad**

### **Director**

Mr. Abdul Razzak Tarmuhammad 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 participate 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 Board has set up an independent audit function headed by a qualified and full time employee of the company reporting to the chairman. The Scope of Internal auditing within the Company is clearly defined in compliance of Clause (XXIV) of Code of Corporate Governance 2012.

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

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

Committee of Din Textile Mills Ltd. comprises of the following :

1	Mr. Adul Razzak Tarmuhammad	(Independent / Non-Executive Director )	Chairman
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 Tarmuhammad	4	4
2	Shaikh Mohammad Pervez	4	3
3	Mr. Farhad Shaikh Mohammad	4	4

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

- I- The Audit Committee shall, inter alia, recommend to the Board of Directors the appointment of external auditors, their removal, audit fees, the provision by the external auditors of any service to the company in addition to audit of its financial statements.
- II- Determination of appropriate measures to safeguard the company's assets;
- III- Review of quarterly, half-yearly and annual financial statements of the company, prior to their approval by the Board of Directors, focusing on:
  - Major judgmental areas;
  - Significant adjustments resulting from the audit;
  - The going concern assumption;
  - Any changes in accounting policies and practices;
  - Compliance with applicable accounting standards;
  - Compliance with listing regulations and other statutory and regulatory requirements; and
  - Significant related party transactions.
- IV- Review of preliminary announcements of results prior to publication;
- V- Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in the absence of management, where necessary);
- VI- Review of management letter issued by external auditors and management's response thereto;
- VII- Ensuring coordination between the internal and external auditors of the company;
- VIII- Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company;
- IX- Consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- X- Ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- XI- Review of the company's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- XII- Instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body;
- XIII- Determination of compliance with relevant statutory requirements;
- XIV- Monitoring compliance with the best practices of corporate governance and identification of significant violations thereof; and
- XV- Consideration of any other issue or matter as may be assigned by the Board of Directors.

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

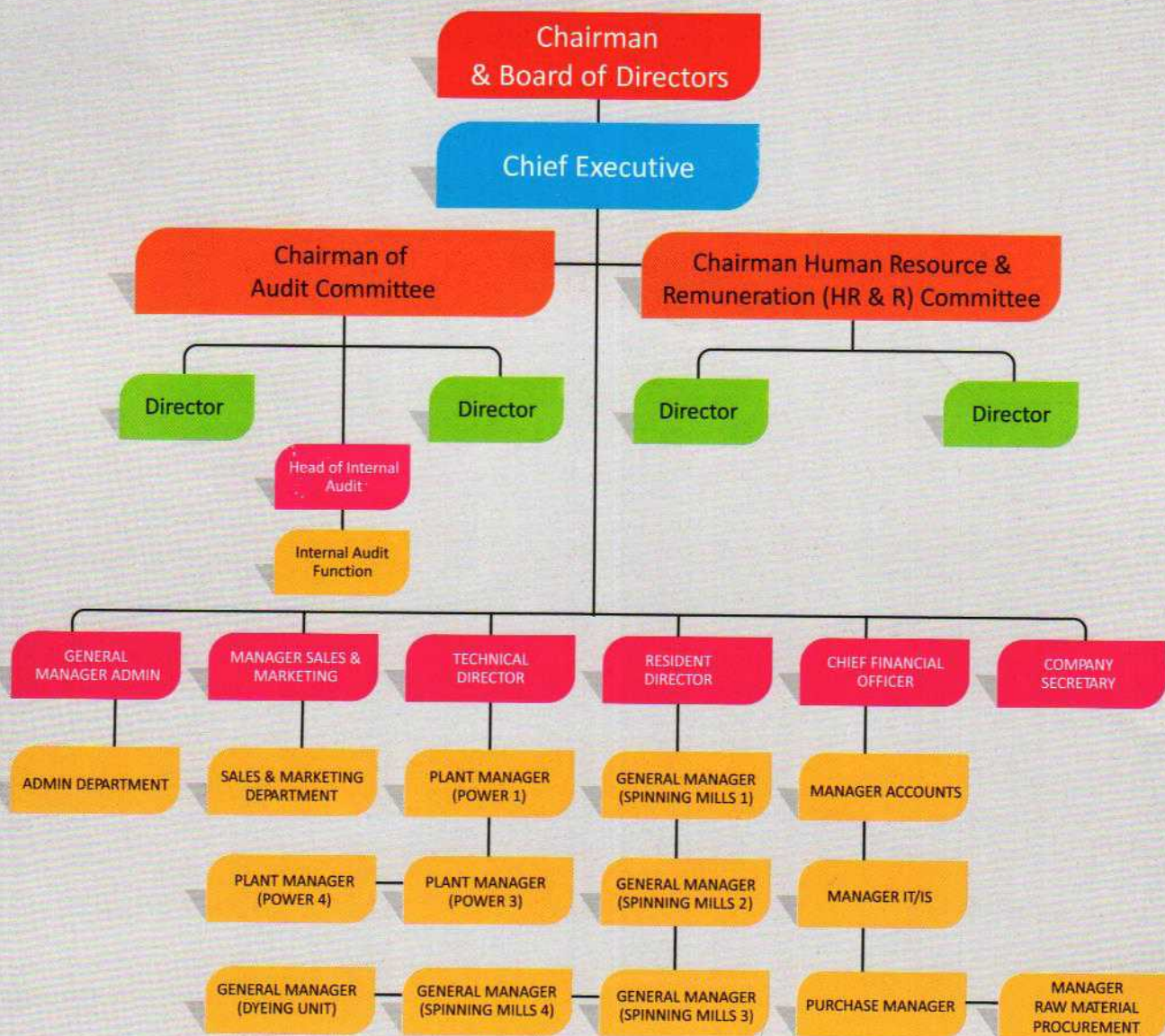
Human Resource and Remuneration (HR&R) Committee have three members comprising a majority of non-executive directors Including Chairman of the Committee.

1	Shaikh Mohammad Pervez	(Non-Executive Director )	Chairman
2	Shaikh Muhammad Tanveer	(Executive Director )	Member
3	Mr. Abdul Razzak Tarmuhammad	(Independent / Non-Executive Director )	Member
4	Mr. Amir Riaz Qureshi		Secretary

<b>S. No.</b>	<b>Name of Director</b>	<b>Total No. of Meeting</b>	<b>Meeting Attend</b>
1	Shaikh Mohammad Pervez	2	2
2	Shaikh Muhammad Tanveer	2	2
3	Mr. Abdul Razzak Tarmuhammad	2	2

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

- I- Recommending human resource management policies to the board;
- II- Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- III- Recommending to the board the selection, evaluation, compensation (including retirement benefits) of COO, CFO, Company Secretary and Head of Internal Audit; and
- IV- Consideration and approval on recommendations of CEO on such matters for key management positions who report directly to CEO or COO.



## ORGANIZATION STRUCTURE

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



# O U R C O R E V A L U E S

## DEDICATION TO CORE VALUES

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



### **Customer Orientation and Satisfaction.**

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



### **Responsiveness with Excellence.**

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



### **Integrity and Honesty.**

Core matrix is intolerant towards any legal or ethical breaches. We believe in the highest level of integrity, sincerity and honesty.



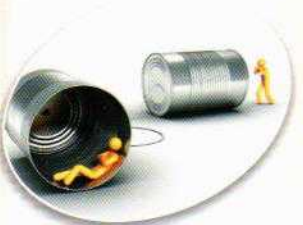
### **Exceeding Expectation with Team Work.**

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



### **Professionalism and Respect.**

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



### **Communication.**

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



### **Result Oriented.**

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



### **Quality.**

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



### **Entrepreneurship.**

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



# CODE OF ETHICS

## STATEMENT OF ETHICS AND BUSINESS PRACTICES For the year ended June 30, 2015

### 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 maintain effective, transparent financial reporting and sound internal control system ensuring true and fair performance measurement and compliance with local regulatory requirements and international accounting standards as applicable.

**3. Din Textile's Commitment with their Competitors**

Din Textile competes enthusiastically but fairly in the operating markets in the true spirit to win the market. Din Textile being honest and trustworthy in all of its dealings had never and will not damage the reputation of competitors either directly or by implication or innuendo.

Din Textile had never and will not attempt to acquire information about a competitor's business by disreputable means nor will it engage in restrictive trade practices of abuse any position of market dominance.

**4. Din Textile's Commitment with their Customers**

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

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

**5. Din Textile's commitment with their Suppliers**

Din Textile aims to develop and maintain best relationships with its suppliers based on mutual trust and embark on timely and agreed trade terms payments. Din Textile purchasing power must never be used

unscrupulously. All of the information regarding the Din Textile and its suppliers must be respected and kept confidential. Din Textile buying decisions are always been a commitment of assurance that whatever material which is purchased for production and procurement, will always be safe for environment. We expect that our suppliers also enforce the same standards of employment, harassment and discrimination policies as like Din Textile.

## 6. Din Textile's Commitment with their Shareholders

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

## 7. Din Textile's Commitment with their Local Communities

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

## 8. Din Textile's Commitment to the Environment

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

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

## 9. Implementation of this Statement

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

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

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

# EVENTS CALENDAR

## 2014-2015

**07** July  
2014

Board of Directors Meeting for addition/disposal of Fixed Assets & open a new current account in Allied Bank Limited, Raiwind City Branch, Lahore.

**03** October  
2014

Audit Committee and Board of Directors meeting to consider accounts of the Company for the year ended June 30, 2014.  
Human Resource and Remuneration (HR&R) Committee Meeting to propose and increase in monthly remuneration of CFO and Head of Internal Audit.

**29** October  
2014

Annual General Meeting of shareholders to consider accounts of the Company for the year ended June 30, 2014.  
Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended September 30, 2014.

**01** December  
2014

Board of Directors Meeting in favor of Mehmood Tariq the Resident Director of the company for authorized to sign the cheque as a 2nd signatory for account in Allied Bank Limited, Raiwind City Branch, Distt. Lahore.

**24** February  
2015

Audit Committee and Board of Directors meeting to consider accounts of the Company for the Half Year ended December 31, 2014.

**24** April  
2015

Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended March 31, 2015.

**23** May 2015

Human Resource and Remuneration (HR & R) Committee Meeting for recommended the resignation of Mr. Zahid Hussain Zahid, Head of Internal Audit of the Company be accepted and Mr. Kashif Javed be appointed as new Head of Internal Audit of the Company.

Board of Directors meeting for approval of the resignation of Mr. Zahid Hussain Zahid, Head of Internal Audit of the Company be accepted and Mr. Kashif Javed be appointed as new Head of Internal Auditor of the Company.

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 28th Annual General Meeting of the Company will be held on Friday the 30th October 2015 at 03:00 p.m. at Movenpick Hotel, Bela, Chambeli, Joohi Hall, Club Road, Karachi.

1. To confirm the minutes of the Annual General Meeting of the Company held on 29th October 2014.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2015 together with Directors and Auditors Report thereon.
3. To appoint Auditors, and fix their remuneration.
4. To transact any other business with the permission of the chair.

**BY ORDER OF THE BOARD**

**ISLAM AHMED**

COMPANY SECRETARY

Karachi: September 22, 2015

### Notes:

1. The share transfer books of the Company will remain closed from October 23, to October 30, 2015 (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.



## CHAIRMAN'S MESSAGE

**"A Promise"**

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

*S. M. Muneer*

At Din Textile Mills Ltd. we are placing greater emphasis on sound governance, which we believe crucial to long term success, in today's business era services excellence entails professional management of relationships, products knowledge, ability to provide customized solutions. It calls for having right products, efficient processes and providing comfort and convenience to our customers.

Year 2015 witnessed depression in demand and prices of Textile Spinning Industry. This was ignited after the import of yarn Specially from India, India gave subsidy/rebate on the export of textile products and since then Indian spinner dump their yarn in Pakistan Local Market at exceptionally low prices depriving the Local Yarn manufacturer of level playing field. The situation was further worsened by the shortage of gas and electricity faced by the local textile industry depressing the overall demand in domestic market.

Despite of all hardship and challenges to our economy, I am confident that Din Textile Mills Ltd. continues on a growth trajectory and the team is fully geared to respond to the challenges coming on the way, we are forward looking and remain committed to thinking beyond today. We will make all endeavors to provide best in class service to our valued customers. We stay committed to serving and safeguarding the rights of our stakeholder's. Last but not least I would like to acknowledge the commitment, dedication and hard work of our Board of Director's and employees.

***"Opportunities don't happen. You create them."***



## Chairman's Review

As the chairman of Din Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report there on for the year ended June 30, 2015.

### Economic Environment

The global economic growth during the outgoing year has witnessed some continuing signs of improvement. Global GDP is forecasted to accelerate as compared to last year with a pick-up in high-income economies along with some improvement in developing countries. The global economy is expected to grow at a pace of 3.5 percent in 2015 and to further accelerate at 3.8 percent in 2016. The world economy started picking up by growth in advanced economies, including the US, the Euro area and also in some emerging economies. Growth in Japan has been boosted by a set of expansionary policy packages and it is expected to remain relatively stable in 2016. Growth prospects among emerging economies are mixed. China has been stabilized and growth is expected to be maintained at a pace of about 7 percent. China is the second largest economy in the world; many economies have taken direct and indirect benefits of its development and have risen in recent years with China's growth. China and Pakistan have made agreements to establish China Pakistan Economic Corridor between the two countries. The corridor will serve as a driver for connectivity between South Asia and East Asia. The trade in the world is expected to increase and Pakistan will take benefits through multiple dimensions.

Pakistan's economy has maintained the recovery path, GDP growth accelerated to 4.24 percent in 2014-15 against the growth of 4.03 percent recorded in the last year. The targeted growth rate 5.1 percent could not be achieved due to energy shortages, uncertainty created by protest of political parties which delayed planned activities, floods and heavy rains damaged agriculture especially major crops like sugarcane, wheat and maize etc. The lower production of crops also passed on negative affect to industrial sector as well as domestic commerce. However, the growth achieved in outgoing fiscal year is higher as compared to previous years since 2008-09 and growth momentum recorded is broad based and all the three major sectors namely agriculture, industry and services have contributed in the improvement of economic growth. The agriculture sector grew by 2.88 percent against the growth of 2.69 percent in the last year. The industrial sector accelerated by 3.62 percent against the expansion of 4.45 percent in last year, while large scale manufacturing posted nominal growth of 2.38 percent against 3.99 percent last year. The services sector recorded a growth of 4.95 percent as compared to 4.37 percent last year. The commodity producing sector on the whole grew by 3.24 percent as compared to 3.55 percent last year.

Cotton plays a major role in earning foreign exchange. The cotton crop production accounts for 1.5 percent in GDP and 7.1 percent in agriculture value addition. During July-March 2014-15, textile industry fetched foreign exchange of US\$ 10.22 billion. During 2014-15, the cropped area of cotton stood at 2,961 thousand hectares, showing an increase of 5.5 percent over last year's area of 2,806 thousand hectares. Cotton production for the year 2014-15 stood at 13.983 million bales against 12.769 million bales last year showing an increase of 9.5 percent. The cotton production remained higher since 2004-05 on account of government's provision of aggressive farmer training for small farmers and extension services of PCCC, allowed Trading Corporation of Pakistan (TCP) to procure one million bales of cotton at the support price of Rs. 3,000/- per 40 kg to benefit cotton growers and better economic returns received by the growers from the last year produce, it encouraged the

grower to bring more area under cotton crop.

Average inflation measured through Consumer Price Index (CPI) at 4.8 percent in July-April 2014-15 against 8.7 percent in the same period last year while Wholesale Price Index (WPI) inflation at 0.03 percent as compared to 8.3 percent last year. Similar is the trend in Sensitive Price Indicator (SPI) for 53 essential items which registered a rise of 1.9 percent against 9.8 percent in the same period last year. The divergent trend in the price indices is due to their composition, coverage and nature of items. Wholesale price covers the items which are offered for sale in bulk by the producers and manufacturers in primary market. Its prices are influenced immediately by trend in imports prices and local productivity.

Economic growth and development, sustainability and energy security, and access remain the key pillars of any energy system. Thus significant energy reforms with good intentions to fulfillment are required in response to these new imperatives and opportunities. Further decision-makers also require credible information to make complex decisions across these three dimensions. Further a long awaited National Power Policy 2013 focused to support the current and future energy needs of the country and to set Pakistan on a trajectory of rapid economic growth and social development. The policy describes sustainability in the power sector as "the underpinning of long term transformation. The principle of sustainability will be grounded on three pillars: low cost energy, fair and level playing field, and demand management. Altering the fuel mix towards less expensive fuels will lead to low cost energy. Investments required for the low cost fuel mix will necessitate rationalization of the electricity tariff.

## Textile Out Look

Pakistan has inherent advantage of being 4th largest producer of cotton in the world with a huge potential to further increase crop yield. For success of any export led industry, local availability of basic raw material is considered to be an added advantage as being a key factor in reducing cost of doing business. It is encouraging that Pakistan rank 3 rd. in the world in the field of yarn production.

Pakistan share in the global textiles and clothing trade has remained stagnant due to changes in the distribution chain as well as the creation of an uneven playing field by the importing countries through preferential trade agreements and special access given to different competitor countries. The textiles sector in Pakistan has remained stagnant over the last decade due to a number of exogenous and indigenous factors such as subsidies given to cotton farmers and other textiles products by several countries which distorted prices, marketing constraints, global recession, and increasingly stringent buyers conditionality. On the domestic side, cotton production has remained stagnant at about 13 million bales per annum and the resistance to grading and standardization of cotton bales by ginners and spinners alike has consistently lowered the value of Pakistani cotton by around 10 cents per pound in the international market. On the other hand, the value-added garments sector has grown marginally due to its limited product range, low usage of manmade fibers and inability of manufacturing units to restructure in order to meet changing international requirements.

Pakistan's yarn producers, for example, were much more efficient and modern in 2006 than their Indian competitors. Today, the conversion cost of 20 carded and 30 combed yarns in Pakistan is respectively 33pc and 27pc higher than those in India. As if that is not enough, the Indian government has consistently supported its textile exports through rebates, subsidies and timely policy responses to their issues, protected its domestic market, and given huge incentives to encourage investments in new machinery and capacity. India spent \$3.5bn between 2007 and 2012 on its textile industry to add 14m spindles, 36,000 shuttles and jet air looms, grow exports by \$16bn, create 16m jobs, and increase its share in the world textile trade from 3.5pc to 5pc. Pakistan, on the other hand, spent less than \$300m during 2009-14. Consequently, its exports have stagnated, jobs lost and machines rusted. For the future, India has set aside \$5bn to be spent on its textile industry till 2017, compared with the \$640m package given by Pakistan for the next five years. "We can compete with exporters from India, China, Bangladesh and elsewhere. But we cannot fight with their governments Support.

The high cost of doing business, energy shortages, myriad of taxes on exports, influx of smuggled and imported textiles and clothing in the domestic market, absence of institutional support, rising exchange rate, raw material shortages, and the gape between policy and its implementation have eroded the economic viability of textile business both at home and abroad. Pakistan is no longer in the race for a bigger share in the global textile business. Even our domestic market has been stolen from us by China and India. We're just struggling to survive.

## Marketing Activities

During the financial year 2015 Textile exports clocked in at PKR 1,365/= billion (USD 13.47billion) as compared to PKR 1,411/= billion (USD 13.72billion) during the same period last year, falling 3.2% YoY. During 12MFY15, cotton yarn exports have decreased 9.2% in terms of value to PKR 186.67billion (USD 1.84billion) with a volumetric increase of 1.1%. Holistically, textile exports have taken a hit due to the several detrimental factors witnessed in FY15, such as, the slump in cotton prices due to the change in Chinese cotton policy and the PKR which has appreciated 15% against the EUR in the past year, mainly on back of the Greek debt crisis. Cotton prices may further decrease due to the onset of Chinese cotton reserve sales program in July. The textile industry however, still counts on further realization of the GSP plus status and implication of the textile policy which incentivizes import of textile machinery and human resource training and development.

