



Din[®]

Din Textile Mills Ltd.



**33rd Annual Report
2020**

Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

A Member Firm of:



An Association of
Independent Accounting Firms

1st Floor, Modern Motors House,
Beaumont Road, Karachi-Pakistan.
Tel: +92 21-35671909,35673754
Fax: +92-21-35210626
E-mail:khi@nzaj.com.pk
Web:www.nzaj.com.pk

Following are the Key audit matter(s):

S. No.	Key Audit Matters	How the matter was addressed in our audit
02.	<p>Capitalization of Property, Plant and Equipment</p> <p>Refer notes 4.2 and 5 to the financial statements.</p> <p>The Company has made significant capital expenditure on expansion of manufacturing facilities.</p> <p>We identified capitalization of property, plant and equipment as a key audit matter because there is a risk that amounts being capitalized may not meet the capitalization criteria and depreciation charge for the year.</p>	<p>Our audit procedures to assess the capitalization of property, plant and equipment, amongst others, included the following:</p> <ul style="list-style-type: none"> • understanding the design and implementation of controls over capitalization and performing tests of control over authorization of capital expenditure and accuracy of its recording in the system; • testing, on sample basis, the costs incurred on projects with supporting documentation and contracts; • assessing the nature of costs incurred for the capital projects through testing, on sample basis, of amounts recorded and considering whether the expenditure meets the criteria for capitalization as per the accounting policy and applicable accounting standards; and • inspecting supporting documents for the date of capitalization when project was ready for its intended use to assess whether depreciation commenced and further capitalization of costs ceased from that date and assessing the useful life assigned to the respective asset including testing the calculation of related depreciation.
03.	<p>Valuation of Stock-in-Trade</p> <p>Refer notes 4.8 and 8 to the financial statements.</p> <p>The Company has stock-in-trade aggregating Rs.3,129.27 million, forming significant part to company's assets. Comprising raw materials, finished goods and work in progress.</p> <p>We identified valuation of stock in trade as key audit matter because stock-in trade constitutes 25.12% of the total assets of the Company as at June 30, 2020 as it directly affects the profitability of the Company.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> • obtaining an understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness; • obtaining an understanding of the basis for the determination of NRV and the key estimates adopted, including future selling prices and costs necessary to make the sales and the basis of the calculation and justification for the amount of the write-downs and provisions;

Other Offices: | 3-B, ATS Centre, 30-West, Fazal-Ul-Haq Road, Blue Area, Islamabad-Pakistan. Ph: +92-51-2878530-32 Fax: +92-51-2206283 E-mail:isl@nzaj.com.pk
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		<ul style="list-style-type: none"> assessing the NRV of stock-in-trade by comparing, on a sample basis, estimation of future selling prices for the products with the selling prices achieved subsequent to the end of the reporting period; and Comparing NRV to the cost of a sample of stock - in-trade and comparison to the associated provision to assess whether stock-in-trade provisions are complete.
04.	<p>Valuation of Trade Debts</p> <p>Refer notes 9 to the financial Statements and the accounting policy in note 4.9 to the financial statements</p> <p>The Company has significant balance of trade debts. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECLs).</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant judgement in determining the recoverable amount of trade debts.</p>	<p>Our audit procedures to assess the valuation of trade debts, amongst others, included the following:</p> <ul style="list-style-type: none"> obtaining an understanding of and assessing the design and testing implementation of management's key internal controls relating to credit control process (including credit account application approvals credit limit review); and allowances for doubtful debts; obtaining an understanding of the basis for the determination of provision required at the year end and the receivables collection process; and testing the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including subsequent recoveries.
05.	<p>The Company's exposure to litigation risk</p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases in respect of tariff difference claimed by Sui Northern Gas Pipelines Limited (SNGPL), levy of Gas Infrastructure Development Cess (GIDC), levy of Cotton Cess, contribution to Employees Old-Age Benefits Institution (EOBI) and Social Security and Custom /</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"> Obtained and reviewed details of the significant pending legal/tax cases and discussed the same with Company's management; Circulated confirmations to the company's external legal and tax counsels for their views on open legal/tax matters;

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S. No.	Key Audit Matters	How the matter was addressed in our audit
	<p>Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax, details of which are disclosed in notes 15.2 to 15.3 to the annexed financial statements.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<ul style="list-style-type: none">Reviewed correspondence of the company with the relevant authorities; <p>Evaluated rationale provided by the company and opinion of the external legal/tax counsel;</p> <ul style="list-style-type: none">Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the tax advisors engaged by the Company; and <p>Reviewed the disclosures made in the financial statements in respect of such contingencies.</p>

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

• Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

Karachi

Dated : 02 October 2020

Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra – FCA

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Statement of Financial Position
As at June 30, 2020

	Note	2020 Rupees	2019 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	5,809,204,866	3,987,275,619
Long term deposits	6	17,746,951	17,746,951
		5,826,951,817	4,005,022,570
CURRENT ASSETS			
Stores, spare parts and loose tools	7	321,405,226	472,834,854
Stock in trade	8	3,129,278,953	3,466,157,383
Trade debts	9	2,235,985,003	1,532,233,969
Advances	10	145,883,245	343,588,742
Trade deposits	11	172,000	1,144,910
Other receivables	12	12,359,207	11,036,860
Tax refunds due from Government	13	476,345,181	680,640,822
Cash and bank balances	14	309,354,078	24,315,539
		6,630,782,893	6,531,953,079
CURRENT LIABILITIES			
Trade and other payables	15	3,501,042,695	3,081,466,049
Unclaimed dividend		5,912,860	5,201,194
Accrued mark up / interest	16	127,201,456	191,046,742
Short term borrowings - Secured	17	1,974,513,110	2,228,255,524
Current portion of Long term financing - Secured	18	67,474,738	474,258,473
		5,676,144,859	5,980,227,982
		954,638,034	551,725,097
WORKING CAPITAL			
TOTAL CAPITAL EMPLOYED		6,781,589,851	4,556,747,667
NON CURRENT LIABILITIES			
Long term financing	18	3,495,521,020	2,247,306,385
Deferred liabilities			
Staff retirement benefits - gratuity	19	139,872,106	116,765,377
Deferred taxation	20	36,316,450	29,620,029
		3,671,709,576	2,393,691,791
CONTINGENCIES AND COMMITMENTS			
	21		
NET WORTH			
		3,109,880,275	2,163,055,876
EQUITY			
SHARE CAPITAL AND RESERVES			
Authorized capital 200,000,000 (2019: 77,100,000) ordinary shares of Rs. 10 each		2,000,000,000	771,000,000
Net Worth Represented by:			
Issued, subscribed and paid up capital 52,466,749 (2019: 29,148,194) ordinary shares of Rs. 10/- each	22	524,667,490	291,481,940
Reserves	23	2,585,212,785	1,871,573,936
		3,109,880,275	2,163,055,876

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAIKH MOHAMMAD NAVEED
Director

FARHAD SHAIKH MOHAMMAD
Director

SHAIKH HUSSAIN
Chief Financial Officer

As required U/S.232(1) of Companies Act, 2017 these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

Statement of Profit or Loss
For the year ended June 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	24	12,482,831,245	11,560,481,838
Cost of sales	25	(11,189,621,786)	(10,243,242,326)
Gross profit		1,293,209,459	1,317,239,512
Distribution cost	26	54,419,678	47,094,020
Administrative expenses	27	203,346,873	161,986,051
Other operating expenses	28	49,916,848	59,362,383
Finance cost	29	814,752,986	630,752,106
		1,122,436,385	899,194,560
		170,773,074	418,044,952
Other income	30	6,949,219	495,994
Profit before taxation		177,722,293	418,540,946
Taxation	31	(141,086,740)	(56,092,804)
Profit for the year		36,635,553	362,448,142
Earnings per share - basic and diluted	32	0.86	10.46

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAikh MOHAMMAD NAVEED
Director

FARHAD SHAIKH MOHAMMAD
Director

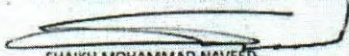
SHAIKHAT HUSSAIN
Chief Financial Officer


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Statement of Comprehensive Income
For the year ended June 30, 2020

	2020 Rupees	2019 Rupees
Profit for the year	36,635,553	362,448,142
Items that will not be subsequently reclassified to Statement of Profit or Loss		
Remeasurements of staff retirement benefits		
Remeasurement recognized	4,653,375	(262,483)
Related deferred taxation	(973,354)	59,028
	3,680,021	(203,455)
Total comprehensive income for the year	40,315,574	362,244,687

The annexed notes from 1 to 44 form an integral part of these financial statements.


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 Director


 FARHAD SHAIKH MOHAMMAD
 Director


 SHAIKAT HUSSAIN
 Chief Financial Officer

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Statement of Cash Flows For the year ended June 30, 2020*

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		177,722,293	418,540,946
Adjustments for:			
Depreciation		505,055,778	373,747,300
Staff retirement benefits - gratuity		68,298,835	55,464,012
Workers' profit participation fund		9,652,110	22,478,031
Workers' welfare fund		3,667,802	8,541,652
Provisions for doubtful debts		2,000,000	-
Finance cost		814,752,986	630,752,106
(Gain) / Loss on disposal of property, plant and equipment		(5,809,267)	16,931,700
		1,397,618,244	1,107,914,801
Profit before working capital changes		1,575,340,537	1,526,455,747
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		151,429,628	(187,918,763)
Stock in trade		336,878,430	(341,657,609)
Trade debts		(705,751,034)	(301,481,498)
Advances		197,705,497	(286,587,531)
Other receivables		(1,322,347)	29,863,293
		(21,059,826)	(1,087,782,108)
Increase / (Decrease) in current liabilities			
Trade and other payables		426,095,337	(453,538,580)
Cash generated from / (used in) operations		1,980,376,048	(14,864,941)
Finance cost paid		(877,140,676)	(533,337,223)
Taxes refund / (paid)		70,254,816	(170,401,897)
Dividend (paid) / refund		(72,158,819)	106,074
Workers' profit participation fund paid		(22,619,047)	(4,427,602)
Staff retirement benefits - gratuity paid		(40,538,731)	(39,776,631)
		(942,202,457)	(747,837,279)
Net cash generated from / (used) in operating activities		1,038,173,591	(762,702,220)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		41,110,697	17,033,170
Fixed capital expenditure		(2,362,286,455)	(852,074,765)
Long term deposits - net		972,910	(3,250,300)
Net cash used in investing activities		(2,320,202,848)	(838,291,895)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of shares		979,379,310	-
Long term financing		841,430,900	439,114,470
Net cash generated from financing activities		1,820,810,210	439,114,470
Net Increase / (decrease) in cash and cash equivalents		538,780,953	(1,161,879,645)
Cash and cash equivalents at the beginning of the year		(2,203,939,985)	(1,042,060,340)
Cash and cash equivalents at the end of the year		(1,665,159,032)	(2,203,939,985)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	14	309,354,078	24,315,539
Short term borrowings	17	(1,974,513,110)	(2,228,255,524)
		(1,665,159,032)	(2,203,939,985)

The annexed notes from 1 to 44 form an integral part of these financial statements.