Major regional developments claimed to have made domestic yarn production 'unviable' include slowdown in Chinese demand for Pakistani yarn and 5pc rebate allowed by India on its yarn exports since January 2015. Domestic factors affecting yarn production in Punjab include rising electricity prices (currently standing at \$0.18 per unit), unavailability of cheaper gas for captive power generation and strong revaluation of the rupee.

Yarn Market has fallen like ninepins in the recent weeks, Particularly Punjab's spinning industry had flourished in last few years despite energy crunch on the back of a strong Chinese demand. But now the Chinese demand is tapering off. On top of that India with surplus cotton of 10m bales has entered the market with a big bang. India's yarn isn't only replacing Pakistan in China but also flooding our market because of 10-20pc price differential in various categories. The Yarn imports from India could rise to 1.5-2m bales this year. India has given rebate to damage our textile industry, which was feeling buoyed after getting GSP+ status from the EU. We could have somehow survived competition from India but the recent rupee appreciation against the dollar and increasing electricity prices have broken our back, and during the year approximately at least 100 spinning factories in Punjab faced closure once their current cotton stocks. Pakistan Textile Industry wouldn't survive Indian competition unless the government allowed them rebate to offset the effect of the currency appreciation, imposed Import duty on yarn imports, brought down electricity prices and provided gas for captive power.

During the year under Review, due to uncompetitive environment and import of yarn from India, there is low demand of yarn which create depressed market sentiment and caused in reduction of export sale by 23.98% of total sales as compared to last year and increase domestic sale. Combination of Local and export sales is 63.65% and 36.35 % respectively in current year where as it was 39.66% and 60.33% in year 2014.

## Operational Review

Due to the collective impact of high cost of doing business and disparity of supplies create uncompetitive environment locally and internationally. In view of worst power shortage and current declining trend in yarn prices, the management of our company has decided to curtail the production capacity of the company by not renewing the license agreement to operate the spinning unit having 17,280 spindle ( 4.559 M Kgs yarn), located at 48 km Multan Road Bhai Pheru, district Kasur, Punjab. The License expired on November 12, 2014.

The cotton consumption has been increasing as compared to global production in 2015/16. In 2014/15 the cotton stocks are expected to reach 21.9 million tons. However in 2015/16, the stocks are projected to decrease to 20.9 million tons, a decline of one million tons, where as China is still holding 11.3 million tons, which it has indicated to dispose at the current price level. However, it is uncertain how successfully China will be able to sell off its excess cotton stock without destabilizing the market.

At Domestic level the prices of raw cotton during the year 2014-2015 have mix trend. From start of year in July 14 to September 14 the prices are ranging from Rs. 6,200 to 5,900 and dropped in peak season November 14 to Jan 2015 between Rs. 4,800/= to 5,200 /= and there after rise again up to Rs. 5,600/= per 37.324kg mound. till the Jun 2015.

The Annual Production and yield Targets are achieved. This Allowed us to meet enhanced market demand in spite of excessive nationwide load shedding of electricity and gas. The management team of your company emphasized the need to be the strategically prepared for emergency and crises situations. During the year Din Textile Mills Limited Produced Million 23.385 Kgs yarn as compared to 27.268 Million Kgs in last year there by achieving an average capacity utilization of 80.59% as against 85.37% during the year. 82,685 out of 87,226 spindles remained operational during the year which attended 94.79% utilization of installed capacity as compare to 91,737 working spindle out of 98,304 spindle having 93.31% utilization of installed capacity in last year. Reduction in working efficiency mainly due to unstable supply of power.

Current year production capacity and attain production is less due to shut down of on spinning unit in November 2014.

## Financial Review

The Management at Din Textile is Committed to face various challenges imposed by the economy and its competitors and simultaneously is striving forward relentlessly towards increasing client satisfaction and product demand in local and international markets by keeping abreast with the latest technology and understanding various needs of clients. The financial Performance of your company for the years 2014-15 reflect stable performance as it Sales revenue surged to Rs. 8.552 Billion ( FY 2013-14 Rs. 10.211 billion) and (Loss)/Profit before taxation Rs. (159.303) million ( FY 2013-14 Rs. 3.797 million). The Loss before tax and reduction of Sale is mainly due to closure of one Spinning unit which we operate under license agreement, high input cost due to serious shortage of gas and power, increase in value of Rupees against Dollar and increase in rate of Power and minimum wages of labor and over all depress market conditions of yarn and rate reduction due to excessive import of Indian yarn by the local consumers.

On going cost saving and controlling initiatives were taken to particularly offset the negative impact of escalating input costs. Din Textiles is committed to enhancing 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 %age as compare to sale Increased by 1.51%. It was Rs. 8.177 billion (94.91% of sale) in year 2014-15 where it was 9.536 billion (93.40%of sale ) in year 2013-14 the Increase in cost is mainly due High in put cost (i-e increase in rate of power, gas ,and minimum wages ).

Company made considerable efforts and motivative measure to promote a cost conscious culture without compromising on quality of work and product in all facts of the business with Minor Increase of 0.06% in Distribution cost, Administrative expenses, and other Operating Expenses as compare to sales percentage it is 2.60 % of sales in year 2014-15 where as it was 2.54% of sales in year 2013-14. where as inspite of expansion of operation the financial cost increased by 0 .27% as compare to last Year , it is 4.37% of sales in year 2014-15 and 4.10% of sales in year 2013-14. The stable Finance cost is mainly due to best management of working capital and JIT policy of procurement, Minor Increase in Distribution , administration, and other operating cost is due to the better negotiation in prices of logistic and other means of distribution and others in spite of increase in oil prices,

Logistics rates, minimum wage rate and inflationary economic conditions.

During the FY 2014-15 the company's cash flows from operation after working capital changes and payment of income tax, finance cost, WPPF and staff retirement benefits shows cash Utilization of Rs. 205.995 million. After adjustment of investment and financing activities of Rs. 202.016 and 167.614 million, The Company utilized a net cash of 240.397 million during the year, cash and cash Equivalent at the end of year shows an amount of overdrawn RS. 927.232 Million.

In view of the above financial result rendered by the Company for the year 2014-15, We are putting our best efforts to focused 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, in not only sustaining the company through the general downturn, but also getting in to thrive. In view of adverse economic condition in the current financial year, cash flow of our Company does not permit dividend pay out, there fore our directors have regrettably decided to omit any dividend this Year. where as in last Year 2013-14 Company paid interim cash dividend of RS. 2.5 per share i-e 25% amounting to Rs. 56,054,220/-

## **Contribution To National Exchequer**

Being an active and Leading Corporate person, Din Textile contribute towards the national economy on account of taxes and other levies. During the year under review our company paid 402.653 million as cost of finance , contribute to the foreign reserves of the country US\$ 19.511 million as direct exports. It is heartening to note that being a true patriot Din textile accrued to government in term of Tax payment amounting to Rs. 188.858 million as compare to Rs. 207.152 Million last year.

## **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 your company Spent Rs. 208.267 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 tis regards, Considerable effort was 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 place 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 conduct 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 Trainings to be an important factor which supports and build organizational capability for continual innovation and change. Din's has successfully fostered a performance based remuneration culture. it endeavors to ensure that employees are regularly trained and well to ensure high levels of performance delivery. At Din's Textiles all executive and management staff are allow to get advance training, attend courses and seminars in the area of soft and technical skills. Advance training courses facilitate the staff to acquire knowledge and keep themselves abreast of development in their professional field.

## **Corporate Social Responsibility (CSR)**

Din's CSR policy is driven by the imperative need to positively touch the lives of its stake holders, At Din's we are 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 27 years Din's philosophy remained to conduct business in an ethical and responsible manner, bringing development to the land where its operates. The Company takes on social initiative which it considers that its contribution would improve the live of its communities.

Din's practices active corporate citizenship through corporate philanthropy, energy conversation, environmental protection measure, community investments, consumer protection measure, employment of special persons, industrial relationship occupational health & safety , business ethics, anticorruption measure, and contribution to national exchequer.

## **Future Outlook**

Moving forward, outlook for textile industry is likely to remain challenging , export of yarn will strive hard to get market share. Positive social and macroeconomic factors will pay a vital role in delivering strong performance in the year ahead. Despite various challenges the management is confident that the Company will maintain its Market Share. The Company remain committed to be the most innovative and competitive in the textile Sector.

As for as cotton is concerned World cotton area in 2015-16 is projected down by six percent to 31.3 million hectares, due largely to lower prices in 2014-15. Assuming a world average yield of 764 kg/hectare, production could reach 23.9 million tons, down nine percent from 2014-15. China's cotton area is forecast to decrease by 12 percent to 3.8 million hectares and production down by 16 percent to 5.4 million tons in 2015-16. While low cotton prices during 2014-15 in India are expected to cause cotton area to decrease by five percent to 11.6 million hectares in 2015-16, falling prices for competing crops and a modest increase in the minimum support price may forecast a greater decline. The Indian monsoon arrived earlier this year as compared to 2014-15 and the yields may improve three percent to 547 kg/hectare, limiting the decrease in production to 6.4 million tons. Low international cotton prices have limited farmer enthusiasm to plant cotton and area in the United States may

contract 15 percent to 3.3 million hectares. Production is forecast to decline by 12 percent to 3.1 million tons. Area in Pakistan is projected to contract six percent to 2.7 million hectares due to low domestic prices in 2014-15 and production is expected to decrease 11 percent to 2.1 million tons. In 2015-16, world cotton consumption is forecast to increase 2 percent to 24.9 million tons. China's consumption is expected to remain stable at 7.7 million tons, though its share of total world consumption will likely to decrease to 31 percent, which is the sixth consecutive season of reduction since 2009-10 when it accounted for 40 percent of the world consumption. India's mill use is projected to increase 3 percent to 5.4 million tons in 2015-16, accounting for 22 percent of the world consumption. Strong demand from countries that rely on imports to support their spinning sector is expected to boost world trade in 2015-16 to 7.7 million tons. Imports outside China are projected to increase 4 percent to 6.1 million tons, partially offsetting the 9 percent decline in Chinese imports to 1.6 million tons.

The reduction in yarn prices seem to continue in year 2015-16 also and if import of yarn from India not to be monitored seriously the spinning sector of Pakistan will be affect badly.

## **Acknowledgement**

It is a Privilege and great joy for me to extend a vote of thanks to the Management and our most valuable workforce who have put out all efforts for the success of our Company.

WE would like to place on record our appreciation for the untiring efforts, teamwork and dedication of our Board of Director, who have shown inspirational zeal and leadership skills over the years to make 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 2015 Annual report together with the audited Financial Statements of the company for the year ended June 30, 2015.

### Financial Result

	Year ended June 30	
	2015	2014
	.....Rupees in '000'.....	
Profit & Loss Appropriations		
Un-appropriated Profit brought forward	1,281,229	1,679,458
Effect of merger of subsidiary	-	(99,519)
Total comprehensive loss for the year	(183,815)	(120,356)
Dividend for the year ended June 30, 2013 @ Rs 5 /- per share	-	(101,917)
10% Bonus share issue for the year ended June 30, 2013 @ Rs 1 /- per share	-	(20,383)
Interim dividend for the half year ended December 31, 2013 @ Rs 2.50/- per share	-	(56,054)
Un-appropriated Profit carried forward	1,097,414	1,281,229
Loss Per share	(8.62)	(4.96)

### 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		
	2015	2014	Inc./ (Dec.)
	.....Rupees in '000'.....		%age
Total Sales	8,552,541	10,211,074	(16.24)
Local Sales	5,515,205	4,110,558	34.17
Export Sales	3,150,264	6,251,515	(49.61)
Commission & Claims	(112,928)	(150,999)	
Gross Profit	435,315	674,349	(35.45)

## 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	
	2015 .....Rupees in '000'.....	2014
Sales	8,552,541	10,211,074
Cost of Sales	(8,117,226)	(9,536,724)
<b>Gross profit</b>	<b>435,315</b>	<b>674,349</b>
Distribution cost	(83,901)	(127,603)
Administrative Expenses	(136,998)	(129,257)
Other operating expenses	(1,534)	(2,779)
Finance cost	(373,512)	(418,690)
	(595,944)	(678,328)
Other Income	1,326	7,777
(Loss) / Profit before Tax	(159,303)	3,797

In view of the worst power, gas supply and current declining trend in yarn prices. The management of our company has decided to curtail the production capacity of the the company by not renewing the license agreement to operate spinning unit having installed capacity of 17,280 spindles (4.555 M kgs yarn), located at 48 km Multan road Bhai Pheru, district Kasur, Punjab. The license expired on November 12, 2014.

## Financial Management

### Cash Flow Management

During the year an amount of Rs. 513.843 million was Generated from company operating activities before taking the effect of changes of working capital, this is mainly due to effective cost control measures, inspite of contineous increase in direct costs e.g minimum wages and fuel & power, Rs. 617.376 Million was genrated from working capital by reducing stocks , trade debts , loans and advances. At the end of the year 2015 the liquid fund position comprising of cash and cash equivalentents amounting to Rs. (927.232) Million.

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

The Board is satisfied that there are no short or long term financial constraints including accessibility to credit and a strong balance sheet with June 2015 with current Ratio .99 : 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 effect our business. This exercise also helps the management focus on a strategy to mitigate risk factors.

### Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is Managed through application of

credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide Provision of doubt full 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 profit and loss accounts.

### **Foreign Exchange Risk.**

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

## **Production Facilities**

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

## **Related Parties**

The Board of Directors have approved the policy for transaction/contract between company and its related parties on an arm's length basis and relevant rates are to be determined as per the comparable un controlled price methods.

The Company has fully comply with the best practices of transfer pricing as contained in the listing regulation of Stock Exchanges.

## **Corporate Governance**

The 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 cor 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 the line with listed regulations of Stock Exchanges, 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 Corporates 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 if 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 Ordinance 1984. 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 review will continue and any weakness in control will be removed.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data for last six years in summarized form annexed.
- i) The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.
- j) The significant plans and decisions along with futures prospects have been outlined in the Chairman's Review.

### Material Changes

There have been no material changes since June 30, 2015 other than mentioned in the audited financial statements of the company for the year ended June 30, 2015 which would effect its financial position at the date.

### Board of Directors

The Board of Directors comprises of three Executive Directors, and four Non Executive Directors one of them is Independent Director. Current member of the Board of Directors have been listed in the company information.

### Board of Director Meetings

During the year under review seven meetings of the board of directors were held from July 2014 to June 2015.

The attendance of the board member are as follows.

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

The leave of absence was granted to the members 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 with adequate assurance that internal controls and the check and balance system is operating properly, identification of opportunities for implementation of better and cost effective controls, weaknesses in the existing system and processes and alternate procedures and corrective actions needed to strengthen the control system. During the year new Head of Internal Audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the Board of Directors.

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 Transaction were also place before the Audit Committee prior to approval the Board.

## Orientation Course

An Orientation courses was arranged for Directors to acquaint them with their code, applicable law , their duties and responsibilities and enable them to manage affairs of the Company for and on behalf of the shareholders. Director Shaikh Muhammad Tanveer has acquired the certification under directors' traning program from the Institue of Chartered Accountants of Pakistan that meets the criteria specified by the SECP.

## Post Balance Sheet Events

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

## Statement of Ethics and Business Practices

The Board has prepared and circulated the Statement of Ethic and Business Practices signed by every Director and employee of the Company as a token of acknowledgment of his / her understanding of the standards of conduct in relation to any body associated of dealing with the Company.

## Statement of Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the stock exchanges in their listing regulations relevant for the year ended June 30, 2015 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](http://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. Following are the major areas which will evaluate the Board's performance:

- 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, 2015 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 Messers.' Mushtaq & Company , Chartered Accountants, Karachi, shall retire at the conclusion of annual general meeting and they have indicated their willingness to continue as Auditors. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountant of Pakistan (ICAP) and compliance with the Guideline on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. The Board proposed their reappointment as auditor for the financial year ended June 30,2016 the engagement partner will be rotated in line with the requirement of Code of Corporate Governance.

## **Shareholding**

The pattern of shareholding as at June 30,2015 along with disclosure as required under Code of Corporate Governance , is annexed.

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

## **Acknowledgment**

The board of directors is always a source of guidance and support for the management and are well aware of the challenges that lie ahead and is determined to ensure growth, generate profits and create value for your company and we are confidence that they will continue showing the same dedications in the year 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, with out which this performance would not have been possible.

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

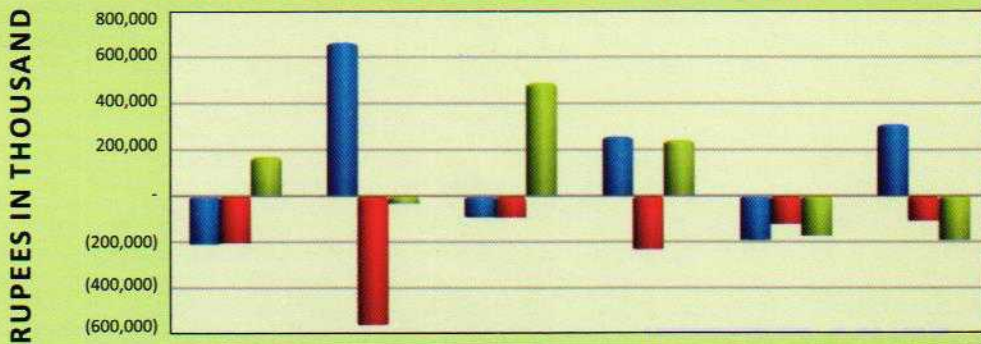
On behalf of the Board of Directors

SHAIKH MUHAMMAD TANVEER  
Chief Executive

## SUMMARY OF CASH FLOW STATEMENT

	Year ended June 30					
	2015	2014	2013	2012	2011	2010
	..... Rupees in '000' .....					
<b>Cash Flows from / (Used in)</b>						
Operation activities	(205,995)	655,214	(90,419)	254,778	(188,524)	307,799
Investing activities	(202,016)	(550,851)	(92,272)	(228,947)	(119,889)	(106,580)
Financing activities	167,614	(32,371)	481,461	237,023	(171,114)	(189,116)
<b>Net Cash Flows</b>	<b>(240,397)</b>	<b>71,992</b>	<b>298,770</b>	<b>262,854</b>	<b>(479,527)</b>	<b>12,103</b>
Opening Cash and Cash Equivalents	(686,835)	(128,332)	(427,101)	(689,955)	(210,428)	(1,038,163)
Cash and cash equivalents of subsidiary merged	-	(630,495)	-	-	-	-
Closing Cash and Cash Equivalents	(927,232)	(686,835)	(128,332)	(427,101)	(689,955)	(1,026,059)