SHAIKH MOHAMMAD NAVEED
Director

FARHAD SHAHID MOHAMMAD
Director

SHAUKAT HUSSAIN
Chief Financial Officer

As required U/S.232(1) of Companies Act, 2017 these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

**Statement of Changes in Equity
For the year ended June 30, 2020**

Particulars	Share capital	Reserves			Sub total	Total
		Capital	Revenue			
		Share Premium	General	Unappropriated profit		
Rupees						
Balance as at June 30, 2018	224,216,880	-	400,000,000	1,176,594,309	1,576,594,309	1,800,811,189
30% Bonus share issued for the year ended June 30, 2018 @ Rs 3/- per share	67,265,060	-	-	(67,265,060)	(67,265,060)	-
Total comprehensive income for the year	-	-	-	362,244,687	362,244,687	362,244,687
Balance as at June 30, 2019	291,481,940	-	400,000,000	1,471,573,936	1,871,573,936	2,163,055,876
80% Right share issued @ Rs 42/- per share with Rs. 32 premium per share	233,185,550	746,193,760	-	-	746,193,760	979,379,310
25% cash dividend for the year ended June 30, 2019 @ Rs 2.50/- per share	-	-	-	(72,870,485)	(72,870,485)	(72,870,485)
Total comprehensive income for the year	-	-	-	40,315,574	40,315,574	40,315,574
Balance as at June 30, 2020	524,667,490	746,193,760	400,000,000	1,439,019,025	2,585,212,785	3,109,880,275

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SHAIKH MOHAMMAD NAVEED
Director

FARHAD SHAIKH MOHAMMAD
Director

SHAUKAT PUSSAIN
Chief Financial Officer

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Notes to and Forming Part of the Financial Statements For the year ended June 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on Pakistan stock exchange (Formerly: Karachi Stock Exchange Limited). The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki and Raiwind in the province of Punjab.
- a) Unit-I and II: Kot akbar Khan, 70 Km Multan Road, Tehsil Pattoki, District Kasur, Punjab.
 - b) Unit-III: Revenue Estate, Bhai Kot, Tablighi Chowk, Raiwind Road, Tehsil and District Lahore - Punjab.
 - c) Unit-IV: Dars Road, Off Raiwind Manga Road, Bachuki Majha Distt. Kasur
- 1.3 The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. On March 23, 2020, the Government of the Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. Complying with the lockdown, the Company temporarily suspended its operations from last week of March. In the Company's case, the lockdown was subsequently relaxed from 1st week of April, 2020.

After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company henceforth resumed its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business in order to maintain business performance despite slowed down economic activity. The lockdown has caused disruptions in supply chain including supply to the customers resulting in a decline in sales. It is also expected that the outbreak may result in lower demand in future. Due to this, management has assessed the accounting implications of these developments on these financial statements, including but not limited to the following areas:

- expected credit losses under IFRS 9, 'Financial Instruments';
- the impairment of tangible and intangible assets under IAS 36, 'Impairment of non financial assets';
- the net realizable value of inventory under IAS 2, 'Inventories';
- deferred tax assets in accordance with IAS 12, 'Income taxes';
- provisions and contingent liabilities under IAS 37, including onerous contracts; and
- going concern assumption used for the preparation of these financial statements.

According to management's assessment, there is no significant accounting impact of the effects of COVID-19 in these financial statements.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs) issued by Institute of Chartered Accountant of Pakistan as notified under the Companies Act, 2017 and Provisions of and directives issued under the Companies Act, 2017.
- Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS

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

2.2 Functional and presentation currency

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

2.3 Changes in accounting standards, interpretations and pronouncements.

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2019. However, these do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

2.3.2 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 2020:

- Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately and contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process - this means that the overall impact on standard setting may take some time to crystallize. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020,
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term interest rate benchmark reform'

refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Company.

- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:
 - The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change
 - Any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
 - there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An the cost of entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced bringing an item of property, plant and equipment to the location and condition necessary for it to be capable while of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

2.3.3 Annual Improvements to IFRS Standards 2018-2020 Cycle - the improvements address amendments to following approved accounting standards

- IFRS 9 - The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 - The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 - The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

The above amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have an impact on the Company's financial statements.

3 BASIS OF MEASUREMENT

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

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

3.1 Provision for taxation

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

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

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

3.4 Property, plant and equipment

The company reviews recoverable amount, useful life, residual value and possible impairment on an annual basis. Any changes, if material in the estimates in future years might affect the carrying

amounts of the respective items of property, plant and equipment with a corresponding affect on the depreciation charge and impairment.

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

- 3.5.1 Property, Plant and equipment
- 3.5.2 Stock in trade
- 3.5.3 Trade debts
- 3.5.3 Computation in deferred taxation
- 3.5.4 Disclosure of contingencies

4 SIGNIFICANT ACCOUNTING POLICIES

Except as described below, 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 Changes in significant accounting policies

With effect from July 01, 2019, the Company has adopted the International Financial Reporting Standard (IFRS) 16 Leases which replaced the previous lease accounting requirements contained in IAS 17 Leases, IFRIC Interpretation 4 Determining whether an Arrangement contains a Lease, SIC Interpretation 15 Operating Leases– Incentives and SIC Interpretation 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

4.1.1 IIFRS 16 -Leases

IFRS 16 introduces a single on-balance sheet lease accounting model for lessees whereby, at the date of commencement of lease, a lessee is required to recognize a right-of-use asset and a lease liability (except in case short term leases and leases of low value assets). The right-of-use asset represents the lessee's right to use an underlying asset during the lease term and the corresponding lease liability represents the lessee's obligation to make payments to the lessor for providing the right to use that asset. In the IASB's view, this new lessee accounting model reflects the economics of a lease because, at the commencement date, a lessee obtains the right to use an underlying asset for a period of time, and the lessor had delivered that right by making the asset available for use by the lessee.

The aforesaid new accounting model materially differs from the previous lease accounting requirements for lessees risks and rewards incidental to ownership were substantially transferred to the lessee. Under the previous standard, at the commencement of the lease term, the lessee recognized finance leases as assets and liabilities in its statement of financial position. However, the lessee recognized the payments made under operating leases as an expense on a straight line basis over the lease term unless another systematic basis was more representative of the time pattern of the user's benefit.

Method of transition to the new lease accounting model

IFRS 16 specifies that a lessee shall apply the standard to its leases either retrospectively to each prior reporting period presented applying IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors ('the full retrospective method') or retrospectively with the cumulative effect of initially applying the standard recognized as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application without restating comparative information ('the cumulative catch-up transition method').

Accounting Policy With Respect To Subsequent Measurement Of The Right-Of-Use Asset And The Corresponding Lease Liability

Right -of-use asset

After the commencement date, the Company measures the right-of-use asset applying a cost model whereby the right-of-use asset is measured at cost less any accumulated depreciation and any accumulated impairment losses adjusted for any remeasurement of the lease liability.

The right-of-use asset is depreciated on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term unless the lease transfers ownership of the that the Company will exercise a purchase option in which case the right-of-use asset is depreciated from the commencement date to the end of the useful life of the underlying asset.

Lease liability

After the commencement date, the Company measures the lease liability by:

- (a) increasing the carrying amount to reflect interest on the lease liability;
- (b) reducing the carrying amount to reflect the lease payments made; and
- (c) remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments.

However, these do not have any significant impact on the Company's financial reporting.

Property, plant and equipment - owned

4.2 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.

4.3 Right-of-use asset

Effective July 1, 2019, the right-of-use asset is initially measured based on the initial measurement of lease liability, plus any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use asset is subsequently measured at cost model. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

4.4 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.

4.5 Long term deposits

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

4.6 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.

4.6.1 Investment in subsidiary and associated companies

Investments in subsidiaries and Associates are recognized at cost less impairment loss, if any. At each Statement of Financial Position date, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized as expense. Where impairment losses subsequently reverses, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the Statement of Profit or Loss.

4.6.2 Derecognition

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at Fair Value Through Other Comprehensive Income (FVTOCI), the cumulative gain or loss previously

accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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.

4.7 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.

4.8 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.

4.8.1 Raw material

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

4.8.2 Work in process Raw material cost plus appropriate manufacturing overheads

4.8.3 Finished goods Raw material cost plus appropriate manufacturing overheads

4.8.4 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.

4.9 Trade debts and other receivables

Trade debts originated by the company are recognized and carried at original invoice value less any allowance for uncollectable 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.

4.10 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.

4.11 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, 2020 using the Projected Unit Credit Method.

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

4.12 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.

4.12.1 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.

4.12.2 Deferred

Deferred tax is provided, using the Statement of Financial Position liability method, on all temporary differences at the Statement of Financial Position date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

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

4.13 Trade and other payables

Liabilities for trade and other payable are carried at fair value plus any attributable cost, to be paid in the future for goods and services received, whether or not billed to the company, and subsequently measured at amortized cost using the effective interest method.

4.14 Provisions

A provision is recognized in the Statement of Financial Position when the company has a legal or constructive obligation as a result of past event, and it is probable that an out flow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation.

4.15 Borrowings and borrowing costs

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently at amortized cost.

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.

4.16 Revenue recognition

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e. control of the goods is transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled to in exchange for those goods.

4.17 Foreign currencies

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

4.18 Financial instruments

4.18.1 Financial Assets

Initial Measurement

Initially, the company classifies its financial assets as fair value through other comprehensive income (FVTOCI), fair value through profit or loss (FVTPL), and measured at amortized cost. These are measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition. For an item at FVTPL, transaction cost is charged to statement of profit or loss.

Subsequent Measurement

Debt instruments at FVTOCI are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity instruments at FVTOCI are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

Financial assets measured at amortized cost are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

4.18.2 Financial Liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

4.19 Offsetting of financial assets and liabilities

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

4.20 Impairment

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

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

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

4.21 Related party transactions

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

4.22 Government grants

Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of government refers to governments, government agencies and similar bodies, whether local, national or international.

The Company recognizes government grants when there is reasonable assurance that grants will be received and the Company will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Company will be able to comply with the conditions associated with the grants.

Grants that compensate the Company for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

A loan is initially recognized and subsequently measured in accordance with IFRS 9. IFRS 9 requires loans at below-market rates to be initially measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan on initial recognition and the amount received, which is accounted for according to the nature of the grant.