## SUMMARY OF CASH FLOW STATEMENT



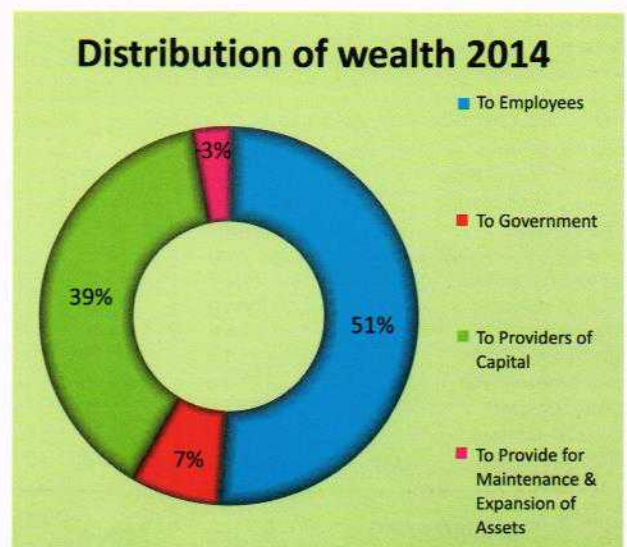
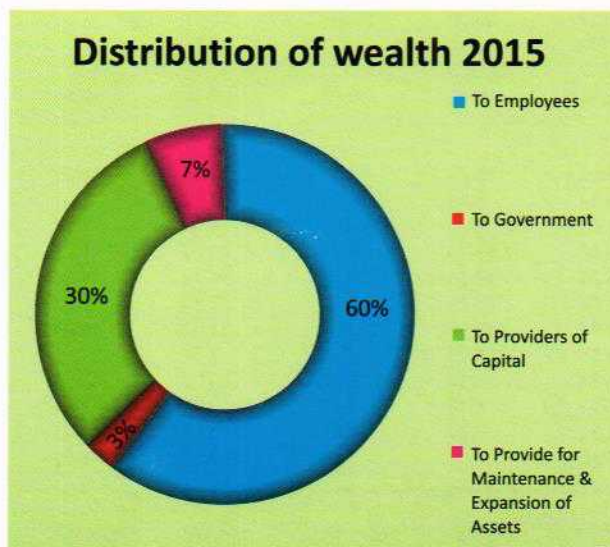
	2015	2014	2013	2012	2011	2010
■ operation activities	(205,995)	655,214	(90,419)	254,778	(188,524)	307,799
■ investing activities	(202,016)	(550,856)	(92,272)	(228,947)	(119,889)	(106,580)
■ financing activities	167,614	(32,371)	481,461	237,023	(171,114)	(189,116)

# Six Years at a Glance

	YEAR ENDED JUNE 30						
	2015	2014	2013	2012	2011	2010	
<b>Operating Results:</b>							
Sales-net	(Rs 000)	8,552,541	10,211,074	8,296,374	7,358,489	7,574,654	4,599,879
Cost of Sales	(Rs 000)	8,117,226	9,536,724	6,908,178	7,563,546	6,099,469	3,767,900
Gross Profit / (Loss)	(Rs 000)	435,315	674,349	1,388,196	(205,057)	1,475,185	831,979
Operating Profit / (Loss)	(Rs 000)	212,882	414,711	1,101,856	(450,293)	1,241,197	623,503
(Loss) / Profit Before Tax	(Rs 000)	(159,303)	3,797	818,587	(833,895)	925,683	414,042
(Loss) / Profit After Tax	(Rs 000)	(193,370)	(111,295)	734,663	(669,487)	851,352	359,879
Dividends	(Rs 000)	-	56,054	101,917	-	40,767	37,061
Earning / (Loss) before interest, taxes, depreciation & amortization(EBITDA)	(Rs 000)	479,672	671,040	1,285,558	(260,612)	1,421,686	797,705
<b>Per Share Results and Returns:</b>							
(Loss) / Earning per share	(Rupees)	(8.62)	(4.96)	32.77	(32.84)	41.77	17.66
Cash Dividend per Share	(Rupees)	-	2.50	5.00	-	2.00	2.00
Dividend yield ratio	(%)	-	2.09	8.20	-	7.26	7.43
Dividend payout ratio	(%)	-	(50.37)	13.87	-	4.79	10.30
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	131.25	119.42	61.00	17.00	27.55	26.90
Price Earning Ratio	(Times)	(15.22)	(24.06)	1.86	(0.52)	0.66	1.52
<b>Financial Position:</b>							
Reserves	(Rs 000)	1,497,415	1,681,230	2,089,835	1,362,753	2,073,007	1,277,246
Current Assets	(Rs 000)	2,849,314	3,388,066	4,507,036	2,511,156	3,975,148	1,734,752
Current Liabilities	(Rs 000)	2,884,630	3,433,022	3,109,746	2,398,881	3,031,932	1,691,536
Net Current Assets / (Liabilities)	(Rs 000)	(35,316)	(44,957)	1,397,290	112,275	943,216	43,216
Property Plant & Equipment	(Rs 000)	2,611,547	2,670,683	1,635,532	1,695,685	1,637,141	1,670,162
Total assets	(Rs 000)	5,578,748	6,142,400	6,343,980	4,361,966	5,625,629	3,417,482
Long Term Debt	(Rs 000)	1,195,036	1,027,422	1,059,793	578,332	341,310	262,424
Shareholders' equity	(Rs 000)	1,721,631	1,905,446	2,293,668	1,566,587	2,276,840	1,462,549
Capital Employed	(Rs 000)	2,694,118	2,709,378	3,234,234	1,963,085	2,593,697	1,725,947
Share Capital	(Rs 000)	224,217	224,217	203,834	203,834	203,834	185,303
Break up value per share	(Rupees)	76.78	84.98	112.53	76.86	111.70	78.93
<b>Financial Ratio:</b>							
Current ratio	(Times)	0.99	0.99	1.45	1.05	1.31	1.03
Long-Term Debt to Capitalization	(%)	84.20	82.09	83.87	73.94	62.61	58.61
Debt to Total Assets	(%)	38.70	29.09	19.58	24.76	19.36	38.42
Return on equity	(%)	(11.23)	(5.84)	32.03	(42.74)	37.39	24.61
Return on capital employed	(%)	(7.18)	(4.11)	22.72	(34.10)	32.82	20.85
Quick Acid test ratio	(Times)	0.51	0.49	0.84	0.53	0.66	0.43
Earnings / (Loss) before interest, taxes depreciation & amortization margin (EBITDA)	(%)	5.61	6.57	15.50	(3.54)	18.77	17.34
Dividend cover ratio	(%)	-	(1.99)	7.21	-	20.88	9.71
Bonus Share issued	(Rs 000)	-	20,383	20,383	-	-	18,530
Debt to Equity Ratio	(Times)	0.69	0.54	0.46	0.37	0.15	0.18
<b>Profitability Ratios:</b>							
Gross Profit / (Loss) Ratio	(%)	5.09	6.60	16.73	(2.79)	19.48	18.09
Net (Loss) / Profit Margin	(%)	(1.86)	0.04	9.87	(11.33)	12.22	9.00
Interest Coverage	(Times)	0.57	1.01	3.74	(1.06)	3.80	2.94
No. of days in Receivable	(Days)	36.97	42.68	69.48	49.88	48.23	43.48
No. of days in Payable	(Days)	13.48	15.28	13.69	13.33	11.13	15.04
No. of Days in Inventory	(Days)	71.39	69.98	86.87	87.79	93.92	66.85
Cash Operating Cycle	(Days)	94.88	97.38	142.66	124.34	131.02	95.28
Debtors turnover ratio	(Times)	9.87	8.55	5.25	7.32	7.57	8.40
Creditor Turnover ratio	(Times)	23.05	26.33	28.12	28.29	36.05	48.54
Inventory turnover	(Times)	5.11	5.22	4.20	4.16	3.89	5.46
Fixed Assets Turnover	(Times)	3.27	3.82	5.07	4.34	4.63	2.75
Total Assets Turnover	(Times)	1.53	1.66	1.31	1.69	1.35	1.35
<b>Other Data:</b>							
Depreciation & Amortization	(Rs 000)	265,463	248,553	168,307	167,706	165,920	170,199
Capital Expenditure	(Rs 000)	208,267	507,842	113,083	232,468	138,516	106,460

# STATEMENT OF VALUE ADDED

WEALTH GENERATED	2015		2014	
<b>Gross Sales Revenue</b>	8,665,468,980		10,362,072,370	
<b>Other Receipts</b>	1,326,044		7,776,677	
Less:				
<b>Material &amp; services</b>				
Material & Factory cost	7,217,112,902		8,587,299,541	
Administrative & other	26,038,109		37,874,565	
Distribution	83,900,823		127,603,252	
Broker's Commissions	112,928,250		150,998,703	
<b>Value Add</b>	<b>1,226,814,940</b>	100	<b>1,466,072,986</b>	100
<b>WEALTH DISTRIBUTED</b>		%age		%age
<b>To Employees</b>	736,260,525	60.01	805,404,027	54.94
Salaries & benefits				
<b>To Government</b>	35,382,702	2.88	113,732,575	7.76
Tax	-	-	203,945	0.01
Worker Profit Participation fund	-	-	77,499	0.01
Worker Welfare Fund				
<b>To Providers of Capital</b>	-	-	157,970,985	10.78
Dividend to Share Holders	-	-	20,383,350	1.39
Bonus to Share Holders	11,970	0.00	(7,130)	(0.00)
Short Term Investment	373,511,663	30.45	418,689,879	28.56
Mark up/Interest on Borrowed Fund				
<b>To Provide for Maintenance &amp; Expansion of Assets</b>				
Depreciation	265,463,099	21.64	248,327,943	16.94
Profit Retained	(183,815,019)	(14.98)	(298,710,087)	(20.37)
	<b>1,226,814,940</b>		<b>1,466,072,986</b>	



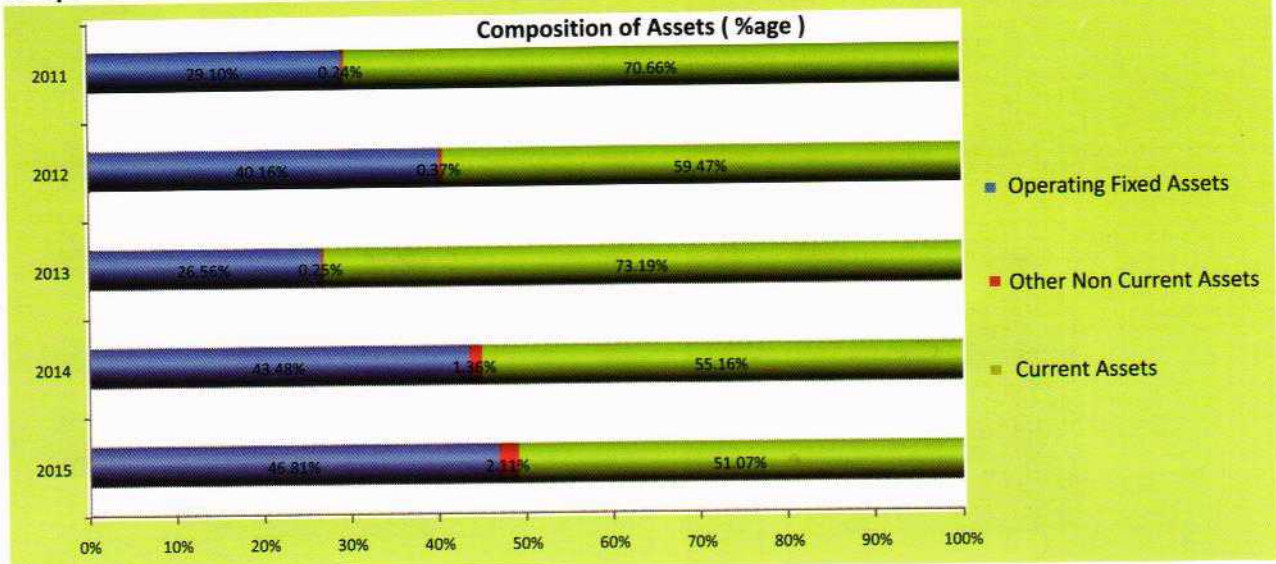
# HORIZONTAL ANALYSIS

	2015	Variance vs Last Year Increase/ (Decrease) %	2014	Variance vs Last Year Increase/ (Decrease) %	2013	Variance vs Last Year Increase/ (Decrease) %	2012	Variance vs Last Year Increase/ (Decrease) %	2011
..... (Rupees in million).....									
<b>Operating Results</b>									
Sales - net	8,553	(16.24)	10,211	23.08	8,296	12.75	7,358	(2.85)	7,575
Cost of sales	(8,117)	(14.88)	(9,537)	38.05	(6,908)	(8.66)	(7,564)	24.00	(6,099)
<b>Gross profit / (loss)</b>	<b>435</b>	<b>35.45</b>	<b>674</b>	<b>(51.42)</b>	<b>1,388</b>	<b>(776.98)</b>	<b>(205)</b>	<b>(113.90)</b>	<b>1,475</b>
Distribution cost	84	(34.25)	128	13.29	113	(20.22)	141	64.79	86
Administrative expenses	137	5.99	129	15.73	112	9.00	102	11.77	92
Other operating expenses	2	(44.79)	3	(95.52)	62	3822.20	2	(97.21)	57
Finance cost	374	(10.79)	419	40.19	299	(26.36)	406	22.87	330
Other operating income /(loss)	1	(82.95)	8	(49.48)	15	(29.95)	22	50.82	15
<b>Profit / (loss) before taxation</b>	<b>(159)</b>	<b>(4.295)</b>	<b>4</b>	<b>(99.54)</b>	<b>819</b>	<b>(198.16)</b>	<b>(834)</b>	<b>(190.08)</b>	<b>926</b>
Provision for taxation	(34)	(70.40)	(115)	37.14	(84)	(151.05)	164	(321.18)	(74)
<b>Profit / (loss) for the year</b>	<b>(193)</b>	<b>(73.75)</b>	<b>(111)</b>	<b>(115.15)</b>	<b>735</b>	<b>(209.74)</b>	<b>(669)</b>	<b>(178.64)</b>	<b>851</b>
<b>Balance Sheet</b>									
<b>NON CURRENT ASSETS</b>									
Property, plant and equipment	2,612	(2.21)	2,671	63.29	1,636	(3.55)	1,696	3.58	1,637
Long term loans and advances	-	0.00	-	0.00	-	0.00	-	-	-
Long term deposits	15	(3.54)	15	2.60	15	(2.59)	16	16.19	13.34
Long term Investment	-	100.00	-	0.00	45	0.00	-	0.00	-
Deffered Taxation Assets	103	51.03	68	100.00	142	0.00	140	0.00	-
<b>Total non current assets</b>	<b>2,729</b>	<b>(0.90)</b>	<b>2,754</b>	<b>49.94</b>	<b>1,837</b>	<b>(0.75)</b>	<b>1,851</b>	<b>12.14</b>	<b>1,650</b>
<b>CURRENT ASSETS</b>									
Stores, spare parts and loose tools	224	(38.77)	367	37.28	267	118.79	122	(16.52)	146
Stock in trade	1,167	(11.94)	1,325	(19.02)	1,636	45.05	1,128	(38.57)	1,836
Trade debts	866	(27.45)	1,194	(24.40)	1,579	57.05	1,006	0.46	1,001
Loans and advances	35	(26.98)	47	(93.72)	755	963.12	71	(91.77)	863
Trade deposits and short term prepayments	2	(82.59)	9	47.89	6	6.94	6	35.84	4
Other receivables	38	265.74	10	(75.28)	42	1101.85	4	2389.21	0
Tax refunds due from the Government	481	32.47	363	117.46	167	65.40	101	51.10	67
Cash and bank balances	37	(49.54)	73	34.75	54	(27.44)	74	28.69	58
<b>Total current assets</b>	<b>2,849</b>	<b>(15.90)</b>	<b>3,388</b>	<b>(24.83)</b>	<b>4,507</b>	<b>79.48</b>	<b>2,511</b>	<b>(36.83)</b>	<b>3,975</b>
<b>Total assets</b>	<b>5,579</b>	<b>(9.18)</b>	<b>6,142</b>	<b>(3.18)</b>	<b>6,344</b>	<b>45.44</b>	<b>4,362</b>	<b>(22.46)</b>	<b>5,626</b>
<b>CURRENT LIABILITIES</b>									
Trade and other payables	1,554	(30.67)	2,242	(14.67)	2,627	66.65	1,577	(23.26)	2,055
Accrued mark up and interest	40	(42.32)	69	(14.97)	81	27.72	63	(26.40)	86
Short term borrowings	964	26.90	760	316.60	182	(63.64)	502	(32.93)	748
Current portion of									
Long term financing	322	(6.06)	343	84.73	186	(16.51)	223	71.80	130
Liabilities against assets subject to finance lease	4	(78.46)	19	(41.57)	33	(4.75)	35	150.85	14
<b>Total Current Liabilities</b>	<b>2,885</b>	<b>(15.97)</b>	<b>3,433</b>	<b>10.40</b>	<b>3,110</b>	<b>29.63</b>	<b>2,399</b>	<b>(20.88)</b>	<b>3,032</b>
<b>WORKING CAPITAL</b>	<b>(35)</b>	<b>(21.59)</b>	<b>(45)</b>	<b>(103.22)</b>	<b>1,397</b>	<b>1144.53</b>	<b>112</b>	<b>(88.10)</b>	<b>943</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>2,694</b>	<b>(0.56)</b>	<b>2,709</b>	<b>(16.23)</b>	<b>3,234</b>	<b>64.75</b>	<b>1,963</b>	<b>(24.31)</b>	<b>2,594</b>
<b>NON CURRENT LIABILITIES</b>									
Long term financing	866	31.55	658	(19.85)	821	199.39	274	57.73	174
Liabilities against assets subject to finance lease	3	(58.81)	7	(65.79)	20	(57.47)	47	94.52	24
Deferred liabilities									
Staff retirement benefits - gratuity	104	(25.18)	139	39.55	100	32.09	75	16.15	65
Deferred taxation	-	0.00	-	0.00	-	0.00	-	(100.00)	54
<b>Total Non Current Liabilities</b>	<b>972</b>	<b>20.97</b>	<b>804</b>	<b>(14.53)</b>	<b>941</b>	<b>137.22</b>	<b>396</b>	<b>25.13</b>	<b>317</b>
<b>Net Worth</b>	<b>1,722</b>	<b>(9.64)</b>	<b>1,905</b>	<b>(16.93)</b>	<b>2,294</b>	<b>46.41</b>	<b>1,567</b>	<b>(31.19)</b>	<b>2,277</b>
<b>Net Worth Represented by:</b>									
Issued, subscribed and paid up capital	224	0.00	224	10.00	204	0.00	204	0.00	204
Reserves	1,497	(10.93)	1,681	(19.55)	2,090	53.35	1,363	(34.26)	2,073
	1,722	(9.65)	1,905	(16.93)	2,294	46.41	1,567	(31.19)	2,277
<b>Total liabilities</b>	<b>5,579</b>	<b>(9.18)</b>	<b>6,142</b>	<b>(3.18)</b>	<b>6,344</b>	<b>45.44</b>	<b>4,362</b>	<b>(22.46)</b>	<b>5,626</b>