4.23 Research and development cost

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

4.24 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	2020 Rupees	2019 Rupees
Operating fixed assets	5.1	5,341,764,723	3,953,128,640
Capital work in progress - at cost	5.2	467,440,143	34,146,979
		5,809,204,866	3,987,275,619

5.1 Operating fixed assets

		2020						
	Cost as at July 01, 2019	Additions / (deletions)	Cost as at June 30, 2020	Accumulated depreciation as at July 01, 2019	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2020	Book value as at June 30, 2020	Annual depreciation rate %
Rupees								
Owned Assets								
Freehold land	174,304,150	23,789,636	198,093,786	-	-	-	198,093,786	0%
Building on freehold land	926,823,472	110,888,415	1,037,711,887	502,151,489	44,076,715	546,228,204	491,483,683	10%
Plant and machinery	6,364,564,407	1,740,760,168 (139,747,327)	7,965,577,248	3,206,536,289	435,599,238 (106,779,838)	3,535,355,689	4,430,221,559	10%
Electric installation	294,673,841	15,533,126	310,206,967	153,962,827	14,750,939	168,713,766	141,493,201	10%
Tools and equipment	63,699,374	-	63,699,374	50,130,371	1,356,900	51,487,271	12,212,103	10%
Furniture and fixture	39,216,376	2,421,521	41,637,897	17,858,652	2,240,173	20,098,825	21,539,072	10%
Office equipment	9,457,760	397,909	9,855,669	5,625,355	405,631	6,030,986	3,824,683	10%
Computers	16,282,794	2,077,880	18,360,674	12,177,710	1,424,929	13,602,639	4,758,035	30%
Vehicles	27,181,352	33,124,636 (6,907,159)	53,398,829	14,632,193	5,201,253 (4,573,218)	15,260,228	38,138,601	20%
	-	-	-	-	-	-	-	-
30-Jun-20	7,916,203,526	1,928,993,291 (146,654,486)	9,698,542,331	3,963,074,886	505,055,778 (111,353,056)	4,356,777,608	5,341,764,723	
		2019						
	Cost as at July 01, 2018	Additions / (deletions)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2019	Book value as at June 30, 2019	Annual depreciation rate %
Rupees								
Owned Assets								
Freehold land	174,304,150	-	174,304,150	-	-	-	174,304,150	0%
Building on freehold land	768,515,151	158,308,321	926,823,472	471,038,500	31,112,989	502,151,489	424,671,983	10%
Plant and machinery	5,838,713,941	650,962,582 (125,112,116)	6,364,564,407	2,978,435,974	319,980,999 (91,880,684)	3,206,536,289	3,158,028,118	10%
Electric installation	255,945,078	38,728,763	294,673,841	139,903,820	14,059,007	153,962,827	140,711,014	10%
Tools and equipment	63,699,374	-	63,699,374	48,622,704	1,507,667	50,130,371	13,569,003	10%
Furniture and fixture	35,064,864	4,151,512	39,216,376	15,775,246	2,083,406	17,858,652	21,357,724	10%
Office equipment	9,241,660	216,100	9,457,760	5,208,790	416,565	5,625,355	3,832,405	10%
Computers	15,119,159	2,368,635 (1,205,000)	16,282,794	11,817,591	1,382,847 (1,022,728)	12,177,710	4,105,084	30%
	-	-	-	-	-	-	-	-
Vehicles	28,890,696	223,300 (1,932,644)	27,181,352	12,809,853	3,203,820 (1,381,480)	14,632,193	12,549,159	20%
	-	-	-	-	-	-	-	-
30-Jun-19	7,189,494,073	854,959,213 (128,249,760)	7,916,203,526	3,683,612,478	373,747,300 (94,284,892)	3,963,074,886	3,953,128,640	

5.1.1 Depreciation for the year has been allocated as under.

	2020 Rupees	2019 Rupees
Cost of sales	500,314,382	369,794,876
Administrative expenses	4,741,396	3,952,424
	505,055,778	373,747,300

5.1.2 Particulars of immovable property (i.e. land and building) in the name of the Company are as follows:

Location	Usage of immovable property	Total Area (in acres)	Covered Area (In sq.ft)
Kot Akbar Khan, 70 Km Multan Road, Tehsil Pattoki, Distt. Kasur, Punjab	Manufacturing Facility	37.50	639,643
Revenue Estate, Bhai Kot, Tablighi Chowk, Rawind Road, Tehsil and Distt. Lahore, Punjab	Manufacturing Facility	51.99	379,654
Dars Road, Off Raiwind Manga Road, Bachuki Majha, Distt. Kasur	Manufacturing Facility	27.50	335,055
		2020 Rupees	2019 Rupees

5.2 Capital work in progress - at cost

Building - civil works	222,898,045	26,600,888
Plant and machinery	222,318,502	-
Electric Installation	14,269,265	-
Intangible Assets	7,954,331	7,546,091
	467,440,143	34,146,979

The movement in capital work in progress is as follows.

Balance at the beginning of the year	34,146,979	37,031,427
Additions during the year		
Building - civil works	307,185,572	178,275,737
Plant and Machinery	1,963,078,670	621,162,393
Electric installation	29,802,391	38,130,997
Intangible Asset	408,240	7,546,091
Transfer to operating fixed assets	2,300,474,873	845,115,218
Building - civil works	110,888,415	158,308,321
Plant and Machinery	1,740,760,168	650,962,582
Electric installation	15,533,126	38,728,763
	1,867,181,709	847,999,666
Balance at the end of the year	467,440,143	34,146,979

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
Rupees							

Items with individual net amount exceeding Rs.500,000 each

Plant and machinery

Auto Cone		9,638,469	7,268,894	2,369,575	2,134,618	(234,957)	Negotiation
Auto Cone		9,638,469	7,268,894	2,369,575	2,134,618	(234,957)	Negotiation
Gas Generator		7,381,568	5,748,723	1,632,845	1,923,077	290,232	Negotiation
Gas Generator		7,381,568	5,748,723	1,632,845	2,008,547	375,702	Negotiation
Gas Generator		7,381,568	5,748,723	1,632,845	1,541,667	(91,178)	Negotiation
Ring Spinning Frame		8,330,693	6,280,233	2,050,460	1,833,333	(217,127)	Negotiation
Draw Frames		2,861,079	2,237,810	623,269	216,450	(406,819)	Negotiation
Draw Frames		4,849,287	3,618,017	1,231,270	925,002	(306,268)	Negotiation
Ring Spinning Frame		24,681,391	19,811,449	4,869,942	4,102,564	(767,378)	Negotiation
Ring Spinning Frame		16,454,261	13,235,865	3,218,396	2,735,043	(483,353)	Negotiation
Murata Cone Winder		4,984,800	2,258,406	2,726,394	2,136,752	(589,642)	Negotiation
Ring Spinning Frame		8,227,131	6,632,048	1,595,083	1,367,521	(227,562)	Negotiation
Ring Spinning Frame		4,165,347	3,140,117	1,025,230	982,906	(42,324)	Negotiation
Ring Spinning Frame		4,165,347	2,941,412	1,223,935	982,906	(241,029)	Negotiation
Two For One Twister		4,654,806	2,366,201	2,288,605	5,470,085	3,181,481	Negotiation
Manual Winder		2,492,400	1,177,035	1,315,365	1,367,521	52,156	Negotiation
Vehicles							
Toyota Corolla		1,879,160	731,324	1,147,836	1,150,000	2,164	
Sub total		129,167,344	96,213,874	32,953,470	33,012,611	59,141	

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal
Rupees							
Various assets having net book amount up to Rs. 500,000 each							
Machinery		12,459,143	11,297,288	1,161,855	3,020,086	1,858,231	
Vehicles		5,027,999	3,841,894	1,186,105	5,078,000	3,891,895	
	Sub total	17,487,142	15,139,182	2,347,960	8,098,086	5,750,126	
	Grand total	146,654,486	111,353,056	35,301,430	41,110,697	5,809,267	

	Note	2020 Rupees	2019 Rupees
5.4 Loss / (Gain) on disposal property, plant and equipment			
Cost		146,654,486	128,249,760
Less : Accumulated depreciation		(111,353,056)	(94,284,892)
		35,301,430	33,964,868
Sale proceeds		(41,110,697)	(17,033,170)
(Gain) / Loss on disposal of property, plant and equipment	28 & 30	(5,809,267)	16,931,698
(Gain) on disposal of property, plant and equipment		(9,651,860)	(3,547,064)
Loss on disposal of property, plant and equipment		3,842,593	20,478,762
6 LONG TERM DEPOSITS			
Security deposits			
Electricity - WAPDA	6.1	15,968,651	15,968,651
Ijarah Deposits	6.2	1,387,600	1,387,600
Others	6.1	390,700	390,700
		17,746,951	17,746,951
6.1	These deposits are non-interest bearing.		
6.2	These represents deposits against the vehicles under Ijarah agreement obtained from Habib Metropolitan Bank Limited - Islamic banking branch and hence carry no markup.		
	Note	2020 Rupees	2019 Rupees
7 STORES, SPARE PARTS AND LOOSE TOOLS			
At Mills			
Stores - at mills		127,952,046	266,114,820
Stores - in transit		21,236,553	21,162,724
Spare parts		172,041,496	185,350,980
Loose tools		175,131	206,330
		321,405,226	472,834,854
8 STOCK IN TRADE			
Raw material			
Raw material in hand		1,801,904,694	2,792,521,183
Raw material in transit		338,327,784	5,398,324
Work in process		132,622,559	163,777,917
Finished goods	8.1	783,526,866	466,840,964
Waste		49,508,911	15,614,616
Packing material		23,388,139	22,004,379
		3,129,278,953	3,466,157,383
8.1	Finished goods amounting to Rs. 127,560,820 (June 30, 2019 : Rs 7,668,035) are stated at their net realizable value aggregating Rs. 119,572,509 (June 30, 2019 : Rs. 5,930,919). The amount charged to statement of profit or loss in respect of stocks written down to their net realizable value is Rs. 7,988,311 (June 30, 2019 : Rs. 1,737,116).		
	Note	2020 Rupees	2019 Rupees
9 TRADE DEBTS			
Considered good			
Secured	9.1	342,746,674	214,032,070
Unsecured	9.2	1,893,238,329	1,318,201,899
		2,235,985,003	1,532,233,969
Considered doubtful		2,000,000	-
		2,237,985,003	1,532,233,969
Provision for doubtful debts		(2,000,000)	-
		2,235,985,003	1,532,233,969
9.1	This represents trade debts arising on account of export sales which are secured by way of Export letter of credit.		
9.2	It includes an amount Rs. 1,572,426 (June 30, 2019 : Rs 529,939) receivable from Din Industries Limited.		