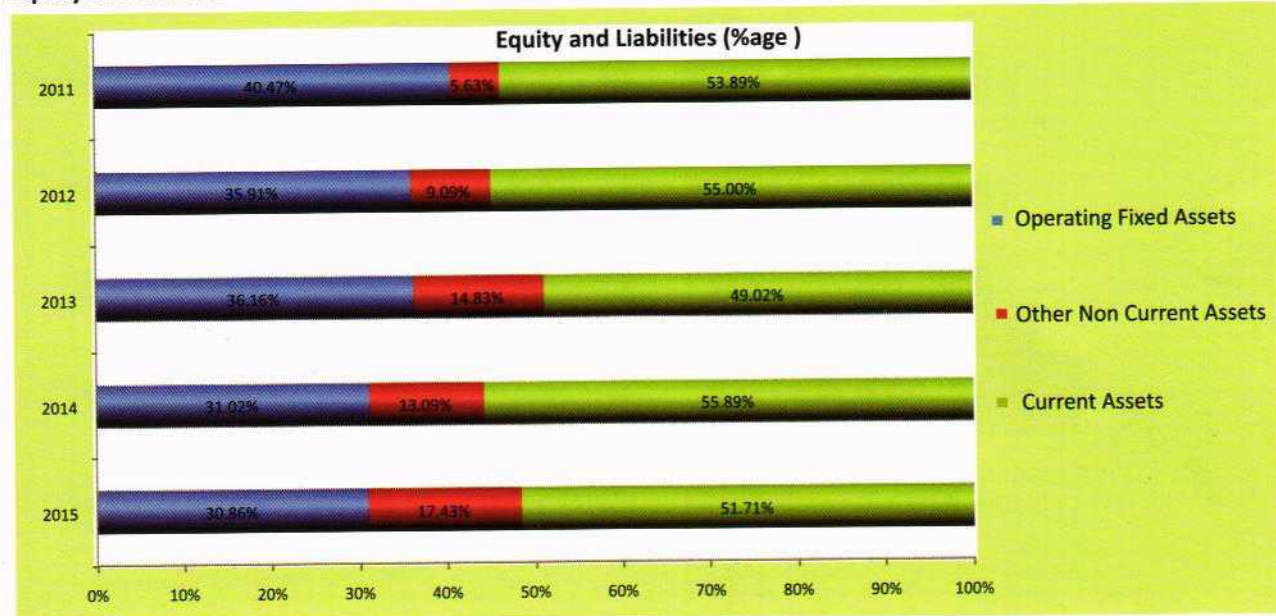
## VERTICAL ANALYSIS

	2015	%	2014	%	2013	%	2012	%
.....(Rupees in million).....								
<b>Operating Results</b>								
Sales - net	8,553	100.00	10,211	100.00	8,296	100.00	7,358	100.00
Cost of sales	(8,117)	(94.91)	(9,537)	(93.40)	(6,908)	(83.27)	(7,564)	(102.79)
<b>Gross profit</b>	<b>435</b>	<b>5.09</b>	<b>674</b>	<b>6.60</b>	<b>1,388</b>	<b>16.73</b>	<b>(205)</b>	<b>(2.79)</b>
Distribution cost	84	0.98	128	1.25	113	1.36	141	1.92
Administrative expenses	137	1.60	129	1.27	112	1.35	102	1.39
Other operating expenses	2	0.02	3	0.03	62	0.75	2	0.02
Finance cost	374	4.37	419	4.10	299	3.60	406	5.51
Other operating income	1	0.02	8	0.08	15	0.19	22	0.30
<b>Profit before taxation</b>	<b>(159)</b>	<b>(1.86)</b>	<b>4</b>	<b>0.04</b>	<b>819</b>	<b>9.87</b>	<b>(834)</b>	<b>(11.33)</b>
Provision for taxation	(34)	(0.40)	(115)	(1.13)	(84)	(1.01)	164	2.23
<b>Profit for the year</b>	<b>(193)</b>	<b>(2.26)</b>	<b>(111)</b>	<b>(1.09)</b>	<b>735</b>	<b>8.86</b>	<b>(669)</b>	<b>(9.10)</b>
<b>Balance Sheet</b>								
<b>NON CURRENT ASSETS</b>								
Property, plant and equipment	2,612	46.81	2,671	43.48	1,636	25.78	1,696	38.87
Long term deposits	15	0.27	15	0.25	15	0.24	16	0.36
Long term Investment	-	0.00	-	0.00	45	0.00	-	0.00
Deffered Taxation Assets	103	1.85	68	1.11	142	2.23	140	0.00
<b>Total non current assets</b>	<b>2,729</b>	<b>48.93</b>	<b>2,754</b>	<b>44.84</b>	<b>1,837</b>	<b>28.25</b>	<b>1,851</b>	<b>39.23</b>
<b>CURRENT ASSETS</b>								
Stores, spare parts and loose tools	224	4.02	367	5.97	267	4.21	122	2.80
Stock in trade	1,167	20.91	1,325	21.57	1,636	25.79	1,128	25.86
Trade debts	866	15.53	1,194	19.44	1,579	24.89	1,006	23.05
Loans and advances	35	0.62	47	0.77	755	11.91	71	1.63
Trade deposits and short term prepayments	2	0.03	9	0.14	6	0.09	6	0.13
Other receivables	38	0.69	10	0.17	42	0.67	4	0.08
Advance income tax - net	481	8.62	363	5.91	167	2.63	101	2.31
Cash and bank balances	37	0.66	73	1.18	54	0.85	74	1.71
<b>Total current assets</b>	<b>2,849</b>	<b>51.07</b>	<b>3,388</b>	<b>55.16</b>	<b>4,507</b>	<b>71.04</b>	<b>2,511</b>	<b>57.57</b>
<b>Total assets</b>	<b>5,579</b>	<b>100.00</b>	<b>6,142</b>	<b>100.00</b>	<b>6,344</b>	<b>99.30</b>	<b>4,362</b>	<b>96.80</b>
<b>CURRENT LIABILITIES</b>								
Trade and other payables	1,554	27.86	2,242	36.50	2,627	41.42	1,577	36.14
Accrued mark up and interest	40	0.71	69	1.12	81	1.28	63	1.46
Short term borrowings	964	17.28	760	12.37	182	2.87	502	11.50
Current portion of								
Long term financing	322	5.78	343	5.59	186	2.93	223	5.10
Liabilities against assets subject to finance lease	4	0.07	19	0.31	33	0.52	35	0.80
<b>Total current Liabilities</b>	<b>2,885</b>	<b>51.71</b>	<b>3,433</b>	<b>55.89</b>	<b>3,110</b>	<b>49.02</b>	<b>2,399</b>	<b>55.00</b>
<b>WORKING CAPITAL</b>	<b>(35)</b>	<b>(0.63)</b>	<b>(45)</b>	<b>(0.73)</b>	<b>1,397</b>	<b>22.03</b>	<b>112</b>	<b>2.57</b>
<b>TOTAL CAPITAL EMPLOYED</b>	<b>2,694</b>	<b>48.29</b>	<b>2,709</b>	<b>44.11</b>	<b>3,234</b>	<b>50.28</b>	<b>1,963</b>	<b>41.80</b>
<b>NON CURRENT LIABILITIES</b>								
Long term financing	866	15.52	658	10.71	821	12.94	274	6.29
Liabilities against assets subject to finance lease	3	0.05	7	0.11	20	0.31	47	1.07
Deferred liabilities								
Staff retirement benefits - gratuity	104	1.87	139	2.26	100	1.57	75	1.73
Deferred taxation	-	0.00	-	0.00	-	0.00	-	0.00
<b>Total Non Current Liabilities</b>	<b>972</b>	<b>17.43</b>	<b>804</b>	<b>13.09</b>	<b>941</b>	<b>14.83</b>	<b>396</b>	<b>9.09</b>
<b>Net Worth</b>	<b>1,722</b>	<b>30.86</b>	<b>1,905</b>	<b>31.02</b>	<b>2,294</b>	<b>35.45</b>	<b>1,567</b>	<b>32.71</b>
<b>Net Worth Represented by:</b>								
Issued, subscribed and paid up capital	224	4.02	224	3.65	204	3.21	204	4.67
Reserves	1,497	26.84	1,681	27.37	2,090	32.94	1,363	31.24
	1,722	30.86	1,905	31.02	2,294	36.16	1,567	35.91
<b>Total liabilities</b>	<b>5,579</b>	<b>100.00</b>	<b>6,142</b>	<b>100.00</b>	<b>6,344</b>	<b>100.00</b>	<b>4,362</b>	<b>100.00</b>

## Composition of Assets



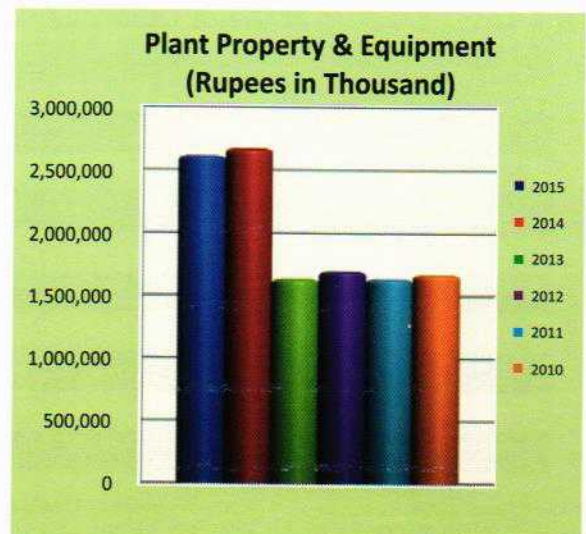
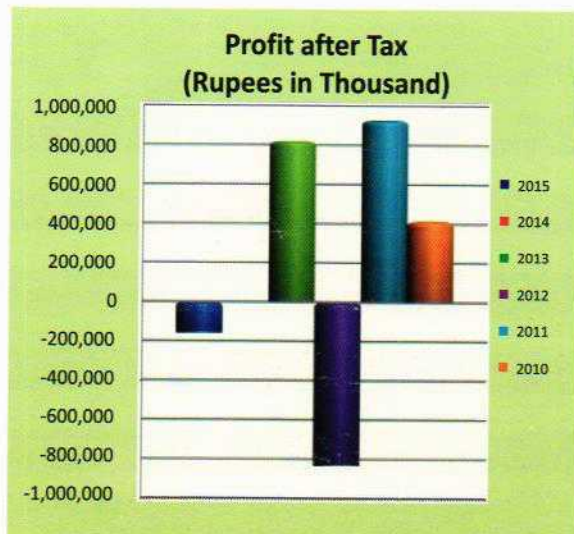
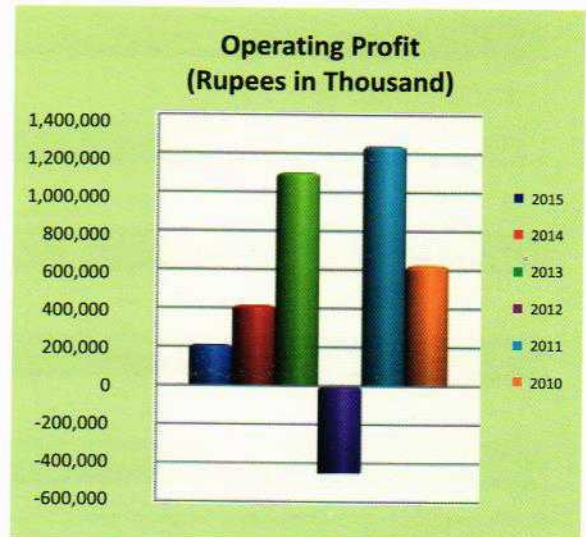
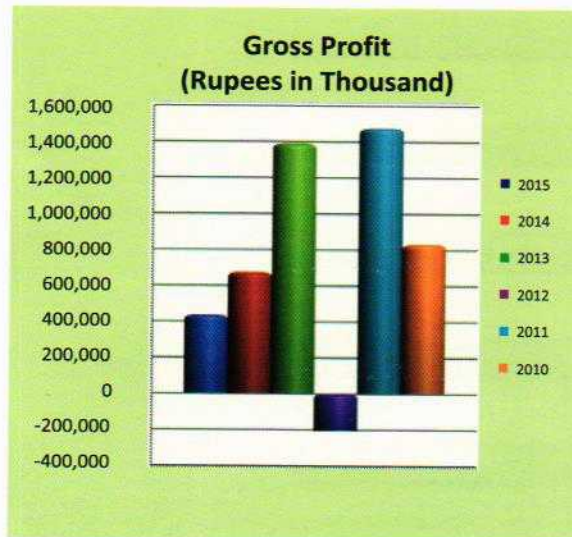
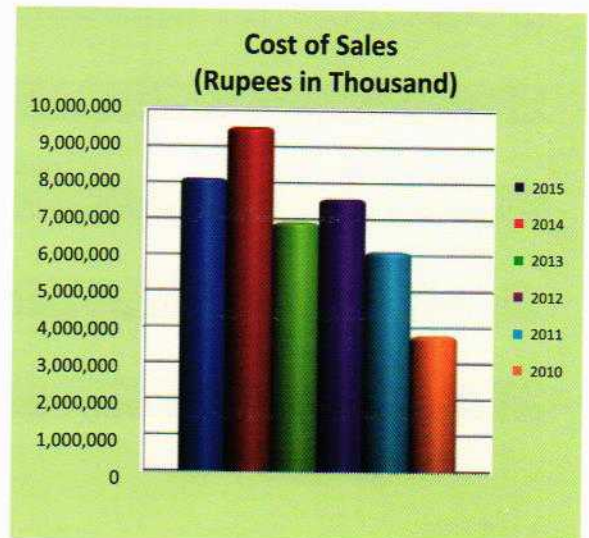
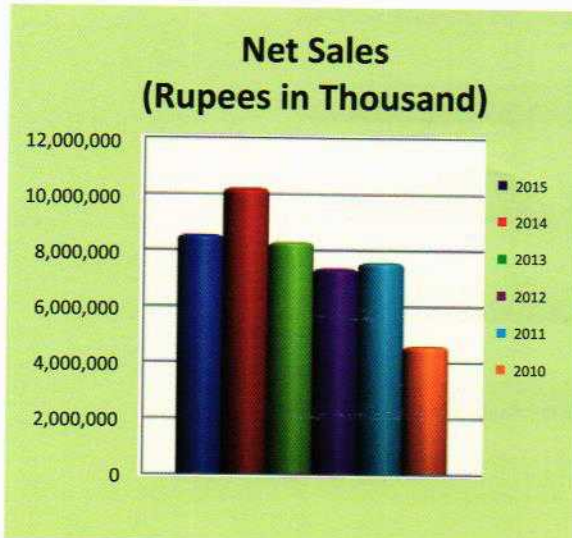
## Equity & Liabilities



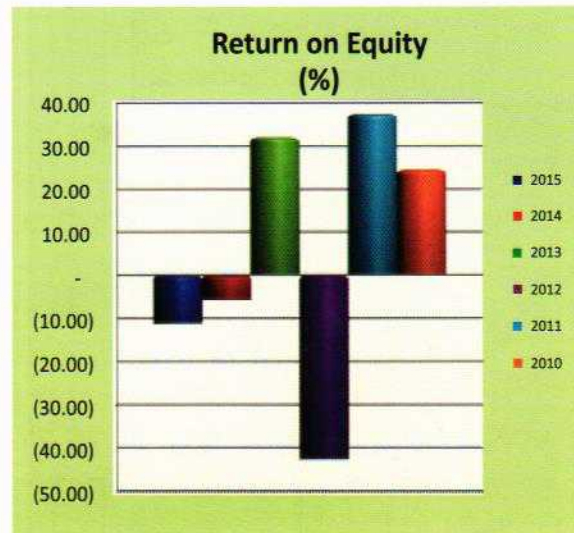
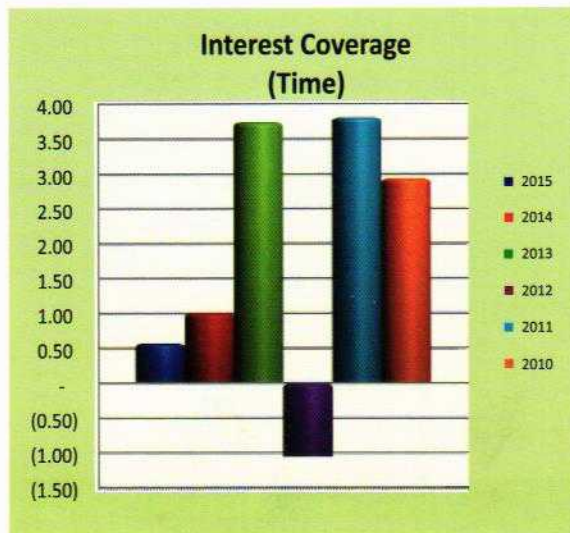
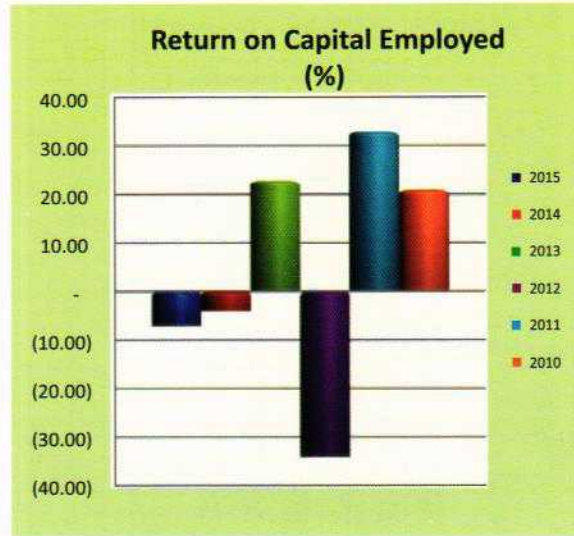
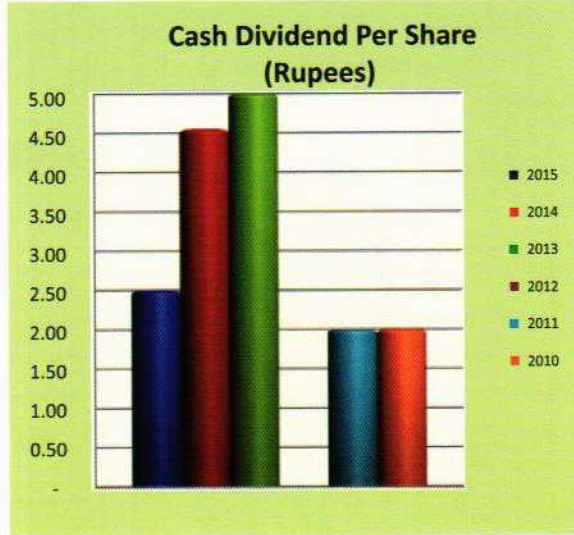
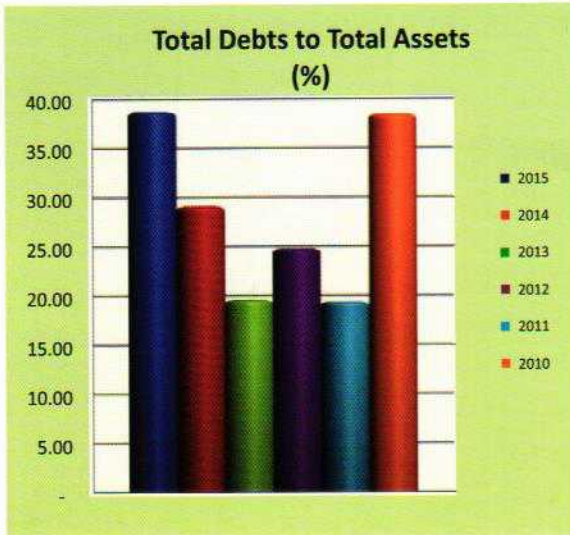
## Profit & Loss - Breakup of Major Expenses



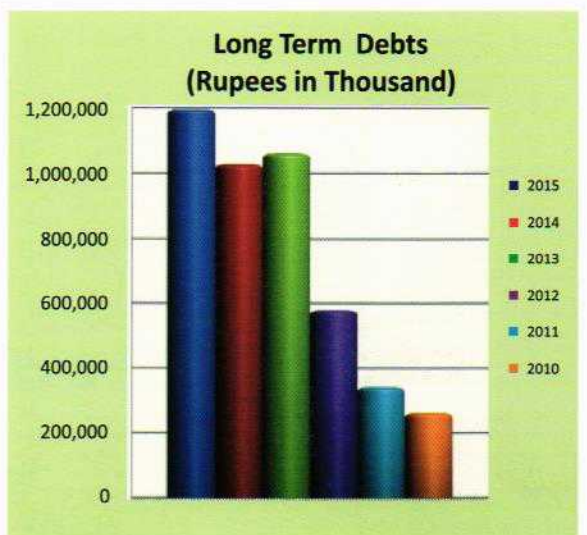
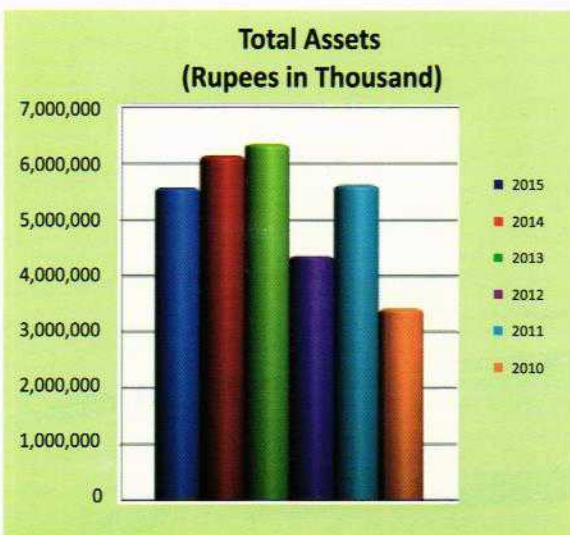
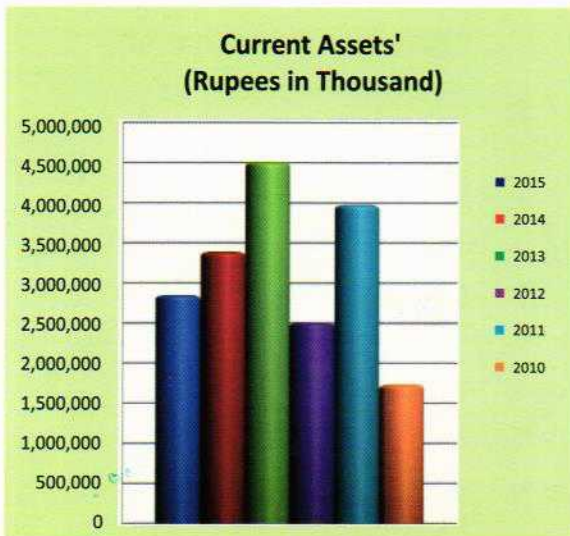
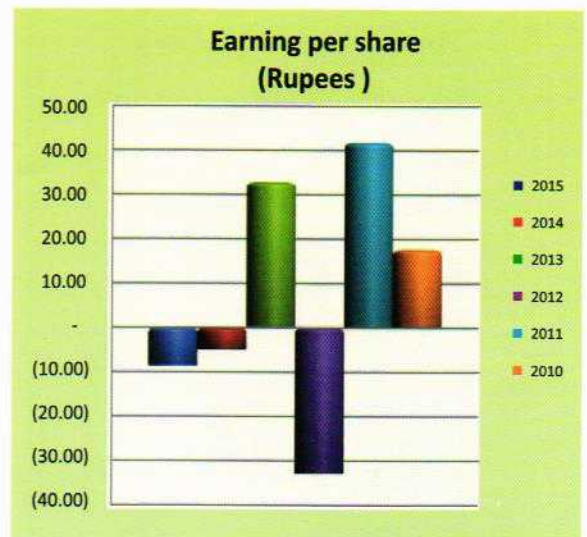
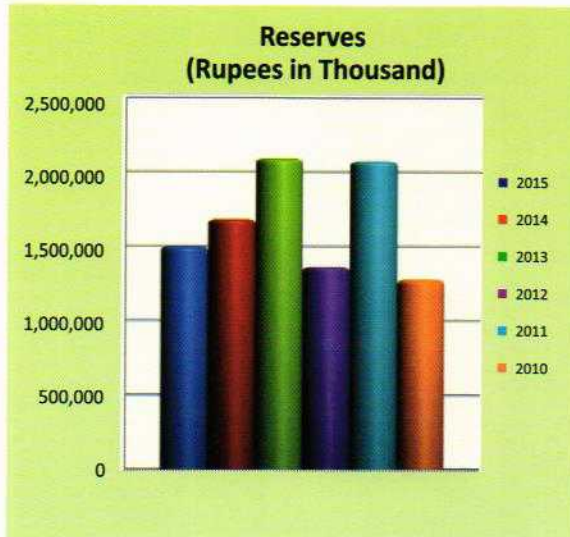
## GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



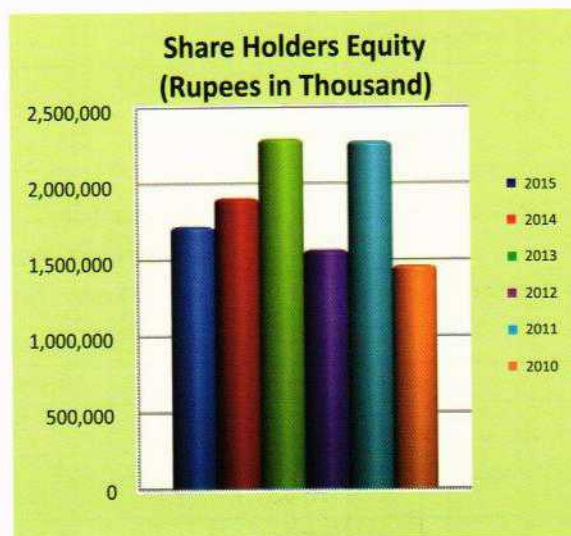
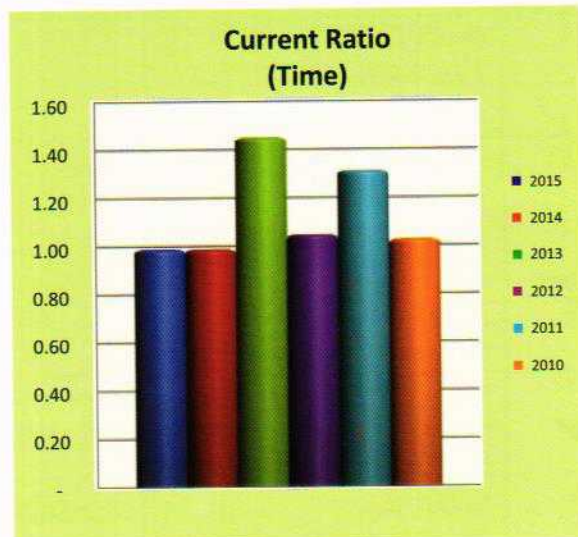
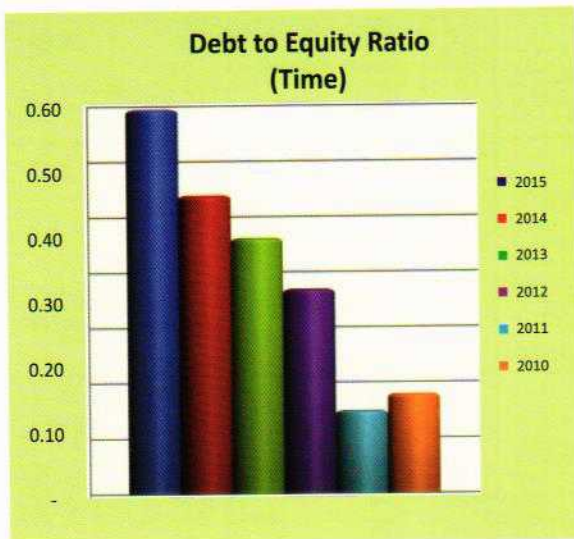
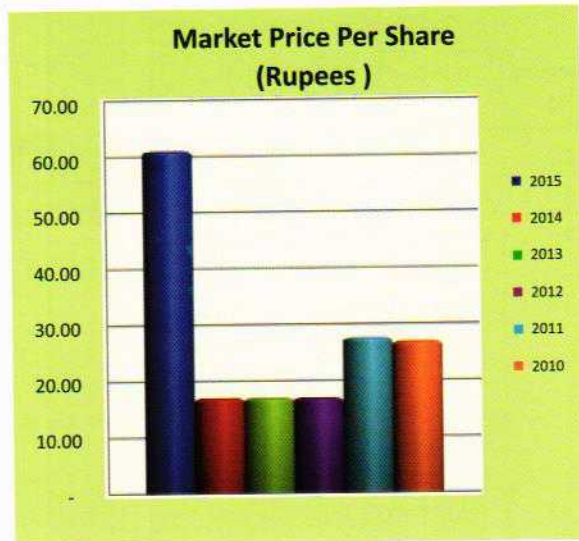
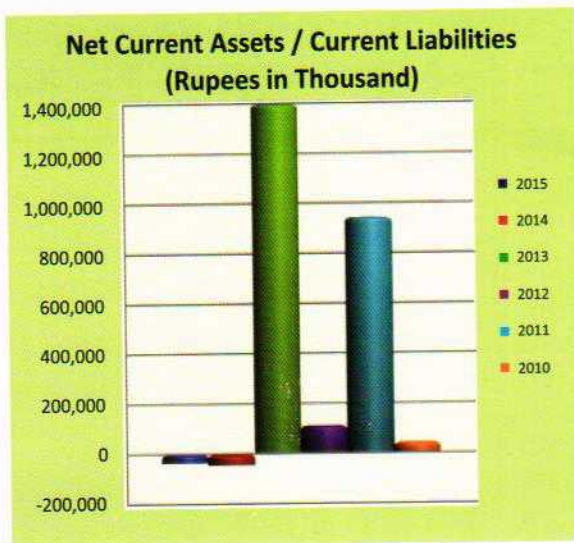
## GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



## GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



## GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



## DETAIL OF PATTERN OF SHAREHOLDING

As at June 30, 2015

Category No.	Categories of Shareholders	No. of Shareheld	Category-wise No. Of Folios / CDC Accounts	Category wise Sahreheld	Percentage %
1	Individuals / General Public	7,193,687	778	7,193,687	32.08
2	Others	2,470,629	18	2,470,629	11.02
3	<b>Directors, Chief Executive and their Spouse and Minor Children</b> 1. Mr. Shaikh Mohammad Muneer 2. Mr. Shaikh Mohammad Pervez 3. Mr. Shaikh Muhammad Tanveer 4. Mr. Shaikh Mohammad Naveed 5. Mr. Faisal Jawed 6. Mr. Farhad Shaikh Mohammad 7. Mr. Abdul Razzak Tarmuhammad 8. Mrs. Saeeda Parveen W/o S. M. Muneer 9. Mrs. Ghazala Pervez W/o Mr. S. M. Pervez	1,837 2,536,972 947,892 1,895,777 943,800 941,138 550 946,044 1,227,578	9	9,441,588	42.11
4	<b>Executive</b> 1. Mr. Shahzad Naseer 2. Mr. Shaikh Mohammad Imran	1,895,779 947,892	2	2,843,671	12.68
5	<b>Public Sector Companies and Corporations</b> 1. CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST 2. M/S INVESTMENT CORPORATION OF PAKISTAN 3. NATIONAL BANK OF PAKISTAN INVESTOR A/C 4. NATIONAL BANK OF PAKISTAN	363,220 330 7,326 204	4	371,080	1.66
6	<b>Associated Company</b> Din Leather (Pvt.) Limited	7,260	1	7,260	0.03
7	<b>Banks, DFIs, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funs</b>	39,044	6	39,044	0.17
8	<b>Mutual Fund</b> Golden Arrow Selected Stock Fund	54,729	1	54,729	0.24
9	<b>Foreign Investors</b> Habib Bank AG Zurich, Zurich, Switzerland	-	-	-	-
<b>TOTAL</b>		22,421,688	819	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 Shares  
5% of the Paid-up Capital of the Company 1,121,084 Shares

Name(s) of Share-holders(s)	Description	No. of Shares Held	Percentage %
Shaikh Mohammad Pervez	Falls In Category # 03	2,536,972	11.31
Mr. Shahzad Naseer	Falls In Category # 04	1,895,779	8.46
Shaikh Mohammad Naveed	Falls In Category # 03	1,895,777	8.46
Masood Spining Mills Limited	Falls In Category # 02	1,364,652	6.09
Ghazala Pervez	Falls In Category # 03	1,227,578	5.47

## PATTERN OF SHAREHOLDING As at June 30, 2015

NO. OF SHARE HOLDERS	SHAREHOLDING SLAB			TOTAL SHARES HELD
206	1	to	100	3,477
194	101	to	500	38,080
289	501	to	1000	206,678
87	1001	to	5000	185,550
15	5001	to	10000	112,428
4	10001	to	15000	52,043
1	15001	to	20000	15,620
1	30001	to	35000	33,206
2	50001	to	55000	108,729
1	275001	to	280000	275,700
1	360001	to	365000	363,220
1	750001	to	755000	752,000
6	940001	to	945000	5,652,152
5	945001	to	950000	4,735,371
1	965001	to	970000	966,676
1	1225001	to	1230000	1,227,578
1	1360001	to	1365000	1,364,652
2	1895001	to	1900000	3,791,556
1	2535001	to	2540000	2,536,972
<b>819</b>				<b>22,421,688</b>

# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

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

Member of



Illinois, USA

### REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Din Textile Mills Limited** for the year ended June 30, 2015 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the statement of compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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

The Code requires the company to place before the audit committee and upon recommendation of audit committee, places before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors upon recommendation of the audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2015.

Lahore;  
Date: September 22, 2015

A handwritten signature in black ink, appearing to read "Abdul Qadoos".

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Abdul Qadoos, FCA

## Statement of Compliance with the Code of Corporate Governance Year Ended June 30, 2015

This statement is being presented to comply with the Code of Corporate governance contained in the listing regulation of **Karachi and Lahore Stock Exchange** for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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

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

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

The independent director meets the criteria of independence under clause i (b) of the CCG

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this company.
3. All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. There was no casual vacancy of directors during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the company.
6. The Board has developed vision and mission statement, over all corporate strategy and significant policies of the company, which have been approved by the Board of Directors.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and others executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the Board met at least once in every quarter. The Board held seven meetings during the year. Written notices of the Board Meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the company attended the orientation courses for their duties and responsibilities.

10. There was no change in the position of Company Secretary, Chief Financial Officer except to change Head of Internal Audit Mr. Zahid Hussain Zahid replaced with Mr. Kashif Javed.
11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The Financial Statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and Executive do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an audit committee. It comprises three members, of whom all are non-executive directors and the Chairman of the Committee is an independent director.
16. The meeting of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises three members, all of whom are non-executive directors including the chairman of the committee.
18. The Board has setup an internal audit function.
19. The statutory auditors of the Company have confirmed that they have given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants 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 partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. We confirm that all other material principals contained in the Code have been complied with.

KARACHI  
Date: September 22, 2015

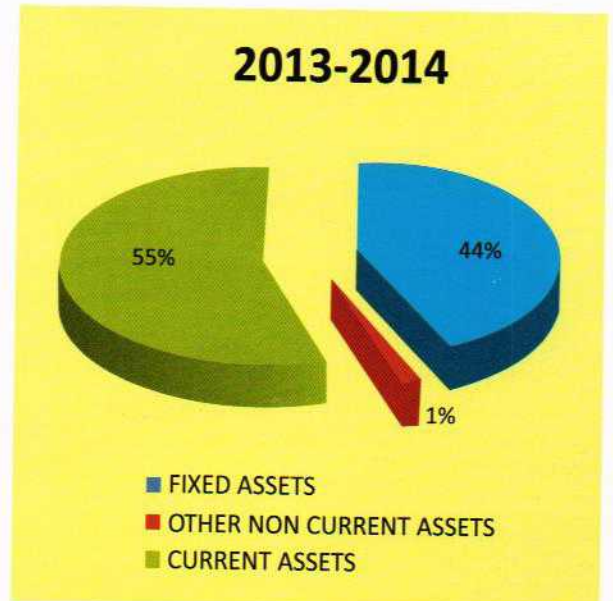
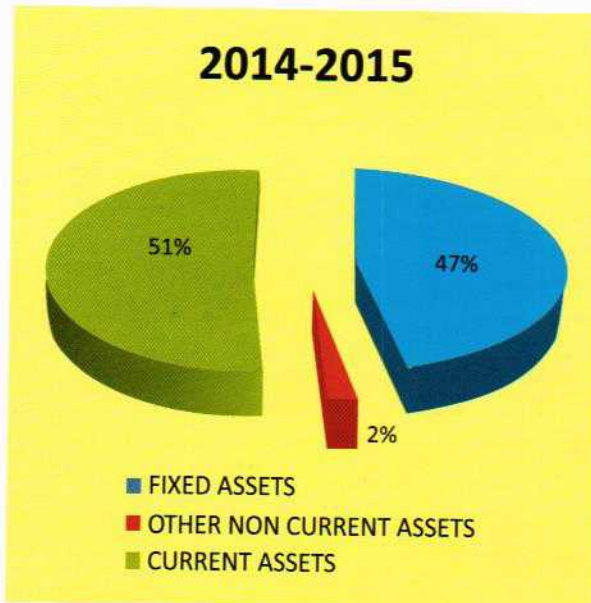
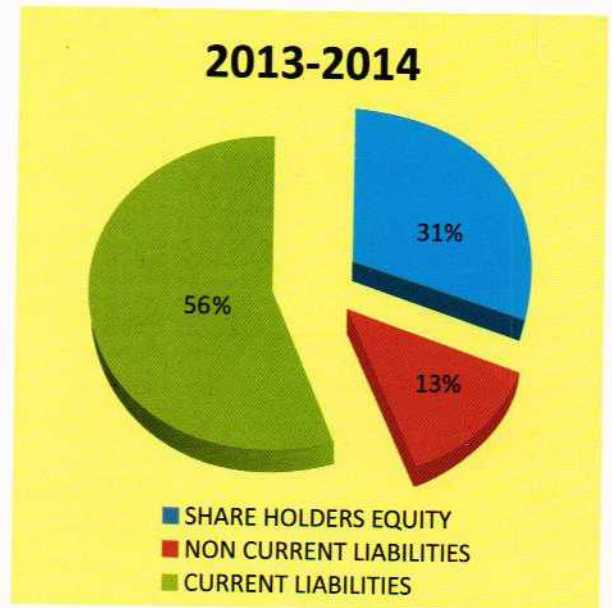
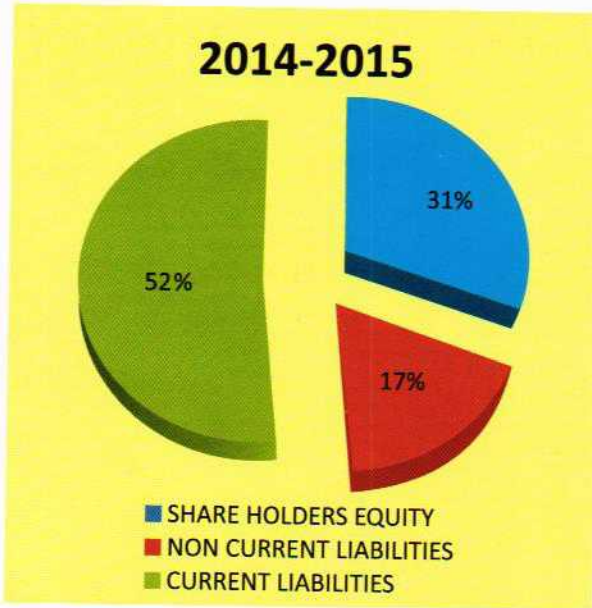
On behalf of the Board of Directors