	Note	2020 Rupees	2019 Rupees
10	ADVANCES - Considered good		
	Unsecured		
	Advance to employees against wages	7,555,607	5,436,970
	Advance to employees against expenses	1,382,407	6,913,992
	Advances to suppliers	134,020,265	56,200,254
	Others	-	4,759
	Secured		
	Advance against letter of credit	10.1	2,924,966
			275,032,767
		145,883,245	343,588,742

10.1 These advances are secured against Import letter of credit.

10.2 These advances are non-interest bearing.

	Note	2020 Rupees	2019 Rupees
11	TRADE DEPOSITS		
	Security deposits		
	Ijarah Deposits	11.1	-
	Others	11.2	972,910
			172,000
		172,000	1,144,910

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

11.2 These deposits are non-interest bearing.

	Note	2020 Rupees	2019 Rupees
12	OTHER RECEIVABLES		
	Export rebate	12.1	371,068
	Cotton claims receivable	12.1	7,295,372
	Others		4,692,767
			784,143
		12,359,207	11,036,860

12.1 It is a non-interest bearing receivable.

	Note	2020 Rupees	2019 Rupees
13	TAX REFUND DUE FROM THE GOVERNMENT		
	Income Tax		
	Opening balance	347,544,548	359,714,907
	Paid/ Adjusted during the year -Net	151,266,015	94,516,861
	Less Provision for the year	(135,363,673)	(106,687,220)
		363,446,890	347,544,548
	Sales tax	112,898,291	333,096,274
		476,345,181	680,640,822

	Note	2020 Rupees	2019 Rupees
14	CASH AND BANK BALANCES		
	Cash with banks		
	In current accounts	14.1	305,183,687
	In dividend accounts	14.2	20,861,026
	In savings account	14.3 & 14.4	4,131,336
			39,055
		309,354,078	24,315,539

14.1 It includes balance with associated company (MCB Bank Limited) of Rs. Nil (June 30, 2019 : Rs. 12,705).

14.2 It represents balance with associated company (MCB Bank Limited) of Rs. 929,841 (June 30, 2019 : Rs. 929,841).

14.3 It represents balance with associated company (MCB Bank Limited) of Rs. 22,915 (June 30,2019 : Rs. 20,142).

14.4 It carries mark up at the rate of 8.12 to 12.38 (June 30, 2019 : 3.90 to 10) percent per annum. These balances are placed with banks under conventional banking arrangements.

15

TRADE AND OTHER PAYABLES

	Note	2020 Rupees	2019 Rupees
Creditors		1,592,209,830	286,476,323
Murabaha	15.1	1,298,223,513	2,230,452,607
Accrued liabilities	15.2	551,096,972	505,015,957
Advances from customers		15,027,344	8,464,880
Sales tax claim payable	15.3	14,759,965	14,759,965
Workers' profit participation fund	15.4	11,109,706	22,619,047
Workers' welfare fund		16,960,995	13,293,193
Withholding tax payable		1,322,848	-
Other payables	15.5	331,522	384,077
		3,501,042,695	3,081,466,049

- 15.1 These facilities are secured against first pari passu hypothecation and floating charge over company's stocks, book debts and receivables. Mark up ranges from 7.24 to 14.74 (June 30, 2019: 5.95 to 12.95) percent per annum. These facilities are expiring on various dates from September 2020 to December 2020.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against tariff difference amounted to Rs 22,416,224 from July 2016 to May 2017 claimed by SNGPL. The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against cost of supply amounted to Rs 30,252,113 (2019: 34,109,768) from October 2017 to October 2018 claimed by SNGPL. The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.2 This include an amount of Rs. 187.08 million (2019: Rs. 174.90 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The case against GIDC was pending in various courts since 2012. In start of current year, the government amended the GIDC law, requiring industrial consumers to pay half their outstanding dues while waiving the remainder through an ordinance, in order to settle the dispute. But the ordinance was withdrawn quickly amid a public outcry and a petition was filed in the apex court. The Supreme court of Pakistan, by declaring its judgement dated 13 August, 2020 dismisses all appeals against GIDC and allows the government to recover the outstanding amount against GIDC till 31st July, 2020 in two years but links future collections to the complete utilization of the cess on projects for which the levy was imposed. The apex court further stops the government to charge GIDC in remainder period of financial year 2021.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against Cotton Cess amounted to Rs 35,893,714 (2019: 27,488,579). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against EOBI amounted to Rs 59,105,549 (2019: 37,824,135). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against Social Security amounted to Rs 26,220,157 (2019: 15,110,058). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.
- 15.3 The company has filed appeal in High Court of Sindh, Karachi against the order of Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax. The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.

	Note	2020 Rupees	2019 Rupees
15.4 Workers' profit participation fund			
Opening balance		22,619,047	4,427,602
Interest on fund utilized in company's business	15.4.1	1,457,596	141,016
		24,076,643	4,568,618
Paid during the year		(22,619,047)	(4,427,602)
		1,457,596	141,016
Allocation for the year		9,652,110	22,478,031
Closing balance		11,109,706	22,619,047

15.4.1 Interest on Workers' profit participation fund has been provided at the rate of 14.89 % (June 30, 2019 : 7.5 %) per annum.

15.5 This amount represents Rs. 331,522 (June 30, 2019 Rs. 384,077) payable to related party - Din Leather (Private) Limited against reimbursement of expenses.

	Note	2020 Rupees	2019 Rupees
16 ACCRUED MARK UP AND INTEREST			
Mark up / interest accrued on secured loans			
Long term financing		51,629,122	48,786,874
Short term borrowings		75,572,334	142,259,868
		127,201,456	191,046,742

17 SHORT TERM BORROWINGS - Secured			
<i>Conventional</i>			
Running finance under markup arrangements	17.1	915,383,220	1,875,609,515
<i>Islamic</i>			
Short term finance under Running Musharakah	17.2 & 17.3	1,059,129,890	352,646,009
		1,974,513,110	2,228,255,524

17.1 These facilities are available from various commercial banks for meeting working capital requirements. These are secured against first pari passu charge, joint floating/hypothecation over present and future stocks, book debts, movables, receivables. These carry markup ranging from 7.46 % to 15.65 % (June 30, 2019: 7.67 % to 13.79 %) per annum. These facilities are expiring on various dates from September 2020 to December 2020.

17.2 The company has obtained short term running finance under running musharkah. These are secured against first pari passu charge and joint pari passu floating charge over movables, receivables, stocks and book debts of the company. The rate of profit ranges from 7.23 % to 14.29 % (June 30, 2019: from 6.63 % to 13.25 %). These facilities are expiring on various dates from September 2020 to December 2020.

17.3 It includes balance with associated company (MCB Islamic Bank Limited) of Rs. 278,751,582 (June 30, 2019 : Rs. 349,694,794).

	Note	2020 Rupees	2019 Rupees
18 LONG TERM FINANCING - Secured			
From banking companies and financial institutions under markup arrangements			
<i>Conventional</i>			
Bank Alfalah Limited	18.1	478,598,650	539,907,250
Allied Bank Ltd	18.2	535,183,800	557,466,750
<i>Islamic</i>			
Bank Alfalah Limited	18.3	426,574,165	437,500,000
Meezan Bank Ltd	18.4	1,426,914,295	772,964,976
Habib Metropolitan Bank Ltd	18.5 & 18.8	563,807,625	413,725,882
Faysal Bank Ltd	18.6	6,472,000	-
MCB Islamic Bank Ltd	18.7	112,002,507	-
Deferred Income - Government Grant	18.8	13,442,716	-
		3,562,995,758	2,721,564,858
Less: Current portion		(67,474,738)	(474,258,473)
		3,495,521,020	2,247,306,385

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

18.1	Bank Alfalah Limited	SBP-LTFF	1,778,400	SBP refinance rate + 0.50%	12 Semi Annual	29-Mar-27	First pari passu hypothecation charge of Rs. 267.00 million on sepecific assets (plant and machinery) with 25 percent margin.
		SBP-LTFF	27,685,200	SBP refinance rate + 0.50%	12 Semi Annual	8-Oct-26	
		SBP-LTFF	52,819,200	SBP refinance rate + 0.50%	12 Semi Annual	18-Oct-26	
		SBP-LTFF	16,911,050	SBP refinance rate + 0.50%	13 Semi Annual	16-May-27	
		SBP-LTFF	23,801,700	SBP refinance rate + 0.50%	13 Semi Annual	21-Jun-27	
		SBP-LTFF	19,899,750	SBP refinance rate + 0.50%	13 Semi Annual	15-Sep-27	
		SBP-LTFF	5,964,000	SBP refinance rate + 0.50%	14 Semi Annual	28-Nov-27	First pari passu hypothecation charge of Rs. 685.346 million on sepecific assets (plant and machinery) with 25 percent margin.
		SBP-LTFF	19,182,100	SBP refinance rate + 0.50%	14 Semi Annual	21-Dec-27	
		SBP-LTFF	29,302,000	SBP refinance rate + 0.50%	14 Semi Annual	12-Jan-28	
		SBP-LTFF	2,060,800	SBP refinance rate + 0.50%	14 Semi Annual	1-Feb-28	
		SBP-LTFF	37,699,900	SBP refinance rate + 0.50%	14 Semi Annual	8-Mar-28	
		SBP-LTFF	2,590,700	SBP refinance rate + 0.50%	14 Semi Annual	14-Mar-28	
		SBP-LTFF	55,643,000	SBP refinance rate + 0.50%	14 Semi Annual	16-Mar-28	
		SBP-LTFF	17,164,700	SBP refinance rate + 0.50%	14 Semi Annual	24-Mar-28	
		SBP-LTFF	13,234,900	SBP refinance rate + 0.50%	14 Semi Annual	28-Mar-28	
		SBP-LTFF	14,216,250	SBP refinance rate + 0.50%	15 Semi Annual	28-Apr-28	
		SBP-LTFF	35,345,250	SBP refinance rate + 0.50%	15 Semi Annual	2-May-28	
		SBP-LTFF	85,062,750	SBP refinance rate + 0.50%	15 Semi Annual	5-Jul-28	
		SBP-LTFF	18,237,000	SBP refinance rate + 0.50%	15 Semi Annual	25-Jul-28	
		Total		478,598,650			

18.2	Allied Bank Ltd	SBP-LTFF	5,878,000	SBP refinance rate + 0.50%	24 Quarterly	20-Apr-27	The Loan is secured against first specific charge of Rs. 10,440,000 on machinery with 25 percent margin.
		SBP-LTFF	4,839,000	SBP refinance rate + 0.50%	24 Quarterly	20-Apr-27	The Loan is secured against first specific charge of Rs. 8,058,750 on machinery with 25 percent margin.
		SBP-LTFF	7,112,000	SBP refinance rate + 0.50%	26 Quarterly	10-Aug-27	The Loan is secured against first specific charge of Rs.11,666,667 on machinery with 25 percent margin.
		SBP-LTFF	832,000	SBP refinance rate + 0.50%	26 Quarterly	19-Aug-27	The Loan is secured against first specific charge of Rs. 1,365,333 on machinery with 25 percent margin.
		SBP-LTFF	17,955,000	SBP refinance rate + 0.50%	27 Quarterly	3-Oct-27	The Loan is secured against first specific charge of Rs. 29,460,000 on machinery with 25 percent margin.
		SBP-LTFF	3,005,000	SBP refinance rate + 0.50%	27 Quarterly	24-Nov-27	The Loan is secured against first specific charge of Rs.4,746,667 on machinery with 25 percent margin.
		SBP-LTFF	108,902,000	SBP refinance rate + 0.50%	27 Quarterly	24-Dec-27	The Loan is secured against first specific charge of Rs. 172,089,333 on machinery with 25 percent margin.
		SBP-LTFF	2,220,000	SBP refinance rate + 0.50%	28 Quarterly	9-Jan-28	The Loan is secured against first specific charge of Rs. 3,508,000 on machinery with 25 percent margin.
		SBP-LTFF	5,957,000	SBP refinance rate + 0.50%	28 Quarterly	2-Feb-28	The Loan is secured against first specific charge of Rs. 9,077,333 on machinery with 25 percent margin.

Allied Bank Ltd	SBP-LTFF	3,648,800	SBP refinance rate + 0.50%	28 Quarterly	7-Feb-28	The Loan is secured against first specific charge of Rs. 5,560,000 on machinery with 25 percent margin.
	SBP-LTFF	10,617,000	SBP refinance rate + 0.50%	31 Quarterly	21-Nov-28	The Loan is secured against first specific charge of Rs. 14,612,000 on machinery with 25 percent margin.
	SBP-LTFF	69,113,000	SBP refinance rate + 0.50%	31 Quarterly	22-Nov-28	The Loan is secured against first specific charge of Rs.95,122,667 on machinery with 25 percent margin.
	SBP-LTFF	8,502,000	SBP refinance rate + 0.50%	31 Quarterly	5-Dec-28	The Loan is secured against first specific charge of Rs. 11,701,333 on machinery with 25 percent margin.
	SBP-LTFF	3,823,000	SBP refinance rate + 0.50%	31 Quarterly	14-Dec-28	The Loan is secured against first specific charge of Rs. 5,261,333 on machinery with 25 percent margin.
	SBP-LTFF	2,175,000	SBP refinance rate + 0.50%	31 Quarterly	21-Dec-28	The Loan is secured against first specific charge of Rs. 2,993,333 on machinery with 25 percent margin.
	SBP-LTFF	1,394,000	SBP refinance rate + 0.50%	32 Quarterly	6-Feb-29	The Loan is secured against first specific charge of Rs. 1,858,667 on machinery with 25 percent margin.
	SBP-LTFF	5,530,000	SBP refinance rate + 0.50%	32 Quarterly	15-Mar-29	The Loan is secured against first specific charge of Rs. 7,373,333 on machinery with 25 percent margin.
	SBP-LTFF	4,046,000	SBP refinance rate + 0.50%	32 Quarterly	29-Mar-29	The Loan is secured against first specific charge of Rs. 5,394,667 on machinery with 25 percent margin.
	SBP-LTFF	28,650,000	SBP refinance rate + 0.50%	32 Quarterly	10-Apr-29	The Loan is secured against first specific charge of Rs. 38,200,000 on machinery with 25 percent margin.
	SBP-LTFF	43,950,000	SBP refinance rate + 0.50%	32 Quarterly	12-Apr-29	The Loan is secured against first specific charge of Rs. 58,600,000 on machinery with 25 percent margin.
	SBP-LTFF	27,675,000	SBP refinance rate + 0.50%	32 Quarterly	31-May-29	The Loan is secured against first specific charge of Rs. 36,900,000 on machinery with 25 percent margin.
	SBP-LTFF	1,934,000	SBP refinance rate + 0.50%	32 Quarterly	10-Oct-29	The Loan is secured against first specific charge of Rs. 2,578,667 on machinery with 25 percent margin.
	SBP-LTFF	28,714,000	SBP refinance rate + 0.50%	32 Quarterly	10-Oct-29	The Loan is secured against first specific charge of Rs. 38,285,333 on machinery with 25 percent margin.
	SBP-LTFF	21,429,000	SBP refinance rate + 0.50%	32 Quarterly	10-Oct-29	The Loan is secured against first specific charge of Rs. 28,572,000 on machinery with 25 percent margin.
	SBP-LTFF	20,227,000	SBP refinance rate + 0.50%	32 Quarterly	9-Jan-30	The Loan is secured against first specific charge of Rs.26,969,333 on machinery with 25 percent margin.
	SBP-LTFF	2,000,000	SBP refinance rate + 0.50%	32 Quarterly	22-Jan-30	The Loan is secured against first specific charge of Rs. 2,666,667 on machinery with 25 percent margin.
	SBP-LTFF	15,686,000	SBP refinance rate + 0.50%	32 Quarterly	11-Feb-30	The Loan is secured against first specific charge of Rs. 20,914,667 on machinery with 25 percent margin.
	SBP-LTFF	2,719,000	SBP refinance rate + 0.50%	32 Quarterly	19-Feb-30	The Loan is secured against first specific charge of Rs. 36,625,333 on machinery with 25 percent margin.
	SBP-LTFF	34,925,000	SBP refinance rate + 0.50%	32 Quarterly	26-Mar-30	The Loan is secured against first specific charge of Rs. 46,566,667 on machinery with 25 percent margin.
SBP-LTFF	41,726,000	SBP refinance rate + 0.50%	32 Quarterly	9-May-30	The Loan is secured against first specific charge of Rs. 55,634,667 on machinery with 25 percent margin.	
	Total	535,183,800				

Islamic

18.3

Bank Alfalah Limited	Diminishing Musharika	312,500,000	6 Month Kibor + 0.50%	5 Semi Annual	31-Aug-23	The Loan is secured against first specific charge of Rs. 667,740,000 on machinery with 20 percent margin
	SBP-ILTF	4,925,025	SBP refinance rate +2.00%	18 Semi Annual	30-Jun-30	The Loan is secured against first specific charge of Rs. 158,037,165 on machinery with 20 percent margin
	SBP-ILTF	31,484,000	SBP refinance rate +2.00%	18 Semi Annual	30-Jun-30	
	SBP-ILTF	29,897,640	SBP refinance rate +2.00%	18 Semi Annual	30-Jun-30	
	SBP-ILTF	32,655,600	SBP refinance rate +2.00%	18 Semi Annual	30-Jun-30	
	SBP-ILTF	15,111,900	SBP refinance rate +2.00%	18 Semi Annual	30-Jun-30	
Total		426,574,165				

18.4

Meezan Bank Ltd	Diminishing Musharika	367,187,500	6 Month Kibor + 0.65%	05 Semi Annual	14-Sep-23	The Loan is secured against first specific charge of Rs. 875,000,000 over fixed assets with 20 percent margin
	SBP-ILTF	89,327,146	SBP refinance rate +2.00%	32 Quarterly	25-Jan-29	The Loan is secured against first specific charge of Rs. 96,000,000 on machinery with 20 percent margin
	SBP-ILTF	103,950,330	SBP refinance rate +2.00%	32 Quarterly	31-May-29	The Loan is secured against first specific charge of Rs. 113,575,000 on machinery with 20 percent margin
	SBP-ILTF	227,485,450	SBP refinance rate +2.00%	32 Quarterly	18-Jul-29	The Loan is secured against first specific charge of Rs. 338,000,000 on machinery with 20 percent margin
	SBP-ILTF	93,082,140	SBP refinance rate +2.00%	32 Quarterly	18-Jul-29	
	SBP-ILTF	14,893,150	SBP refinance rate +2.00%	32 Quarterly	3-Sep-29	The Loan is secured against first specific charge of Rs. 16,000,000 on machinery with 20 percent margin
	SBP-ILTF	260,522,495	SBP refinance rate +2.00%	32 Quarterly	17-Sep-29	The Loan is secured against first specific charge of Rs. 283,000,000 on machinery with 20 percent margin
	SBP-ILTF	106,840,800	SBP refinance rate +2.00%	32 Quarterly	24-Oct-29	The Loan is secured against first specific charge of Rs. 113,000,000 on machinery with 20 percent margin
	SBP-ILTF	106,355,160	SBP refinance rate +2.00%	32 Quarterly	19-Nov-29	The Loan is secured against first specific charge of Rs. 113,000,000 on machinery with 20 percent margin
	SBP-ILTF	13,988,513	SBP refinance rate +2.00%	32 Quarterly	10-Feb-30	The Loan is secured against first specific charge of Rs. 14,877,000 on machinery with 20 percent margin
	SBP-ILTF	39,749,663	SBP refinance rate +2.00%	32 Quarterly	16-Mar-30	The Loan is secured against first specific charge of Rs. 40,185,000 on machinery with 20 percent margin
	SBP-ILTF	3,531,948	SBP refinance rate +2.00%	32 Quarterly	13-Jan-30	The Loan is secured against first specific charge of Rs. 3,744,000 on machinery with 20 percent margin
	Total		1,426,914,295			

Habib Metropolitan Bank Ltd	Diminishing Musharika	171,600	3 Month Kibor + 1.00%	2 Quarterly	18-Feb-21	The Loan security including but not limited to the title documents of the musharakah assets, hypothecation charge, mortgage charge and demand promissory note
	Diminishing Musharika	160,350	3 Month Kibor + 1.00%	2 Quarterly	18-Feb-21	The Loan security including but not limited to the title documents of the musharakah assets, hypothecation charge, mortgage charge and demand promissory note
	Diminishing Musharika	161,100	3 Month Kibor + 1.00%	2 Quarterly	18-Feb-21	The Loan security including but not limited to the title documents of the musharakah assets, hypothecation charge, mortgage charge and demand promissory note
	SBP-ILTF	48,186,000	SBP refinance rate +1.00%	35 Quarterly	18-Oct-29	The Loan is secured against first specific charge of Rs. 53,540,000 on machinery with 10 percent margin
	SBP-ILTF	5,106,413	SBP refinance rate +1.00%	36 Quarterly	12-Dec-29	The Loan is secured against first specific charge of Rs. 5,835,900 on machinery with 10 percent margin
	SBP-ILTF	10,893,600	SBP refinance rate +1.00%	38 Quarterly	25-Oct-29	The Loan is secured against first specific charge of Rs. 12,140,000 on machinery with 10 percent margin
	SBP-ILTF	48,327,840	SBP refinance rate +1.00%	38 Quarterly	11-Oct-29	The Loan is secured against first specific charge of Rs. 53,697,600 on machinery with 10 percent margin
	SBP-ILTF	7,565,220	SBP refinance rate +1.00%	38 Quarterly	29-Aug-29	The Loan is secured against first specific charge of Rs. 8,405,800 on machinery with 10 percent margin
	SBP-ILTF	12,133,012	SBP refinance rate +1.00%	36 Quarterly	5-Mar-30	The Loan is secured against first specific charge of Rs. 13,855,600 on machinery with 10 percent margin
	SBP-ILTF	22,048,368	SBP refinance rate +1.00%	37 Quarterly	9-May-30	The Loan is secured against first specific charge of Rs. 25,160,300 on machinery with 10 percent margin
	SBP-ILTF	22,982,400	SBP refinance rate +1.00%	35 Quarterly	17-Nov-29	The Loan is secured against first specific charge of Rs. 26,265,600 on machinery with 10 percent margin
	SBP-ILTF	9,603,187	SBP refinance rate +1.00%	37 Quarterly	21-May-30	The Loan is secured against first specific charge of Rs. 10,958,592 on machinery with 10 percent margin
	SBP-ILTF	14,722,105	SBP refinance rate +1.00%	37 Quarterly	25-May-30	The Loan is secured against first specific charge of Rs. 16,800,000 on machinery with 10 percent margin
	SBP-ILTF	18,067,178	SBP refinance rate +1.00%	37 Quarterly	30-May-30	The Loan is secured against first specific charge of Rs. 20,617,200 on machinery with 10 percent margin
	SBP-ILTF	4,174,812	SBP refinance rate +1.00%	37 Quarterly	31-May-30	The Loan is secured against first specific charge of Rs. 4,764,050 on machinery with 10 percent margin
	SBP-ILTF	76,859,125	SBP refinance rate +1.00%	37 Quarterly	31-May-30	The Loan is secured against first specific charge of Rs. 87,707,110 on machinery with 10 percent margin
	SBP-ILTF	11,314,551	SBP refinance rate +1.00%	37 Quarterly	11-Jun-30	The Loan is secured against first specific charge of Rs. 12,911,500 on machinery with 10 percent margin
	SBP-ILTF	64,613,743	SBP refinance rate +1.00%	37 Quarterly	24-Jun-30	The Loan is secured against first specific charge of Rs. 73,733,400 on machinery with 10 percent margin
	SBP-ILTF	28,015,105	SBP refinance rate +1.00%	37 Quarterly	27-Jun-30	The Loan is secured against first specific charge of Rs. 31,969,189 on machinery with 10 percent margin