SHAIKH MUHAMMAD TANVEER  
Chief Executive

# FINANCIAL STATEMENTS 2015



# GRAPHICAL ANALYSIS OF BALANCE SHEET



# MUSHTAQ & CO.

## CHARTERED ACCOUNTANTS

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

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### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Din Textile Mills Limited** as at June 30, 2015 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
  - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2015 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**MUSHTAQ & COMPANY**  
Chartered Accountants  
**Engagement Partner:**  
Abdul Qadoos, FCA

Lahore;  
Date: September 22, 2015

# Balance Sheet

As at June 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	2,611,546,743	2,670,682,867
Long term deposits	6	14,942,951	15,491,401
Deferred taxation Assets	22	102,944,241	68,160,421
		2,729,433,935	2,754,334,689
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	7	224,442,745	366,569,007
Stock in trade	8	1,166,745,814	1,325,019,359
Trade debts	9	866,156,744	1,193,936,247
Loans and advances	10	34,647,619	47,450,317
Trade deposits and short term pre payments	11	1,540,042	8,846,705
Other receivables	12	38,308,951	10,474,265
Other financial assets	13	-	83,745
Tax refunds due from the Government	14	480,752,411	362,920,323
Cash and bank balances	15	36,719,880	72,765,682
		2,849,314,206	3,388,065,650
<b>CURRENT LIABILITIES</b>			
Trade and other payables	16	1,554,288,270	2,241,887,075
Accrued mark up / interest	17	39,759,731	68,930,623
Short term borrowings	18	963,951,990	759,600,317
Current portion of			
Long term financing	19	322,464,485	343,269,410
Liabilities against assets subject to finance lease	20	4,165,695	19,334,871
		2,884,630,171	3,433,022,296
<b>WORKING CAPITAL</b>			
		(35,315,965)	(44,956,646)
<b>TOTAL CAPITAL EMPLOYED</b>			
		2,694,117,970	2,709,378,043
<b>NON CURRENT LIABILITIES</b>			
Long term financing	19	865,600,506	658,006,322
Liabilities against assets subject to finance lease	20	2,805,378	6,811,241
Deferred liabilities			
Staff retirement benefits - gratuity	21	104,080,675	139,114,050
		972,486,559	803,931,613
<b>CONTINGENCIES AND COMMITMENTS</b>			
	23		
<b>NET WORTH</b>			
		1,721,631,411	1,905,446,430
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
77,100,000 (2014: 77,100,000) ordinary shares of Rs. 10 each		771,000,000	771,000,000
<b>Net Worth Represented by:</b>			
Issued, subscribed and paid up capital	24	224,216,880	224,216,880
Reserves	25	1,497,414,531	1,681,229,550
		1,721,631,411	1,905,446,430

The annexed notes from 1 to 42 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

## Profit and Loss Account

For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
Sales - net	26	8,552,540,730	10,211,073,667
Cost of sales	27	(8,117,225,890)	(9,536,724,443)
<b>Gross profit</b>		<b>435,314,840</b>	<b>674,349,224</b>
Distribution cost	28	83,900,823	127,603,252
Administrative expenses	29	136,997,626	129,256,803
Other operating expenses	30	1,534,028	2,778,516
Finance cost	31	373,511,663	418,689,879
		595,944,140	678,328,450
		(160,629,300)	(3,979,226)
Other income	32	1,326,044	7,776,677
<b>(Loss) / Profit before taxation</b>		<b>(159,303,256)</b>	<b>3,797,451</b>
Provision for taxation	33	(34,066,439)	(115,092,216)
<b>Loss for the year</b>		<b>(193,369,695)</b>	<b>(111,294,765)</b>
Loss per share - basic and diluted	34	(8.62)	(4.96)

*The annexed notes from 1 to 42 form an integral part of these financial statements.*

SHAIKH MOHAMMAD MUNEEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

# Statement of Comprehensive Income

## For the year ended June 30, 2015

	2015 Rupees	2014 Rupees
Loss for the year	(193,369,695)	(111,294,765)
<b>Items that will be subsequently reclassified to profit and loss account</b>		
<b>Available for sale investments</b>		
Unrealized gain on remeasurement of available for sale investments	2,130	1,440
Reclassification adjustments relating to loss realized on disposal of available for sale investments	(14,100)	5,690
	(11,970)	7,130
<b>Items that will not be subsequently reclassified to profit and loss account</b>		
<b>Remeasurements of staff retirement benefits</b>		
Remeasurement recognised	10,882,909	(10,427,758)
Related deferred taxation	(1,316,263)	1,359,641
	9,566,646	(9,068,117)
<b>Total comprehensive loss for the year</b>	<b>(183,815,019)</b>	<b>(120,355,752)</b>

*The annexed notes from 1 to 42 form an integral part of these financial statements.*

SHAIKH MOHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

# Cash Flow Statement

## For the year ended June 30, 2015

	Note	2015 Rupees	2014 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss) / profit before taxation		(159,303,256)	3,797,451
<b>Adjustments for:</b>			
Depreciation		265,463,099	248,552,965
Staff retirement benefits - gratuity		34,783,767	51,761,888
Workers' profit participation fund		-	203,945
Workers' welfare fund		-	77,499
Finance cost		373,511,663	418,689,879
(Gain) / Loss on disposal of available for sale investment		(36,563)	5,500
(Gain) / Loss on disposal of property, plant and equipment		(576,018)	99,073
		673,145,948	719,390,749
Profit before working capital changes		513,842,692	723,188,200
<b>(Increase) / Decrease in current assets</b>			
Stores, spare parts and loose tools		142,126,262	(80,437,966)
Stock in trade		158,273,545	388,082,324
Trade debts		327,779,503	514,661,239
Loans and advances		12,802,698	717,920,977
Trade deposits and short term prepayments		4,228,825	(389,817)
Other receivables		(27,834,686)	32,697,806
		617,376,147	1,572,534,563
<b>Decrease in current liabilities</b>			
Trade and other payables		(685,964,388)	(769,463,777)
Cash generated from operations		445,254,451	1,526,258,986
Finance cost paid		(402,652,676)	(433,960,621)
Taxes paid		(188,858,992)	(207,152,425)
Dividend paid		(112,989)	(156,145,540)
Workers' profit participation fund paid		(690,925)	(44,253,270)
Staff retirement benefits - gratuity paid		(58,934,233)	(29,532,728)
		(651,249,815)	(871,044,584)
<b>Net cash (used) in / generated from operating activities</b>		(205,995,364)	655,214,402
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		2,515,958	2,543,932
Proceeds from sale of available for sale investments		108,338	4,500
Fixed capital expenditure		(208,266,915)	(507,841,580)
Long term deposits - net		3,626,288	(876,435)
Payments against long term investment		-	(44,681,513)
<b>Net cash used in investing activities</b>		(202,016,331)	(550,851,096)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing		186,789,259	(5,516,772)
Liabilities against asset subject to finance lease		(19,175,039)	(26,854,265)
<b>Net cash generated from / (used) in financing activities</b>		167,614,220	(32,371,037)
<b>Net (decrease) / increase in cash and cash equivalents</b>		(240,397,475)	71,992,269
<b>Cash and cash equivalents at the beginning of the year</b>		(686,834,635)	(128,331,732)
<b>Cash and cash equivalents of subsidiary merged</b>		-	(630,495,172)
<b>Cash and cash equivalents at the end of the year</b>		(927,232,110)	(686,834,635)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	15	36,719,880	72,765,682
Short term borrowings	18	(963,951,990)	(759,600,317)
		(927,232,110)	(686,834,635)

The annexed notes from 1 to 42 form an integral part of these financial statements.

**Statement of Changes in Equity  
For the year ended June 30, 2015**

Particulars	Share capital	Reserves				Sub total	Total
		Capital		Revenue			
		Merger reserve	General	Fair Value Reserves	Unappropriated profit		
<b>Rupees</b>							
Balance as at June 30, 2013	203,833,530	10,376,660	400,000,000	-	1,679,458,296	2,089,834,956	2,293,668,486
Effect of merger of subsidiary	-	(10,376,660)	-	4,840	(99,523,499)	(109,895,319)	(109,895,319)
Total comprehensive loss for the year	-	-	-	7,130	(120,362,882)	(120,355,752)	(120,355,752)
Dividend for the year ended June 30, 2013 @ Rs 5/- per share	-	-	-	-	(101,916,765)	(101,916,765)	(101,916,765)
10% Bonus share issue for the year ended June 30, 2013 @ Rs 1/- per share	20,383,350	-	-	-	(20,383,350)	(20,383,350)	-
Interim dividend for the half year ended December 31, 2013 @ Rs 2.50/- per share	-	-	-	-	(56,054,220)	(56,054,220)	(56,054,220)
<b>Balance as at June 30, 2014</b>	<b>224,216,880</b>	<b>-</b>	<b>400,000,000</b>	<b>11,970</b>	<b>1,281,217,580</b>	<b>1,681,229,550</b>	<b>1,905,446,430</b>
Total comprehensive loss for the year	-	-	-	(11,970)	(183,803,049)	(183,815,019)	(183,815,019)
<b>Balance as at June 30, 2015</b>	<b>224,216,880</b>	<b>-</b>	<b>400,000,000</b>	<b>-</b>	<b>1,097,414,531</b>	<b>1,497,414,531</b>	<b>1,721,631,411</b>

*The annexed notes from 1 to 42 form an integral part of these financial statements.*

SHAIKH MOHAMMAD MUNEER  
Chairman

SHAIKH MUHAMMAD TANVEER  
Chief Executive

## Notes to and Forming Part of the Financial Statements For the year ended June 30, 2015

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchange Karachi and Lahore. The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki & Raiwind in the province of Punjab.
- 1.3 The company entered into an agreement during the year ended June 30, 2011 with Brother Textile Mills Limited having registered office at 135 Upper mall, Lahore (Manufacturing unit located at 48 Km Multan Road, Bhai Pheru) and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles. The license fee was agreed at rupees 2,843,375 per month payable quarterly in advance. The license was renewable annually for a period of twelve months which has been expired on November 12, 2014. In view of current dialing trend in yarn prices, worst power and gas supply conditions, during the year management of the company has decided to curtail the production capacity of the company by not renewing the license agreement to operate this unit and the license agreement has not been renewed accordingly.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

#### 2.2 Functional and presentation currency

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

#### 2.3 Standards, interpretations and amendments to published approved accounting standards

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

During the year certain amendments to standards or new interpretations became effective; however, the amendments or interpretation did not have any material effect on the financial statements of the company.

##### 2.3.2 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 2015 and the Company does not expect to have any material / significant changes in its accounting policy except for disclosures, where applicable:

Amendments to IAS 38 Intangible Assets and IAS 16 Property, Plant and Equipment (effective for annual periods beginning on or after 1 January 2016) introduce severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for

property, plant and equipment. The amendments have no impact on Company's financial statements as the company has the policy of depreciating / amortizing its property, plant and equipment and intangible assets based on the assessed useful lives.

IFRS 10 'Consolidated Financial Statements' – (effective for annual periods beginning on or after 1 January 2015) replaces the part of IAS 27 'Consolidated and Separate Financial Statements'. IFRS 10 is not likely to have any impact on the financial statements of the company.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after 1 January 2015) replaces IAS 31 'Interests in Joint Ventures'. IFRS 11 is not likely to have any impact on the financial statements of the company.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not likely to have an impact on company's financial statements.

IFRS 13 'Fair Value Measurement' effective for annual periods beginning on or after 1 January 2015). The adoption of this standard is not like to have an impact on company's financial statements.

Amendment to IAS 27 'Separate Financial Statement' (effective for annual periods beginning on or after 1 January 2016). The amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

Agriculture: Bearer Plants [Amendment to IAS 16 and IAS 41] (effective for annual periods beginning on or after 1 January 2016). These amendments have no impact on the financial statements of the company.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) [effective for annual periods beginning on or after 1 January 2016]. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Annual Improvements 2012-2014 cycles (amendments are effective for annual periods beginning on or after 1 January 2016). The new cycle of improvements contain amendments to the following standards:

IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'. These amendments are not likely to have any implication on the company's financial statements.

IFRS 7 'Financial Instruments- Disclosures'. These amendments are not likely to have any implication on the company's financial statements.

IAS 19 'Employee Benefits'. These amendments are not likely to have any implication on the company's financial statements

IAS 34 'Interim Financial Reporting'. These amendments are not likely to have any implication on the company's financial statements.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2014 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

### **3 BASIS OF MEASUREMENT**

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

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

#### **3.1 Provision for taxation**

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

#### **3.2 Staff retirement benefits - gratuity**

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

#### **3.3 Financial instruments**

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

#### **3.4 Property, plant and equipment**

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

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

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

### **4 SIGNIFICANT ACCOUNTING POLICIES**

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

## **4.1 Property, plant and equipment - owned**

### **Recognition**

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

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

### **Depreciation**

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 5. Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

### **Derecognition**

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

## **4.2 Accounting for leases and assets subject to finance lease**

### **4.2.1 Finance lease**

#### **Recognition**

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

#### **Financial charges**

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

#### **Depreciation**

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

#### **Deferred income**

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

#### **4.2.2 Operating lease**

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

#### **4.3 Capital work in progress**

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

#### **4.4 Long term deposits**

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

#### **4.5 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 balance sheet 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 profit and loss account.

##### **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 balance sheet 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 profit and loss account, is removed from equity and recognized in the profit and loss accounts. Impairment losses recognized in the profit and loss account on equity instruments are not reversed through the profit and loss accounts.

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, 2015 using the Projected Unit Credit Method.

Expense comprising of current service cost and interest cost is recorded in profit and loss account, 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 balance sheet liability method, on all temporary differences at the balance sheet date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

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

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

#### **4.12 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 balance sheet when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

#### **4.14 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 balance sheet date, except those covered by forward contracts, which are stated at contracted

rates. Foreign currency transactions are translated into Pak Rupees at the rates prevailing at the date of transaction except for those covered by forward contracts, which are translated at contracted rates. Non monetary items are translated into Pak Rupee on the date of transaction or on the date when fair values are determined. Exchange differences are included in income currently.

#### **4.17 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 balance sheet if the company has a legal enforceable right to set off the recognized amounts and intends either to settle on net basis or to realize the assets and the liabilities simultaneously.

#### **4.19 Impairment**

At each balance sheet date, the company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Recoverable amount is the higher of sale value less cost to sell and value in use.

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

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

#### **4.20 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 Ordinance, 1984 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	2015 Rupees	2014 Rupees
Operating fixed assets	5.1	2,603,759,113	2,647,474,240
Capital work in progress - at Cost	5.2	7,787,630	23,208,627
		<b>2,611,546,743</b>	<b>2,670,682,867</b>

5.1 Operating fixed assets

2015											
Cost as at July 01, 2014	Assets of subsidiary merged	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2015	Accumulated depreciation as at July 01, 2014	Accumulated depreciation on assets of subsidiary merged	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2015	Book value as at June 30, 2015	Annual depreciation rate %
Rupees											
<b>Owned Assets</b>											
Freehold land	174,304,150			174,304,150	-				-	174,304,150	0%
Building on freehold land	612,674,301	15,509,597		628,183,898	378,524,610		23,544,216		402,068,826	226,115,072	10%
Plant and machinery	4,126,212,573	197,830,017 (6,240,691)	64,216,681	4,382,018,580	2,113,055,973		219,331,426 (5,123,889)	20,474,980	2,347,738,490	2,034,280,090	10%
Electric installation	205,586,751	2,981,421		208,568,172	96,371,065		11,015,668		107,386,733	101,181,439	10%
Tools and equipment	61,674,374	25,000		61,699,374	41,128,476		2,056,258		43,184,734	18,514,640	10%
Furniture and fixture	24,964,361										
Office equipment	7,801,123	3,148,005		28,112,366	8,370,317		1,780,769		10,151,086	17,961,280	10%
Computers	18,454,735	1,036,577		8,837,700	3,267,762		479,251		3,747,013	5,090,687	10%
Vehicles	28,207,124	502,795 (1,270,350)		17,687,180	12,802,145		1,760,034 (1,244,463)		13,317,716	4,369,464	30%
<b>Leased Assets</b>											
Plant and machinery	64,216,681	2,654,500 (3,518,060)	4,765,578	32,109,142	15,974,907		2,994,628 (2,720,809)	2,203,415	18,452,141	13,657,001	20%
Vehicles	17,323,362		(64,216,681) (4,765,578)	12,557,784	20,376,890 4,073,150		98,090 2,402,759	(20,474,980) (2,203,415)	- 4,272,494	8,285,290	10% 20%
30-Jun-15	5,341,419,535	223,687,912 (11,029,101)	68,982,259 (68,982,259)	5,554,078,346	2,693,945,295		265,463,099 (9,089,161)	22,678,395 (22,678,395)	2,950,319,233	2,603,759,113	
2014											
Cost as at July 01, 2013	Assets of subsidiary merged	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2014	Accumulated depreciation as at July 01, 2013	Accumulated depreciation on assets of subsidiary merged	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014	Annual depreciation rate %
Rupees											
<b>Owned Assets</b>											
Freehold land	51,847,900	122,456,250		174,304,150	-				-	174,304,150	
Building on freehold land	448,827,501	159,773,405	4,073,395	612,674,301	287,328,117	65,257,237	25,939,256		378,524,610	234,149,691	10%
Plant and machinery	2,867,383,614	786,754,550 (15,990,700)	468,913,697 19,151,412	4,126,212,573	1,660,266,779	267,913,194	194,354,517 (14,408,809)	4,930,292	2,113,055,973	2,013,156,600	10%
Electric installation	149,304,473	23,331,792	32,950,486	205,586,751	75,230,869	11,477,471	9,662,725		96,371,065	109,215,686	10%
Tools and equipment	42,140,203	19,534,171		61,674,374	26,020,181	12,825,418	2,287,877		41,128,476	20,545,898	10%
Furniture and fixture	17,063,257	2,728,702	5,172,402	24,964,361	6,049,918	815,454	1,504,945		8,370,317	16,594,044	10%
Office equipment	7,538,023	-	263,100	7,801,123	2,776,029	-	491,733		3,267,762	4,533,361	10%
Computers	16,096,188	1,281,592 (150,000)	1,226,955	18,454,735	10,183,312	507,867	2,209,378 (98,412)		12,802,145	5,652,590	30%
Vehicles	28,867,405	-	1,710,934 (6,476,215)	28,207,124	16,669,546	-	2,777,220 (5,466,689)	1,994,830	15,974,907	12,232,217	20%
<b>Leased Assets</b>											
Plant and machinery	83,368,093	-	(19,151,412)	64,216,681	19,000,935	-	6,306,247 (4,930,292)	(4,930,292)	20,376,890	43,839,791	10%
Vehicles	14,408,242	-	7,020,120 (4,105,000)	17,323,362	3,043,913	-	3,024,067 (1,994,830)	(1,994,830)	4,073,150	13,250,212	20%
30-Jun-14	3,726,844,899	1,115,860,462 (22,616,915)	521,331,089 (23,256,412)	5,341,419,535	2,106,569,599	358,796,641	248,552,965 (19,973,910)	6,925,122 (6,925,122)	2,693,945,295	2,647,474,240	

### 5.1.1 Depreciation for the year has been allocated as under.

	Notes	2015 Rupees	2014 Rupees
Cost of sales	27.1	262,183,666	244,564,744
Administrative expenses	29	3,279,433	3,763,199
Income from power generation	30.2	-	225,022
		<b>265,463,099</b>	<b>248,552,965</b>
		2015 Rupees	2014 Rupees

#### 5.2 Capital work in progress - at cost

Building - civil works			15,420,997
Electric Installation		7,787,630	7,787,630
		<b>7,787,630</b>	<b>23,208,627</b>

The movement in capital work in progress is as follows.

Balance at the beginning of the year

Balance of subsidiary merged

Building - civil works		-	2,148,064
Electric installation		-	19,292,930
			21,440,994

Additions during the year

Building - civil works		88,600	2,019,186
Plant and machinery		-	2,707,216
Electric installation		-	7,872,427
		88,600	12,598,829

Transfer to operating fixed assets

Building - civil works		15,509,597	4,003,395
Plant and machinery		-	2,707,216
Electric installation		-	19,377,727
		15,509,597	26,088,338

Balance at the end of the year

		<b>7,787,630</b>	<b>23,208,627</b>
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#### 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	
<b>Vehicles</b>		Rupees						
Suzuki Cultus VXR	Fariha Shaukat	600,850	525,582	75,268	100,000	24,732	Negotiation	
Toyota Corolla	Babar Jahangeer	1,375,076	1,009,696	365,380	450,000	84,620	Negotiation	
Toyota Corolla	Gulastar Khan	931,250	725,865	205,385	250,000	44,615	Negotiation	
Suzuki Mehran	Khalid Saif	413,784	322,601	91,183	100,000	8,817	Negotiation	
Honda CD 70	Altaf Hussain	65,500	48,437	17,063	17,063	-	Negotiation	
Honda CD 70	Altaf Hussain	65,500	48,437	17,063	17,063	-	Negotiation	
Honda CD 70	Altaf Hussain	66,100	40,191	25,909	25,909	-	Negotiation	
	Sub total	3,518,060	2,720,809	797,251	960,035	162,784		
<b>Plant and machinery</b>								
Plant and machinery	Ashiq Hussain	674,852	561,107	113,745	118,644	4,899	Negotiation	
Plant and machinery	Muhammad Javaid Iqbal	2,939,633	2,164,551	775,082	677,966	(97,116)	Negotiation	
Plant and machinery	Abdul Hafeez	226,000	182,560	43,440	42,373	(1,067)	Negotiation	
Plant and machinery	Makki Madin Textile	2,400,206	2,215,671	184,535	170,940	(13,595)	Negotiation	
	Sub total	6,240,691	5,123,889	1,116,802	1,009,923	(106,879)		
<b>Computers</b>								
Laptop Vastro V- 3500	Future Technology	67,550	52,953	14,597	22,000	7,403	Negotiation	
Server IBM AS 400	E.F.U General Insurance	1,202,800	1,191,510	11,290	524,000	512,710	Insurance Claim	
	Sub total	1,270,350	1,244,463	25,887	546,000	520,113		
	Grand total	11,029,101	9,089,161	1,939,940	2,515,958	576,018.00		

#### 5.4 Loss / (Gain) on disposal property, plant and equipment

	Note	2015 Rupees	2014 Rupees
Cost		11,029,101	22,616,915
Less : Accumulated depreciation		(9,089,161)	(19,973,910)
		<b>1,939,940</b>	<b>2,643,005</b>
Sale proceeds		(2,515,958)	(2,543,932)
(Gain) / Loss on disposal of property, plant and equipment	30 & 32	<b>(576,018)</b>	<b>99,073</b>
(Gain) on disposal of property, plant and equipment	32	<b>(687,796)</b>	<b>(93,343)</b>
Loss on disposal of property, plant and equipment	30	<b>111,778</b>	<b>192,416</b>

	Note	2015 Rupees	2014 Rupees
<b>6</b>			
<b>LONG TERM DEPOSITS</b>			
Security deposits		13,882,651	13,882,651
Electricity - WAPDA		669,600	1,218,050
Leasing company		390,700	390,700
Others			
		<b>14,942,951</b>	<b>15,491,401</b>
<b>7</b>			
<b>STORES, SPARE PARTS AND LOOSE TOOLS</b>			
<b>At Mills</b>			
Stores - at mills		82,093,979	144,981,405
Stores - in transit		21,527,787	83,115,825
Spare parts		120,654,204	138,323,434
Loose tools		166,775	148,343
		<b>224,442,745</b>	<b>366,569,007</b>
<b>8</b>			
<b>STOCK IN TRADE</b>			
<b>Raw material</b>			
Raw material in hand		843,672,586	808,340,732
Raw material in transit		47,633,486	108,456,802
Work in process		76,675,827	161,104,245
Finished goods	8.1	193,456,311	240,119,970
Waste		5,307,604	6,997,610
		<b>1,166,745,814</b>	<b>1,325,019,359</b>
<b>8.1</b>			
Finished goods amounting to Rs. 53,115,773 (June 30, 2014 : Rs 40,497,935) are stated at their net realizable value aggregating Rs. 49,119,629 (June 30, 2014 : Rs. 36,529,682). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 3,996,144 (June 30, 2014 : Rs. 3,968,254).			
	Note	2015 Rupees	2014 Rupees
<b>9</b>			
<b>TRADE DEBTS</b>			
<b>Considered good</b>			
Secured		266,430,740	597,815,924
Unsecured		599,726,004	596,120,323
		<b>866,156,744</b>	<b>1,193,936,247</b>
<b>10</b>			
<b>LOANS AND ADVANCES</b>			
<b>Unsecured - Considered good</b>			
Advance to subsidiary company		5,055,080	6,205,154
Advance against wages		1,887,000	1,152,037
Advances to suppliers		27,379,238	39,860,412
<b>Secured - Considered good</b>			
Advance against letter of credit		326,301	232,714
		<b>34,647,619</b>	<b>47,450,317</b>
<b>11</b>			
<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Security deposits		542,450	3,620,288
Leasing companies		997,592	1,146,792
Others		-	4,079,625
Prepayments			
		<b>1,540,042</b>	<b>8,846,705</b>
<b>12</b>			
<b>OTHER RECEIVABLES</b>			
Export rebate		386,904	149,113
Insurance claim receivable		2,781,968	189,500
Cotton claims receivable		9,395,254	9,922,153
Fuel price adjustments receivable	12.1	25,413,655	-
Others	12.2	331,170	213,499
		<b>38,308,951</b>	<b>10,474,265</b>

12.1 It represents amount receivable against fuel price adjustments worked as per notifications issued by the National Electric and Power Regulatory Authority of Pakistan (NEPRA) which will be adjusted against electricity bills of subsequent months.

12.2 It includes Rs. 117,671 receivable from following related parties against reimbursement of shared expenses.

	Note	2015 Rupees	2014 Rupees
Din Farm Products (Pvt) Ltd		47,068	-
Din Industries Ltd		70,603	-
		<b>117,671</b>	<b>-</b>

### 13 OTHER FINANCIAL ASSETS

Available for sale investments - in quoted companies

PICIC Energy Fund

5,000 (June 30, 2013: 5000) ordinary shares of Rupees 10 each  
Cost Rs. 50,000 (June 30, 2013 : Rs. 50,000)

- 64,100

Fatima Fertilizer Company Limited

500 (2013: 500) ordinary shares of Rupees 10 each  
Cost Rs. 6,750 (June 30, 2013 : Rs. 6,750)

- 14,500

Agritech Limited

500 (2013: 500) ordinary shares of Rupees 10 each  
Cost Rs. 15,025 (June 30, 2013 : Rs. 15,025)

- 5,145

**- 83,745**

### 14 TAX REFUND DUE FROM THE GOVERNMENT

Income Tax

Opening balance

190,844,176 70,697,113

Balance transferred from subsidiary merged

- 13,796,016

Paid/ Adjusted during the year -Net

140,879,935 146,689,877

Less Provision for the year

(70,166,522) (40,338,830)

261,557,589 190,844,176

Sales tax

219,194,822 172,076,147

**480,752,411 362,920,323**

	Note	2015 Rupees	2014 Rupees
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### 15 CASH AND BANK BALANCES

Cash with banks

In current accounts

15.1 32,855,936 58,851,191

In dividend accounts

15.2 3,835,415 3,948,176

In savings account

15.3 & 15.4 28,529 9,966,315

**36,719,880 72,765,682**

15.1 It includes balance with associated company (MCB Bank Limited) of Rs. 39,445 (June 30, 2014 : Rs. 21,488,332).

15.2 It represents balance with associated company (MCB Bank Limited) of Rs. 1,168,764 (June 30, 2014 : Rs. 1,180,102).

15.3 It represents balance with associated company (MCB Bank Limited) of Rs. 17,240 (June 30, 2014 : Rs. 16,209).

15.4 It carries mark up at the rate of 7.45 to 9.24 (June 30, 2014 : 5.00 to 7.92) percent per annum.

	Note	2015 Rupees	2014 Rupees
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### 16 TRADE AND OTHER PAYABLES

Creditors

16.1 203,867,480 291,960,011

Murahaba

16.2 1,106,514,428 1,782,465,965

Accrued liabilities

187,022,616 105,680,044

Advances from customers

31,908,849 35,171,741

Excise duty on loans

16.3 4,429,581 4,429,581

Sales tax claim payable

16.4 14,759,965 14,759,965

Workers' profit participation fund

16.5 - 661,046

Unclaimed dividend

5,542,056 5,655,045

Withholding tax payable

243,295 1,103,677

**1,554,288,270 2,241,887,075**

- 16.1 The amount includes Rs. 129,989 payable to related party- Din Leather Private Limited against reimbursement of expenses.
- 16.2 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. Overall limits for these facilities are disclosed in note 18.1. Mark up ranges from 6.54 to 10.40 (June 30, 2014 : 8.74 to 10.40) percent per annum. These facilities are expiring on various dates from July 2015 to January 2016.
- 16.3 The company had provided the excise duty payable on loans from banks / financial institutions. The Supreme Court of Pakistan has decided the case against the company. The demand against payment of excise duty has not been raised by the relevant parties.
- 16.4 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.

	2015 Rupees	2014 Rupees
<b>16.5 Workers' profit participation fund</b>		
Opening balance	661,046	44,253,270
Interest on fund utilized in company's business	29,879	457,101
	690,925	44,710,371
Paid during the year	(690,925)	(44,253,270)
	-	457,101
Allocation for the year	-	203,945
Closing balance	-	661,046

16.5.1 Interest on Workers' profit participation fund has been provided at the rate of 11.00% (June 30, 2014 : 12.10%)

	2015 Rupees	2014 Rupees
<b>17 ACCRUED MARK UP AND INTEREST</b>		
Mark up / interest accrued on secured loans		
Long term financing	12,578,324	13,328,914
Short term borrowings	27,181,407	54,880,296
Finance lease	-	721,413
	39,759,731	68,930,623

**18 SHORT TERM BORROWINGS**

**Secured - from banking companies**

Running finance	263,951,990	559,600,317
Money market loan	700,000,000	200,000,000
	963,951,990	759,600,317

18.1 Total credit limits available for short term bank borrowings are Rs. 6,950 million (June 30, 2014 : Rs. 6,885 million). These borrowings were secured against first pari passu hypothecation and floating charge over company's stocks, book debts, movables, receivables, and lien on export / import documents of the company. Mark up ranges from 6.83 to 11.58 (June 30, 2014 : 9.19 to 13.29) percent per annum. Average effective interest rate computes to 9.62 (June 30, 2014 : 9.83) percent per annum. These facilities are expiring on various dates from July 2015 to January 2016.

	Note	2015 Rupees	2014 Rupees
<b>19 LONG TERM FINANCING</b>			
<b>Secured - from banking companies and financial institutions</b>			
Pak Oman Investment Company Limited	19.1	988,245	13,639,731
Standard Chartered Bank	19.2	-	11,618,000
Meezan Bank Ltd	19.3	889,115,520	710,526,000
Habib Metropolitan Bank Ltd	19.4	297,961,226	265,492,001
		1,188,064,991	1,001,275,732
Less : Current portion		(322,464,485)	(343,269,410)
		865,600,506	658,006,322

Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
19.1 Pak Oman Investment Company	SBP-LTFF	-	6.50%	Loan matured during the year	30-May-15	First pari passu hypothecation charge of Rs.103.400 million over present and future assets (plant and machinery) with 25 percent margin.
	SBP-LTFF	-	6.50%	Loan matured during the year	06-Jun-15	
	SBP-LTFF	-	6.50%	Loan matured during the year	30-Jun-15	
	SBP-LTFF	988,245	6.75%	Loan matured during the year	22-Aug-15	
	<b>Total</b>	<b>988,245</b>				
19.2 Standard Chartered Bank	LTFF	-	SBP refinance rate + 1.5%	Loan matured during the year	7-Sep-14	Demand promissory note and first charge on company's specific plant and machinery of Rs. 125 million
	Term Finance	-	6 Month Kibor +1%	Loan matured during the year	7-Sep-14	
	LTFF	-	SBP refinance rate + 1.5%	Loan matured during the year	20-Dec-14	
	Term Finance	-	6 Month Kibor +1%	Loan matured during the year	20-Dec-14	
	<b>Total</b>	<b>-</b>				
19.3 Meezan Bank Ltd	Diminishing Musharika	-	6 Month Kibor + 0.55%	Loan matured during the year	30-Sep-14	The Loan is secured against first specific charge of Rs.193.750 million over fixed assets with 20% margin
	Diminishing Musharika	525,000,000	6 Month Kibor + 0.75%	06 Semi Annual	30-May-18	The Loan is secured against first specific charge of Rs. 879.305 million over fixed assets with 20% margin
	Diminishing Musharika	195,000,000	6 Month Kibor + 0.50%	08 Semi Annual	26-Nov-19	The Loan is secured against first specific charge of Rs. 243.750 million over fixed assets with 20% margin
	Diminishing Musharika	4,115,520	6 Month Kibor + 0.50%	04 Semi Annual	20-Feb-18	The Loan is secured against first specific charge of Rs. 5.4 million over fixed assets with 24% margin
	Diminishing Musharika	165,000,000	6 Month Kibor + 0.50%	08 Semi Annual	25-May-20	The Loan is secured against first specific charge of Rs. 206.250 million over fixed assets with 20% margin
	<b>Total</b>	<b>889,115,520</b>				
19.4 Habib Metropolitan Bank Ltd	Diminishing Musharika	-	3 Month Kibor + 1%	Loan Rapid in the year	21-Mar-15	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
	Diminishing Musharika	-	3 Month Kibor + 1%	Loan Rapid in the year	21-Mar-15	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
	Diminishing Musharika	13,573,869	3 Month Kibor + 1%	05 Quarterly	28-Aug-16	The Loan is secured against first specific charge upto Rs.36,196,986 over musharik asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	4,829,760	3 Month Kibor + 1%	6 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs.10,732,800 over musharik asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	4,069,551	3 Month Kibor + 1%	6 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs.9,043,450 over musharik asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	4,068,672	3 Month Kibor + 1%	6 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs. 9,041,500 over musharik asset, demand promissory note and standing debit instructions.

Diminishing Musharika	20,946,474	3 Month Kibor + 1%	6 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs. 46,547,720 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	10,785,150	3 Month Kibor + 1%	6 Quarterly	6-Nov-16	The Loan is secured against first specific charge upto Rs. 23,967,000 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	12,970,125	3 Month Kibor + 1%	7 Quarterly	29-Jan-17	The Loan is secured against first specific charge upto Rs. 24,705,000 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	6,216,420	3 Month Kibor + 1%	7 Quarterly	13-Mar-17	The Loan is secured against first specific charge upto Rs. 11,840,800 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	12,738,600	3 Month Kibor + 1%	8 Quarterly	18-Apr-17	The Loan is secured against first specific charge upto Rs. 21,231,000 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	4,753,349	3 Month Kibor + 1%	8 Quarterly	18-Apr-17	The Loan is secured against first specific charge upto Rs. 7,922,250 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	37,066,107	3 Month Kibor + 1%	9 Quarterly	22-Jul-17	The Loan is secured against first specific charge upto Rs. 54,912,750 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	36,752,250	3 Month Kibor + 1%	10 Quarterly	28-Oct-17	The Loan is secured against first specific charge upto Rs. 48,763,000 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	13,127,400	3 Month Kibor + 1%	10 Quarterly	28-Oct-17	The Loan is secured against first specific charge upto Rs. 17,503,200 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	4,054,462	3 Month Kibor + 1%	10 Quarterly	1-Dec-17	The Loan is secured against first specific charge upto Rs. 5,405,948 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	5,396,063	3 Month Kibor + 1%	10 Quarterly	3-Dec-17	The Loan is secured against first specific charge upto Rs. 7,194,750 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	2,084,333	3 Month Kibor + 1%	10 Quarterly	23-Dec-17	The Loan is secured against first specific charge upto Rs. 2,779,110 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	1,851,408	3 Month Kibor + 1%	10 Quarterly	23-Dec-17	The Loan is secured against first specific charge upto Rs. 2,468,544 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	16,794,421	3 Month Kibor + 1%	11 Quarterly	29-Jan-18	The Loan is secured against first specific charge upto Rs. 20,356,874 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	7,841,157	3 Month Kibor + 1%	11 Quarterly	30-Jan-18	The Loan is secured against first specific charge upto Rs. 9,504,432 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	10,001,475	3 Month Kibor + 1%	11 Quarterly	30-Jan-18	The Loan is secured against first specific charge upto Rs. 12,123,000 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	45,932,580	3 Month Kibor + 1%	8 Quarterly	18-Jun-18	The Loan is secured against first specific charge upto Rs. 51,036,200 over musharik aasset, demand promissory note and standing debit instructions.
Diminishing Musharika	2,562,750	3 Month Kibor + 1%	12 Quarterly	24-Jun-18	The Loan is secured against first specific charge upto Rs. 2,847,500 over musharik aasset, demand promissory note and standing debit instructions.

Habib Metropolitan Bank Ltd	Diminishing Musharika	6,493,500	3 Month Kibor + 1%	12 Quarterly	24-Jun-18	The Loan is secured against first specific charge upto Rs. 7,215,000 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	13,231,350	3 Month Kibor + 1%	12 Quarterly	30-Jun-18	The Loan is secured against first specific charge upto Rs. 14,701,500 over musharik aasset, demand promissory note and standing debit instructions.
Total		297,961,226				

20 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2015			2014		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees			Rupees		
Up to one year	4,515,526	349,831	4,165,695	21,148,213	1,813,342	19,334,871
Later than one year but not later than five years	2,930,392	125,014	2,805,378	7,777,328	966,087	6,811,241
	<b>7,445,918</b>	<b>474,845</b>	<b>6,971,073</b>	<b>28,925,541</b>	<b>2,779,429</b>	<b>26,146,112</b>

20.1 The total lease rentals due under the lease agreements aggregate Rs. 7.446 million (June 30, 2014 : Rs. 28.926 million) and are payable in equal monthly / semi annually installments under various lease agreements, latest by 2017. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of approximately 8.50 to 14.09 (June 30, 2014 : 9.63 to 14.00) percent per annum. If any lease is terminated, the lessee is required to pay the purchase price specified in the lease agreements. The cost of repairs and insurance are borne by the lessee. The liability is partially secured by a deposit of Rs. 1.212 million (June 30, 2014 : Rs. 4.838 million) and demand promissory note. The estimated residual value of assets acquired on finance lease is Rs. 1.212 million (June 30, 2014 : Rs. 4.838 million). The company intend to exercise the option of purchasing the leased assets at residual value upon completion of lease term. The number of maximum / minimum monthly lease rentals payable are 28 and 4 respectively.