Habib Metropolitan Bank Ltd	SBP-ILTF	17,218,385	SBP refinance rate +1.00%	38 Quarterly	5-Aug-30	The Loan is secured against first specific charge of Rs. 19,690,000 on machinery with 10 percent margin
	SBP-ILTF	27,874,462	SBP refinance rate +1.00%	38 Quarterly	24-Aug-30	The Loan is secured against first specific charge of Rs. 31,786,666 on machinery with 10 percent margin
	SBP-ILTF	7,236,049	SBP refinance rate +1.00%	39 Quarterly	15-Jan-30	The Loan is secured against first specific charge of Rs. 8,478,889 on machinery with 10 percent margin
	SBP-ILTF	1,527,048	SBP refinance rate +1.00%	39 Quarterly	23-Jan-30	The Loan is secured against first specific charge of Rs. 1,696,720 on machinery with 10 percent margin
	SBP-IRFS Salary and Wages	41,415,835	SBP refinance rate +1.25%	8 Quarterly	6-Nov-22	The Loan is secured against first specific charge of Rs. 51,963,354 on machinery with 10 percent margin
	SBP-IRFS Salary and Wages	63,430,137	SBP refinance rate +1.25%	8 Quarterly	4-Dec-22	The Loan is secured against first specific charge of Rs. 79,468,522 on machinery with 10 percent margin
Total		563,807,625				

18.6 Faysal Bank Ltd	SBP-ILTF	6,472,000	SBP refinance rate +2.25%	32 Quarterly	4-Jun-30	The Loan is secured against first specific charge of Rs. 8,629,333 on machinery with 25 percent margin
	Total		6,472,000			

18.7 MCB Islamic Bank Ltd	SBP-ILTF	7,056,000	SBP refinance rate +1.50%	32 Quarterly	30-Jun-30	The Loan is secured against first specific charge of Rs. 7,056,000 on machinery with 5 percent margin
	SBP-ILTF	80,575,757	SBP refinance rate +1.50%	32 Quarterly	30-Jun-30	The Loan is secured against first specific charge of Rs. 85,000,000 on machinery with 5 percent margin
	SBP-ILTF	8,065,000	SBP refinance rate +1.50%	32 Quarterly	30-Jun-30	The Loan is secured against first specific charge of Rs. 10,000,000 on machinery with 5 percent margin
	SBP-ILTF	8,819,250	SBP refinance rate +1.50%	32 Quarterly	30-Jun-30	The Loan is secured against first specific charge of Rs. 10,000,000 on machinery with 5 percent margin
	SBP-ILTF	7,486,500	SBP refinance rate +1.50%	32 Quarterly	30-Jun-30	The Loan is secured against first specific charge of Rs. 9,000,000 on machinery with 5 percent margin
	Total		112,002,507			

- 18.8 In addition to the above, the Company has also obtained long term loans of Rs. 118.228 million for financing its salaries and wages under SBP Refinance Scheme for payment of wages and salaries, as fresh long term limit, which is secured against Hypothecation charge over specific machinery. The rate of markup on these loans are at 1.25% per annum. These loans are for two and half years and are repayable in eight equal quarterly instalments of Rs.14.786 million commencing from 31 March 2021. The facility available under the above arrangement amounted to Rs. 200 million of which the amount remained unutilized as at 30 June 2020 was Rs. 81.711 million (2019: Nil).

Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for payment of salaries and wages at subsidized rate of borrowing.

The company has obtained the said borrowing from Habib Metropolitan Bank Limited (“HMB”) at subsidized rate in two tranches on 07 May 2020 and 04 June 2020 at 1.25% concessional interest rate which is repayable by Dec 2022 in 8 quarterly installments to HMB under the SBP scheme.

Government grant amounting to Rs. 14.573 million has been recorded during the year ended 30 June 2020 and Rs. 1.130 million has been amortized during the year. In accordance with the terms of the grant, the company is prohibited to lay-off the employees at least for three months from the period April to June 2020 of the grant.

	Note	2020 Rupees	2019 Rupees		
19 STAFF RETIREMENT BENEFITS - GRATUITY					
19.1 Movement in the net liability recognized in the Statement of Financial Position					
Opening net liability		116,765,377	100,815,513		
Expense for the year	19.2	68,298,835	55,464,012		
Remeasurements recognised		(4,653,375)	262,483		
		<u>180,410,837</u>	<u>156,542,008</u>		
Benefits paid during the year		(40,538,731)	(39,776,631)		
Closing net liability		<u>139,872,106</u>	<u>116,765,377</u>		
19.2 Expense recognised in the Statement of Profit or Loss					
Current service cost		55,866,516	48,180,564		
Interest cost		12,432,319	7,283,448		
		<u>68,298,835</u>	<u>55,464,012</u>		
19.3 Total measurements chargeable in Other comprehensive income					
Actuarial losses from changes in demographic assumptions		-	9,240,104		
Actuarial (gains) from changes in financial assumptions		(264,589)	(3,635,056)		
Experience adjustment		(4,388,786)	(5,342,565)		
		<u>(4,653,375)</u>	<u>262,483</u>		
19.4 Movement in the present value of defined benefit obligation					
Present value of defined benefit obligation		116,765,377	100,815,513		
Current service cost		55,866,516	48,180,564		
Interest cost		12,432,319	7,283,448		
Actuarial (gain) /loss		(4,653,375)	262,483		
Benefits paid		(40,538,731)	(39,776,631)		
		<u>139,872,106</u>	<u>116,765,377</u>		
19.5 Historical information					
	2020	2019	2018	2017	2016
Present value of defined benefit obligation	<u>139,872,106</u>	<u>116,765,377</u>	<u>100,815,513</u>	<u>110,828,405</u>	<u>100,073,826</u>
Experience adjustments on plan liabilities	<u>4,653,375</u>	<u>(262,483)</u>	<u>(2,632,043)</u>	<u>2,018,858</u>	<u>13,993,437</u>
19.6 General description					
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges are made using the actuarial technique of Projected Unit Credit Method.					
	2020	2019			
19.7 Principal actuarial assumption					
Following are a few important actuarial assumption used in the valuation;					
<i>Financial assumptions</i>					
Discount rate used to Charge Interest Cost in Statement of Profit or Loss		14.25%	9.00%		
Discount rate used for year end obligation		8.50%	14.25%		
Expected rate of increase in future salary		6.50%	12.25%		
<i>Demographic assumptions</i>					
Mortality rates		SLIC 2001 - 2005	SLIC 2001 - 2005		
Withdrawal rates		Age based	Age based		
Retirement assumption		Age 60 years	Age 60 years		
19.8 Sensitivity analysis of actuarial assumption					
The calculation of defined benefit obligation is sensitive to assumptions given above. The below information summarizes how the defined benefit obligation at the end of the reporting period would have increased / (decreased) as a result of change in respective assumptions by 100 basis point.					
	Increase in assumption	Decrease in assumption			
Discount rate	2,517,872	2,637,927			
Expected rate of increase in future salaries	2,412,202	2,587,798			
19.9 Expected gratuity expense for the year ending June 30, 2021 works out to Rs. 68,574,650.					
	Number of years				
19.10 Weighted average duration of the defined benefit obligation	2 years	2 years			

	2020 Rupees	2019 Rupees
20 DEFERRED TAXATION		
The deferred taxation liability / (asset) comprises of following temporary differences		
Taxable temporary differences (deferred tax liabilities)		
Accelerated tax depreciation allowance	275,164,394	265,050,943
Deductible temporary differences (deferred tax assets)		
Staff retirement benefits - gratuity	(29,257,279)	(26,258,592)
Provision for doubtful debts	(418,343)	-
Unused tax credits - unabsorbed depreciation	(209,172,322)	(209,172,322)
	36,316,450	29,620,029

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

21 CONTINGENCIES AND COMMITMENTS

21.1 The Company has issued post dated cheques amounting to Rs. 114.604 million (June 30, 2019 : Rs. 100.648 million) in favor of Collector of Customs in lieu of custom levies against various statutory notifications. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	2020 Rupees	2019 Rupees
21.2 Contingencies		
Bills discounted with recourse	-	168,675,261
Bank guarantees issued in the ordinary course of business	299,891,620	256,946,620
21.3 Commitments		
Letters of credit for capital expenditure	2,152,331,027	731,198,424
Letters of credit for raw material	2,483,055,850	189,189,678
Letters of credit for stores and spares	4,902,055	37,040,379

22 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020 Number of shares	2019 Number of shares		2020 Rupees	2019 Rupees
36,798,155	13,479,600	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	367,981,550	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
13,706,260	13,706,260	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	137,062,600	137,062,600
52,466,749	29,148,194		524,667,490	291,481,940

22.1 Associated company, Din Corporation (Pvt.) Limited, held 6,469,187 (June 30, 2019 : 817,531) ordinary shares of the company.

22.2 Associated company, Din Industries Management (Pvt.) Limited, held 5,679,742 (June 30, 2019 : Nil) ordinary shares of the company.

22.3 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.

22.4 The company has issued Nil (June 30, 2019: 6,726,506) ordinary shares of Rs. 10 each during the period as fully paid bonus shares.

22.5 The company issued 23,318,555 right shares during the period ended June 30, 2020 (2019: Nil), in proportion of 80 ordinary right shares for every 100 shares held (at the rate 80%) of Rs. 10/- each, at a price of Rs. 42 per share (inclusive of premium of Rs. 32 per share).