	Note	2015 Rupees	2014 Rupees
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21 STAFF RETIREMENT BENEFITS - GRATUITY

21.1 Movement in the net liability recognized in the balance sheet

Opening net liability		139,114,050	99,688,452
Liability transferred from merger of subsidiary			6,768,680
		139,114,050	106,457,132
Expense for the year	21.2	34,783,767	51,761,888
Remeasurements recognised		(10,882,909)	10,427,758
		163,014,908	168,646,778
Benefits paid during the year		(58,934,233)	(29,532,728)
Closing net liability		<b>104,080,675</b>	<b>139,114,050</b>

21.2 Expense recognized in the income statement

Current service cost		28,027,318	40,187,726
Interest cost		6,756,449	11,574,162
		<b>34,783,767</b>	<b>51,761,888</b>

21.3 Movement in the present value of defined benefit obligation

Present value of defined benefit obligation		139,114,050	106,457,132
Current service cost		28,027,318	40,187,726
Interest cost		6,756,449	11,574,162
Actuarial loss / (gain)		(10,882,909)	10,427,758
Benefits paid		(58,934,233)	(29,532,728)
		<b>104,080,675</b>	<b>139,114,050</b>

#### 21.4 Historical information

	2015	2014	2013	2012	2011
Present value of defined benefit obligation	104,080,675	139,114,050	99,688,452	92,091,058	89,408,343
Experience adjustments on plan liabilities	10,882,909	(10,427,758)	7,035,391	5,682,138	(12,148,958)

	2015 Rupees	2014 Rupees
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#### 21.5 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.

	2015	2014
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#### 21.6 Principal actuarial assumption

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

Discount rate	9.75%	13.25 %
Expected rate of increase in salary	6.00%	12.25 %

#### 21.7 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	4,549,455	5,220,401
Expected rate of increase in future salaries	5,418,108	4,782,512

21.8 Expected gratuity expense for the year ending June 30, 2016 works out to Rs. 38,731,397.

	2015 Rupees	2014 Rupees
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#### 22 DEFERRED TAXATION

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

<b>Taxable temporary differences (deferred tax liabilities)</b>		
Accelerated tax depreciation allowance	149,667,726	184,832,621
<b>Deductible temporary differences (deferred tax assets)</b>		
Staff retirement benefits - gratuity	(12,588,318)	(18,138,623)
Unused tax credits - unabsorbed depreciation	(240,023,649)	(234,854,419)
	(102,944,241)	(68,160,421)

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

#### 23 CONTINGENCIES AND COMMITMENTS

23.1 The Company has issued post dated cheques amounting to Rs. 94.953 million (June 30, 2014 : Rs. 57.561 million) in favor of Collector of Customs in lieu of custom levies against various statutory notification. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	2015 Rupees	2014 Rupees
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<b>23.2 Contingencies</b>		
Bills discounted with recourse	124,864,213	273,925,266
Bank guarantees issued in the ordinary course of business	148,911,201	168,911,201

<b>23.3 Commitments</b>		
Letters of credit for capital expenditure	97,374,380	47,780,647
Letters of credit for raw material	61,331,586	265,559,819
Letters of credit for stores and spares	72,842,422	25,688,242

## 24 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015	2014		2015	2014
Number of shares			Rupees	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
<b>22,421,688</b>	<b>22,421,688</b>		<b>224,216,880</b>	<b>224,216,880</b>

24.1 Associated company (Din Leather (Pvt.) Limited) held 7,260 (June 30, 2014 : 7,260) ordinary shares of the company.

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

	Note	2015	2014
		Rupees	Rupees
<b>25 RESERVES</b>			
General		400,000,000	400,000,000
Unappropriated profit		1,097,414,531	1,281,229,550
		<b>1,497,414,531</b>	<b>1,681,229,550</b>
<b>26 SALES - NET</b>			
<b>Export</b>	26.1		
Yarn - Direct export		1,901,490,352	2,986,935,941
Yarn - Indirect export		1,160,814,202	3,151,632,300
Waste and others		87,613,135	112,812,151
Rebate		346,716	134,316
<b>Total export sales</b>		<b>3,150,264,405</b>	<b>6,251,514,708</b>
<b>Local</b>			
Yarn		5,403,110,918	4,015,092,107
Raw Material		18,792,033	8,624,297
Waste and others		93,301,624	86,841,258
<b>Total local sales</b>		<b>5,515,204,575</b>	<b>4,110,557,662</b>
		<b>8,665,468,980</b>	<b>10,362,072,370</b>
<b>Sales Tax</b>		<b>130,327,528</b>	<b>143,022,137</b>
		<b>8,795,796,508</b>	<b>10,505,094,507</b>
Commission and claims		(112,928,250)	(150,998,703)
Sales Tax		(130,327,528)	(143,022,137)
		<b>8,552,540,730</b>	<b>10,211,073,667</b>

26.1 This includes net exchange gain / (loss) amounting to Rs. 21,738,140 (June 30, 2014 : Rs. 9,340,327).

	Note	2015	2014
		Rupees	Rupees
<b>27 COST OF SALES</b>			
Cost of goods manufactured	27.1	8,068,872,225	9,567,451,236
<b>Finished goods</b>			
Opening stock		247,117,580	177,806,017
Stock of subsidiary at merger		-	38,584,770
Closing stock		(198,763,915)	(247,117,580)
		<b>8,117,225,890</b>	<b>9,536,724,443</b>

	Note	2015 Rupees	2014 Rupees
<b>27.1 Cost of goods manufactured</b>			
Raw material consumed	27.1.1	5,642,168,058	6,970,765,798
Cost of raw material sold		19,481,490	7,767,412
Packing material consumed		130,972,541	142,213,252
Stores and spares consumed		158,878,433	207,123,642
Salaries, wages and other benefits	27.1.2	637,929,322	704,860,158
Fuel and power		1,030,797,229	1,190,737,764
Insurance		22,629,962	25,709,602
Repairs and maintenance		25,797,696	36,765,269
Depreciation	5.1.1	262,183,666	244,564,744
Vehicle running and maintenance		6,688,862	10,399,926
Books and periodicals		1,939,475	1,636,241
Postage and telephone		726,175	759,491
Travelling and conveyance		6,018,129	4,107,379
Legal and professional		795,000	141,000
Contract / license fee	27.1.3	12,609,750	32,637,000
Rent, rates and taxes		7,253,470	5,765,415
Other overheads		17,574,549	17,463,454
		<b>7,984,443,807</b>	<b>9,603,417,547</b>
<b>Work in process</b>			
Opening stock		161,104,245	109,537,025
Stock of subsidiary at merger		-	15,600,909
Closing stock		(76,675,827)	(161,104,245)
		<b>84,428,418</b>	<b>(35,966,311)</b>
		<b>8,068,872,225</b>	<b>9,567,451,236</b>

**27.1.1 Raw material consumed**

Opening stock	808,340,732	1,281,481,445
Stock of subsidiary at merger	-	22,668,704
Purchases	5,442,850,076	6,216,180,261
	<b>6,251,190,808</b>	<b>7,520,330,410</b>
Closing stock	(843,672,586)	(808,340,732)
	<b>5,407,518,222</b>	<b>6,711,989,678</b>
Dyeing charges	254,131,326	266,543,532
Cost of raw material sold	(19,481,490)	(7,767,412)
	<b>5,642,168,058</b>	<b>6,970,765,798</b>

27.1.2 Salaries, wages & other benefits includes Rs. 32,442,335 (June 30, 2014 : Rs. 47,598,565) in respect of staff retirement benefits.

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

	Note	2015 Rupees	2014 Rupees
<b>28 DISTRIBUTION COST</b>			
Ocean freight		31,705,853	58,535,839
Air freight		12,018,280	16,629,131
Local freight		25,715,800	31,931,253
Clearing and forwarding		6,398,910	7,294,675
Export development surcharge		5,646,078	7,971,242
Others		1,428,308	3,693,976
Travelling expense		987,594	1,547,136
		<b>83,900,823</b>	<b>127,603,252</b>
<b>29 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration	35	43,560,000	33,549,600
Staff salaries and other benefits	29.1	65,654,112	56,566,511
Travelling and conveyance		2,432,394	3,716,349
Vehicle running and maintenance		1,321,763	1,502,880
Rent, rates and taxes		85,600	194,422
Electricity, gas and water		1,880,608	3,139,125
Printing and stationery		1,325,622	1,806,064
Fees, subscription and periodicals		3,333,746	4,031,479
Legal and professional		771,052	1,528,190
Repairs and maintenance		3,443,818	3,517,119
Postage and telephone		4,540,794	6,467,358
Entertainment		1,423,083	1,346,461
Advertisement		121,000	555,350
Depreciation	5.1.1	3,279,433	3,763,199
Others		3,824,601	7,572,696
		<b>136,997,626</b>	<b>129,256,803</b>

29.1 Staff salaries and other benefits includes Rs. 2,341,432 (June 30, 2014 : Rs. 4,163,423) in respect of staff retirement benefits.

	Note	2015 Rupees	2014 Rupees
<b>30 OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	16.5	-	203,945
Workers' welfare fund		-	77,499
Loss on sale of property, plant and equipment	5.4	111,778	192,416
Auditors' remuneration	30.1	1,411,000	1,671,000
Loss on translation of foreign currency account		75	204
Loss from power generation	30.2	-	627,952
Loss on disposal of available for sale investment		11,175	5,500
		<b>1,534,028</b>	<b>2,778,516</b>
<b>30.1 Auditors' remuneration</b>			
Audit fee		1,211,000	1,425,000
Half yearly review fee		100,000	96,000
Other services		-	50,000
Tax services		100,000	100,000
		<b>1,411,000</b>	<b>1,671,000</b>
<b>30.2 Loss from power generation</b>			
Sales		-	4,778,826
Cost of electricity product:			
Stores and spares consumed		-	105,682
Salaries, wages and other benefits		-	220,204
Fuel and power		-	4,274,119
Insurance		-	23,354
Repairs and maintenance		-	3,885
Depreciation	5.1.1	-	225,022
Vehicle running and maintenance		-	16,444
Rent, rates and taxes		-	2,144
Finance cost		-	322,962
Other overheads		-	212,962
		-	5,406,778
Net loss from power generation		-	<b>(627,952)</b>
<b>31 FINANCE COST</b>			
Mark up / interest on			
Long term financing		112,513,694	109,273,660
Liabilities against assets subject to finance lease		997,945	3,630,292
Short term borrowings		244,190,541	287,574,778
Workers' profit participation fund	16.5	29,879	457,101
Bank charges and commission		15,779,604	17,754,048
		<b>373,511,663</b>	<b>418,689,879</b>
<b>32 OTHER INCOME</b>			
<b>From financial assets</b>			
Gain on translation of foreign currency		-	308,571
Profit on savings account		508,610	6,247,503
Dividend income		-	1,250
Gain on disposal of available for sale investment		47,738	-
<b>From other than financial assets</b>			
Gain on disposal of property, plant and equipment	5.4	687,796	93,343
Income from weighing scale		81,900	1,126,010
		<b>1,326,044</b>	<b>7,776,677</b>
<b>33 TAXATION</b>			
<b>Provision / reversal for taxation</b>			
<b>Current Taxation:</b>			
Current		69,405,921	58,061,623
Prior		760,601	(17,800,292)
<b>Deferred taxation</b>			
Current year		(42,296,485)	70,784,918
Prior year - effect of change in tax rate		6,196,402	4,045,967
		<b>34,066,439</b>	<b>115,092,216</b>

33.1 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.

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

34

**LOSS PER SHARE****Basic loss per share**

		2015	2014
Loss for the year	Rupees	(193,369,695)	(111,294,765)
Weighted average number of ordinary shares outstanding during the year	Numbers	22,421,688	22,421,688
Loss per share - basic	Rupees	(8.62)	(4.96)

36.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2015 and June 30, 2014.

35

**REMUNERATION TO DIRECTORS AND EXECUTIVES**

	2015			2014		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees			Rupees		
Managerial remuneration	13,200,000	26,400,000	64,434,563	10,166,560	20,333,120	56,528,003
Medical allowances	1,320,000	2,640,000	6,443,458	1,016,640	2,033,280	5,652,771
	14,520,000	29,040,000	70,878,021	11,183,200	22,366,400	62,180,774
Number of persons	1	2	43	1	2	40

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

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

36

**FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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

- 36.1 Credit risk
- 36.2 Liquidity risk
- 36.3 Market risk

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

**36.1 Credit risk****36.1.1 Exposure to credit risk**

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 931.868 million (June 30, 2014 : Rs. 1,297.369 million), financial assets which are subject to credit risk aggregate to Rs. 895.148 million (June 30, 2014 : Rs. 1,224.604 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.

	2015 Rupees	2014 Rupees
Long term deposits	14,942,951	15,491,401
Trade debts	866,156,744	1,193,936,247
Trade deposits and short term prepayments	1,540,042	4,767,080
Other receivables	12,508,392	10,325,152
Other financial assets	-	83,745
Cash and bank balances	36,719,880	72,765,682
	931,868,009	1,297,369,307

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

	2015 Rupees	2014 Rupees
Domestic	599,726,004	596,120,323
Export	266,430,740	597,815,924
	866,156,744	1,193,936,247

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

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



### 36.3.1 Currency risk

#### Exposure to currency risk

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

	US Dollar	Euro	Others	Rupees
Trade debts 2015	2,630,376	-	-	266,430,740
Cash with banks	583	-	-	58,449
Trade debts 2014	6,066,118	-	-	597,815,924
Cash with banks	292	-	-	28,739

The following significant exchange rates applied during the year.

	Average Rates		Reporting Date Rates	
	2015	2014	2015	2014
US Dollar to Rupee	99.92	98.65	101.29	98.55
Euro to Rupee	123.90	138.75	113.33	134.46

#### 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.

	2015 Rupees	2014 Rupees
US Dollar	(13,321,537)	(29,890,796)
Euro	-	-

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

### 36.3.2 Interest rate risk

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

	2015 Rupees	2014 Rupees
<b>Fixed rate instruments</b>		
Financial assets	-	-
Financial liabilities	988,245	7,130,025
<b>Variable rate instruments</b>		
Financial assets	28,529	9,966,315
Financial liabilities	3,264,514,237	3,562,358,101

#### 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, 2014:

	Profit & Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2015	(32,645,142)	32,645,142	-	-
Cash flow sensitivity - variable rate instruments 2014	(35,623,581)	35,623,581	-	-

### 36.4 Fair value of financial assets and liabilities

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

	2015 Rupees	2014 Rupees
<b>36.5 Off balance sheet items</b>		
Bills discounted with recourse	124,864,213	273,925,266
Bank guarantees issued in ordinary course of business	148,911,201	168,911,201
Letters of credit for capital expenditure	97,374,380	47,780,647
Letters of credit for raw material	61,331,586	265,559,819
Letters of credit for stores and spares	72,842,422	25,688,242

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

### 37 CAPITAL RISK MANAGEMENT

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

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

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

		2015	2014
Borrowings	Rupees	2,152,016,981	1,760,876,049
Total equity	Rupees	1,721,631,411	1,905,446,430
Total capital employed	Rupees	3,873,648,392	3,666,322,479
Gearing ratio	Percentage	55.56	48.03

### 38 PLANT CAPACITY AND PRODUCTION

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

	2015		2014	
	Owned Unit	Leased Unit	Total	Total
Total number of spindles installed	81,024	17,280	98,304	98,304
Total number of spindles worked	77,240	5,445	82,685	91,737
Number of shifts per day	3	3	3	3
Installed capacity converted into 20/1 count (Kgs.)	27,381,362	1,636,471	29,017,833	31,940,996
Actual production converted into 20/1 count (Kgs.)	21,997,070	1,388,161	23,385,231	27,268,608

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

38.2 The company had an agreement with Brother Textile Mills Limited as fully explained in note to the financial statements, leased unit remained in production up to November 12, 2014. Installed capacity and actual production of 17,280 spindles of leased unit represents as at November 12, 2014.

		2015 Rupees	2014 Rupees
<b>Transactions with related parties</b>	<b>Relationship</b>		
MCB Bank Limited	Associated company		
Deposits		173,903,737	283,013,606
Withdrawals		195,382,931	278,750,059
Din Farm Products (Pvt.) Ltd.	Associated company		
Sale of electricity		-	4,778,826
Reimbursement of expenses		191,793	-
Din Leather (Pvt.) Ltd.	Associated company		
Reimbursement of expenses		2,043,993	3,333,547
Din Industries (Pvt.) Ltd.	Associated company		
Reimbursement of expenses		240,850	-
Directors and relatives	Associated persons		
Sale of fixed assets		-	407,360
Salaries and other short term employee benefits	Key management personnel	114,438,021	95,730,374
Staff retirement benefits	Key management personnel	5,088,660	5,384,608
<b>Balances Outstanding at the year end</b>	<b>Relationship</b>		
MCB Bank Limited	Associated company	1,225,449	22,684,643
Din Farm Products (Pvt.) Ltd.	Associated company	47,068	-
Din Leather (Pvt.) Ltd.	Associated company	129,989	2,019,262
Din Industries (Pvt.) Ltd.	Associated company	70,603	-

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

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

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

## 40 NUMBER OF EMPLOYEES

	2015	2014
Total number of employees as at year end	2,724	3,139
Average number of employees during the year	2,638	2,611

## 41 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. Following significant reclassifications were made in these financial statements.

Note	Reclassification		Nature	Rupees
	From	To		
10	Advance to suppliers	Advance to employees against expenses	Better presentation	1,152,037

## 42 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on **September 22, 2015** by the board of directors of the company.

Notes

# AGM

On Friday, October 30, 2015 at 3:00 pm

At Movenpick Hotel, Bela, Chambeli, Joohi Hall, Club Road, Karachi.

A series of horizontal dashed lines for taking notes.

# 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 Twenty-eighth Annual General Meeting of the Company to be held on October 30, 2015 and at any adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Witness:

1. \_\_\_\_\_

2. \_\_\_\_\_

Signature on  
Rs. 5.00 Revenue  
Stamp

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

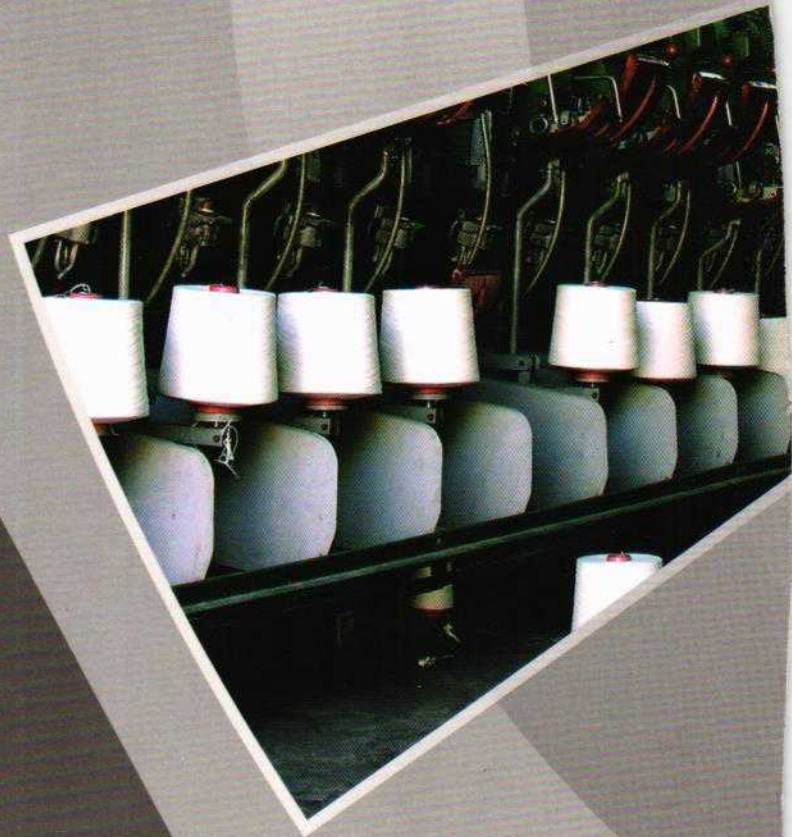
### NOTICE:

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

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**DIN TEXTILE MILLS LTD.**

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P.O. Box No. 4696, Karachi-74000, Pakistan.

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