23 RESERVES

	2020 Rupees	2019 Rupees
Capital		
Share premium	746,193,760	-
Revenue		
General	400,000,000	400,000,000
Unappropriated profit	1,439,019,025	1,471,573,936
	2,585,212,785	1,871,573,936

	Note	2020 Rupees	2019 Rupees
24 SALES - NET			
Export			
Yarn - Direct export	24.1	957,527,303	965,496,439
Yarn - Indirect export		2,290,585,191	1,393,618,289
Waste and others		257,467,640	141,260,088
Rebate and duty draw back		128,177	1,437,851
Total export sales		3,505,708,311	2,501,812,667
Local			
Yarn		8,826,059,396	8,964,632,166
Raw Material		7,976,348	13,693,170
Waste and others		237,879,770	213,800,755
Total local sales		9,071,915,514	9,192,126,091
		12,577,623,825	11,693,938,758
Sales Tax		1,875,663,893	3,373,904
		14,453,287,718	11,697,312,662
Commission and claims		(94,792,580)	(133,456,920)
Sales Tax		(1,875,663,893)	(3,373,904)
		12,482,831,245	11,560,481,838

24.1 This includes net exchange gain amounting to Rs. 4,299,807 (June 30, 2019 : Rs. 55,829,399).

	Note	2020 Rupees	2019 Rupees
25 COST OF SALES			
Cost of goods manufactured	25.1	11,540,201,983	10,417,442,252
Finished goods			
Opening stock		482,455,580	308,255,654
Closing stock		(833,035,777)	(482,455,580)
		11,189,621,786	10,243,242,326
25.1 Cost of goods manufactured			
Raw material consumed	25.1.1	8,597,132,723	7,828,855,333
Cost of raw material sold		7,958,160	13,001,495
Packing material consumed		155,821,842	139,323,857
Stores and spares consumed		220,531,360	177,680,070
Salaries, wages and other benefits	25.1.2	858,211,345	832,609,101
Fuel and power		1,061,300,210	1,005,590,198
Insurance		29,188,202	23,416,370
Repairs and maintenance		26,202,815	28,775,064
Depreciation	5.1.1	500,314,382	369,794,876
Ijarah rentals	34	3,987,658	5,378,276
Vehicle running and maintenance		6,088,016	5,708,656
Fee and subscriptions		3,922,258	2,744,879
Books and periodicals		65,460	74,574
Postage and telephone		634,232	722,212
Travelling and conveyance		7,947,694	6,885,343
Legal and professional		3,006,431	449,326
Rent, rates and taxes		10,761,043	10,369,036
Other overheads		15,972,794	11,176,153
		11,509,046,625	10,462,554,819
Work in process			
Opening stock		163,777,917	118,665,350
Closing stock		(132,622,559)	(163,777,917)
		31,155,358	(45,112,567)
		11,540,201,983	10,417,442,252

	2020 Rupees	2019 Rupees
25.1.1 Raw material consumed		
Opening stock	2,792,521,183	2,563,115,420
Purchases	7,380,830,293	7,792,109,637
	10,173,351,476	10,355,225,057
Closing stock	(1,801,904,694)	(2,792,521,183)
Dyeing charges	8,371,446,782	7,562,703,874
Cost of raw material sold	233,644,101	279,152,954
	(7,958,160)	(13,001,495)
	8,597,132,723	7,828,855,333

25.1.2 Salaries, wages & other benefits includes Rs. 62,052,290 (June 30, 2019 : Rs. 49,174,989) in respect of staff retirement benefits.

	2020 Rupees	2019 Rupees
26 DISTRIBUTION COST		
Ocean freight	14,437,411	14,910,652
Air freight	94,375	444,750
Local freight	28,179,500	23,770,800
Clearing and forwarding	4,972,786	3,159,727
Export development surcharge	2,681,368	2,463,937
Others	845,819	1,156,423
Travelling expense	3,208,419	1,187,731
	54,419,678	47,094,020

	Note	2020 Rupees	2019 Rupees
27 ADMINISTRATIVE EXPENSES			
Directors' remuneration	33	40,976,660	32,765,000
Staff salaries and other benefits	27.1	107,823,268	88,489,523
Travelling and conveyance		2,980,044	4,278,922
Vehicle running and maintenance		3,366,989	2,231,532
Rent, rates and taxes		76,000	176,000
Electricity, gas and water		3,975,229	3,533,179
Printing and stationery		2,677,839	1,354,300
Fees, subscription and periodicals		11,912,570	9,245,880
Legal and professional		3,205,022	2,347,500
Repairs and maintenance		6,764,046	2,217,023
Postage and telephone		4,191,483	3,022,399
Entertainment		2,956,846	1,897,219
Advertisement		241,825	1,934,630
Depreciation	5.1.1	4,741,396	3,952,424
Ijarah rentals	34	2,436,584	1,060,674
Others		5,021,072	3,479,846
		203,346,873	161,986,051

27.1 Staff salaries and other benefits includes Rs. 6,246,545 (June 30, 2019 : Rs. 6,289,023) in respect of staff retirement benefits.

	Note	2020 Rupees	2019 Rupees
28 OTHER OPERATING EXPENSES			
Workers' profit participation fund	15.4	9,652,110	22,478,031
Workers' welfare fund		3,667,802	8,541,652
Loss on sale of property, plant and equipment	5.4	-	16,931,700
Donation	28.1	4,000,000	10,000,000
Provision for doubtful debts		2,000,000	-
Auditors' remuneration	28.2	1,411,000	1,411,000
Loss on translation of foreign currency account		29,185,936	-
		49,916,848	59,362,383

- 28.1 The Donation of Rs. Nil (2019: 10,000,000) is given to The Supreme Court Of Pakistan and The Prime Minister Of Pakistan Diamer-Bhasha and Mohmand Dams Fund.
- 28.1 The Donation of Rs. 3,000,000 (2019: Nil) is given to LIHS through All Pakistan Mills Association.
- 28.1 The Donation of Rs. 1,000,000 (2019: Nil) is paid to Zubaida Machiyara Trust.
- 28.1 None of the directors or their spouses had any interest in donation fund.

	Note	2020 Rupees	2019 Rupees
28.2 Auditors' remuneration			
Audit fee		1,211,000	1,211,000
Half yearly review fee		100,000	100,000
Tax services		100,000	100,000
		1,411,000	1,411,000
29 FINANCE COST			
Mark up / interest on			
Long term financing		191,429,871	138,865,980
Short term borrowings		567,612,462	471,379,761
Workers' profit participation fund	15.4	1,457,596	141,016
Bank charges and commission		54,253,057	20,365,349
		814,752,986	630,752,106
30 OTHER INCOME			
<i>From financial assets</i>			
Profit on savings account		9,561	21,339
Gain on translation of foreign currency account		-	474,655
Government Grant		1,130,391	-
<i>From other than financial assets</i>			
Gain on disposal of property, plant and equipment	5.4	5,809,267	-
		6,949,219	495,994
31 TAXATION			
Provision for taxation			
Current Taxation:			
Current		169,848,241	104,358,202
Prior		(34,484,568)	2,329,018
Deferred taxation			
Current year		5,723,067	(50,594,416)
		141,086,740	56,092,804
31.1 Tax expense for the year is calculated under section 169 as proportion of export sales and under section 113 as minimum tax for the year, therefore the assessment of the company will be finalized under final tax regime.			
31.2 Relationship between income tax expense and accounting profit			
Profit before taxation		177,722,293	418,540,946
Tax at the applicable rate of 29%		51,539,465	121,376,874
Prior year tax effect		(34,484,568)	2,329,018
Tax credit effect		-	34,484,567
Effect of income tax at lower rate		124,031,843	(102,097,655)
		141,086,740	56,092,804

		2020	2019
32 EARNING PER SHARE			
Basic earning per share			
Profit for the year	Rupees	36,635,553	362,448,142
Weighted average number of ordinary shares outstanding during the year	Numbers	42,825,242	34,667,044
Earning per share - basic and diluted	Rupees	0.86	10.46

- 32.1 Weighted average number of shares in issue during comparative periods have been restated for the effect of right shares issued during current period.
- 32.2 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2020 and June 30, 2019.

33 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2020			2019		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees			Rupees		
Managerial remuneration	13,200,000	23,833,330	66,449,799	13,200,000	16,500,000	46,065,978
Medical allowance	1,320,000	2,383,330	6,644,977	1,320,000	1,650,000	4,606,597
Bonus	-	-	2,789,339	-	-	1,542,032
Gratuity	-	-	4,753,926	-	-	1,549,025
Director Meeting Fee	-	240,000	-	-	95,000	-
	14,520,000	26,456,660	80,638,041	14,520,000	18,245,000	53,763,632
Number of persons	1	2	23	1	3	10

33.1 The Chairman of the Company has waived off his remuneration.

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

33.3 Meeting fee of Rupees 240,000 (2019: Rupees 95,000) was paid to the non-executive directors for attending meetings.

	2020 Rupees	2019 Rupees
34 IJARAH		
Total future ijarah payment		
Upto one year	956,206	6,957,422
Later than one year but not later than five years	8,379,239	9,335,445
	9,335,445	16,292,867

34.1 The total ijarah rentals due under the ijarah agreements aggregate Rs. 9.335 million (June 30, 2019 : Rs. 16.293 million) and are payable in equal monthly installments under various ijarah agreements, latest by 2023. If any ijarah is terminated, the Mustajir (lessee) is required to pay the purchase price specified in the ijarah agreements. The cost of repairs and insurance are borne by the Mustajir (lessee). The ijarah is partially secured by a deposit of Rs. 1.388 million (June 30, 2019 : Rs. 2.361 million) and demand promissory note. The company intend to exercise the option of purchasing the assets under the ijarah at residual value upon completion of ijarah term. The number of maximum / minimum monthly ijarah rentals payable are 26 and 19 respectively.

35 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

The company has exposures to the following risks from its use of financial instrument:

- 35.1 Credit risk
- 35.2 Liquidity risk
- 35.3 Market risk

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

35.1 Credit risk
35.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the trade debts, trade deposits, other receivables and cash and bank balances. Out of total financial assets of Rs. 2,577.25 million (June 30, 2019 : Rs. 1,585.71 million), financial assets which are subject to credit risk aggregate to Rs. 2,267.89 million (June 30, 2019 : Rs. 1,561.40 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:

	2020 Rupees	2019 Rupees
Long term deposits	17,746,951	17,746,951
Trade debts	2,237,985,003	1,532,233,969
Trade Deposits	172,000	1,144,910
Other receivables	11,988,139	10,272,191
Cash and bank balances	309,354,078	24,315,539
	2,577,246,171	1,585,713,560

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

	2020 Rupees	2019 Rupees
Domestic	1,895,238,329	1,318,201,899
Export	342,746,674	214,032,070
	2,237,985,003	1,532,233,969

The majority of exports of the company are made in Portugal, France, China, Italy and Ethiopia.

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

	2020 Rupees	2019 Rupees
Yarn	2,166,009,207	1,450,663,945
Services	51,711,446	34,781,449
Waste	20,264,350	45,480,753
Others	-	1,307,822
	2,237,985,003	1,532,233,969

35.1.4 The aging of trade debtors at the Statement of Financial Position is as follows:

	Gross debtors	
	2020	2019
	Rupees	
Not past due	918,950,004	717,737,070
Past due 0 - 30 days	654,730,910	405,888,715
Past due 31 - 90 days	433,821,469	369,407,060
Past due 90 days - 1 year	230,482,620	39,201,124
More than one year	-	-
	2,237,985,003	1,532,233,969

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

	Rating agency	Ratings		2020	2019
		Short term	Long term	Rupees	Rupees
Allied Bank Ltd.	PACRA	A1+	AAA	913,156	9,216,976
Bank Al-Habib Ltd.	PACRA	A1+	AA+	265,664	104,311
BankIslami Pakistan Ltd	PACRA	A1	A+	10,000	-
Dubai Islamic Bank Pakistan Ltd.	JCR-VIS	A-1+	AA	300,813,918	187,291
Faysal Bank Limited	PACRA	A1+	AA	277,335	-
Habib Bank Ltd.	JCR-VIS	A-1+	AAA	6,002	6,002
Habib Metropolitan Bank Ltd.	PACRA	A1+	AA+	3,895,614	11,976,268
MCB Bank Ltd.	PACRA	A1+	AAA	952,756	962,688
Meezan Bank Ltd.	JCR-VIS	A-1+	AA+	2,168,542	1,783,817
National Bank of Pakistan	PACRA	A1+	AAA	50,304	77,399
Standard Chartered Bank (Pakistan) Ltd.	PACRA	A1+	AAA	787	787
				309,354,078	24,315,539

35.2 Liquidity risk

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

	2020					
	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	3,562,995,758	4,284,867,190	251,286,101	791,423,404	1,741,926,591	1,500,231,094
Trade and other payables	3,460,145,680	3,460,145,680	3,460,145,680	-	-	-
Accrued mark up and interest	127,201,456	127,201,456	127,201,456	-	-	-
Short term borrowings	1,974,513,110	2,138,397,698	2,138,397,698	-	-	-
	9,124,856,004	10,010,612,024	5,977,030,935	791,423,404	1,741,926,591	1,500,231,094
	2019					
	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	2,721,564,858	3,172,843,443	624,091,884	554,886,490	1,171,361,966	822,503,103
Trade and other payables	3,035,622,157	3,035,622,157	3,035,622,157	-	-	-
Accrued mark up and interest	191,046,742	191,046,742	191,046,742	-	-	-
Short term borrowings	2,228,255,524	2,413,200,732	2,413,200,732	-	-	-
	8,176,489,281	8,812,713,074	6,263,961,515	554,886,490	1,171,361,966	822,503,103

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

35.3 Market risk

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

35.3.1 Currency risk

Exposure to currency risk

The company is exposed to currency risk on trade debts, cash with banks, 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. The currencies in which these transactions primarily are denominated is US Dollar. The company's exposure to foreign currency risk is as follows:

	US Dollar	Rupees
Trade debts 2020	2,037,127	342,746,674
Cash with banks 2020	12,893	2,169,232
Trade debts 2019	1,305,074	214,032,070
Cash with banks 2019	10,881	1,784,489

The following significant exchange rates applied during the year:

	Average Rates		Reporting Date Rates	
	2020	2019	2020	2019
US Dollar to Rupee	166.13	142.70	168.25	164.00

Sensitivity analysis

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

	2020 Rupees	2019 Rupees
US Dollar	(17,137,334)	(10,701,608)

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

35.3.2 Interest rate risk

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

	2020 Rupees	2019 Rupees
Fixed rate instruments		
Financial Liabilities	2,882,815,208	1,703,144,733
Variable rate instruments		
Financial assets	39,055	34,846
Financial liabilities	3,952,917,173	5,477,128,256

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, 2019:

	Profit & Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2020	(39,529,172)	39,529,172	-	-
Cash flow sensitivity - variable rate instruments 2019	(54,771,283)	54,771,283	-	-

35.4 Fair value of financial assets and liabilities

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

	2020 Rupees	2019 Rupees
35.5 Off Statement of Financial Position items		
Bills discounted with recourse	-	168,675,261
Bank guarantees issued in ordinary course of business	299,891,620	256,946,620
Letters of credit for capital expenditure	2,152,331,027	731,198,424
Letters of credit for raw material	2,483,055,850	189,189,678
Letters of credit for stores and spares	4,902,055	37,040,379

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

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

	Short term borrowings for cash management purpose	Other short term borrowings including related accrued markup	Long term borrowings including related accrued markup	Total
Balance as at July 01, 2019	1,875,609,515	2,583,098,616	2,770,351,732	7,229,059,863
Changes from financing cash flows				
Repayment of loan			(430,898,377)	(430,898,377)
Proceeds from long term loan			1,272,329,277	1,272,329,277
Receipt / (repayment)-net	(921,902,177)	(197,381,797)	-	(1,119,283,974)
Total changes from financing activities	(921,902,177)	(197,381,797)	841,430,900	(277,853,074)
Other changes-interest cost				
Interest expense	207,389,549	356,516,286	191,429,871	755,335,706
Interest Paid	(245,713,667)	(384,879,702)	(188,587,623)	(819,180,992)
Total loan related other changes	(38,324,118)	(28,363,416)	2,842,248	(63,845,286)
Balance as at June 30, 2020	915,383,220	2,357,353,403	3,614,624,880	6,887,361,503

36 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, others and short term borrowing. Total capital employed includes total equity as shown in the Statement of Financial Position plus borrowing.

		2020	2019
Borrowings	Rupees	5,537,508,868	4,949,820,382
Total equity	Rupees	3,109,880,275	2,163,055,876
Total capital employed	Rupees	8,647,389,143	7,112,876,258
Gearing ratio	Percentage	64.04	69.59

37 PLANT CAPACITY AND PRODUCTION

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

	2020	2019
Total number of spindles installed	120,096	104,460
Total number of spindles worked	100,795	98,543
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs.)	41,106,935	35,715,644
Actual production converted into 20/1 count (Kgs.)	35,601,574	35,416,177

37.1 Actual production is lower than capacity due to the lock down as a measure to reduced the spread of the COVID-19 announced by the government of the Punjab and also the manufacturing of specialized Mélange yarn and periodic repair and maintenance.

38 MEASUREMENT OF FAIR VALUES

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

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

Level 1: quoted prices (Unadjusted) in active markets for identical assets or liabilities

Level 2: inputs other than quote prices included in Level 1 that are observables for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are based on observable market data (unobservable inputs)

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

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

39 SEGMENT REPORTING

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

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

	2020 Rupees	2019 Rupees
Domestic sales	9,071,915,514	9,192,126,091
Export sales	3,505,708,311	2,501,812,667
	<u>12,577,623,825</u>	<u>11,693,938,758</u>

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

Country	Total export sales made to debtors outstanding	Amount outstanding	Mode of Contract
Portugal	618,670,387	171,408,059	Letter of Credit
France	173,148,600	4,556,762	Letter of Credit
China	113,198,891	113,198,891	Letter of Credit
Italy	34,646,209	11,649,857	Letter of Credit
Bangladesh	32,900,274	32,449,611	Letter of Credit
Ethiopia	12,899,001	9,483,494	Letter of Credit
	<u>985,463,362</u>	<u>342,746,674</u>	

39.3 All non-current assets of the company as at June 30, 2020 are located in Pakistan.

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

40 RELATED PARTIES

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

S No.	Name of Related Party	Relationship	No. of Shares	Percentage of Shareholding
1	MCB Bank Limited	Associated company	-	Nil
2	MCB Islamic Bank Limited	Associated company	-	Nil
3	Din Farm Products (Pvt.) Ltd.	Associated company	-	Nil
4	Din Leather (Pvt.) Ltd.	Associated company	-	Nil
5	Din Industries Ltd.	Associated company	-	Nil
6	Din Corporate (Pvt.) Ltd.	Associated company	6,469,187	12.33%
7	Din Industries Management (Pvt.) Ltd.	Associated company	5,679,742	10.83%
8	Shaikh Muhammad Tanveer	Director	1,914,056	3.65%
9	Shaikh Mohammad Naveed	Director	4,930,858	9.40%
10	Farhad Shaik Mohammad	Director	1,223,479	2.33%

40.2 TRANSACTIONS WITH RELATED PARTIES

		2020 Rupees	2019 Rupees
Transactions with related parties	Relationship		
MCB Bank Limited	Associated company		
Deposits		5,273	9,264
Withdrawals		15,205	10,600
MCB Islamic Bank Limited	Associated company		
Deposits		1,666,005,500	655,562,435
Withdrawals		1,707,064,795	1,005,257,229
Din Farm Products (Pvt.) Ltd.	Associated company		
Purchase of fixed asset		22,240,000	-
Din Leather (Pvt.) Ltd.	Associated company		
Reimbursement of expenses		6,247,503	3,533,179
Purchase of fixed asset		3,938,487	-
Din Industries Ltd.	Associated company		
Sale of Yarn		14,449,500	6,679,939
Reimbursement of expenses		326,822	-
Salaries and other short term employee benefits	Key management personnel	116,860,775	84,979,607
Staff retirement benefits	Key management personnel	4,753,926	1,549,025
Balances Outstanding at the year end	Relationship		
MCB Bank Limited	Associated company	952,756	962,688
MCB Islamic Bank Limited	Associated company	390,754,089	349,694,794
Din Leather (Pvt.) Ltd.	Associated company	331,522	384,077
Din Industries Ltd.	Associated company	1,572,426	529,939

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

41 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

41.1	Description	Note	2020		2019	
			Carried under		Carried under	
			Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
	Assets					
	Loans and advances					
	Advance to employees against wages	10	-	7,555,607	-	5,436,970
	Advance to employees against expenses	10	-	1,382,407	-	6,913,992
	Advances to supplier	10	-	134,020,265	-	56,200,254
	Others	10	-	-	-	4,759
	Advance against letter of credit	10	-	2,924,966	-	275,032,767
	Deposits					
	Long term deposits	6	-	17,746,951	-	17,746,951
	Trade deposits	11	-	172,000	-	1,144,910
	Bank balances	14	39,055	309,315,023	34,846	24,280,693
	Liabilities					
	Loan and advances					
	Long term financing	18	1,013,782,450	2,549,213,308	1,097,374,000	1,624,190,858
	Short term borrowings - Secured	17	915,383,220	1,059,129,890	1,875,609,515	352,646,009
	Murabaha	15.1	-	1,298,223,513	-	2,230,452,607
	Advances from customers	15	-	15,027,344	-	8,464,880
	Payable to associated companies	15.5	-	331,522	-	384,077
	Income					
	Profit on savings account	30	9,561	-	21,339	-

	Note	2020 Rupees	2019 Rupees
41.2 Sources of other income			
Profit on savings account	30	9,561	21,339
Gain on disposal of property, plant and equipment	30	5,809,267	-
41.3 Exchange gain / (loss)			
(Loss) / gain on translation of foreign currency account	24.1&30	(24,886,129)	56,304,054

41.4 Relationship with banks

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

42 NUMBER OF EMPLOYEES


	2020	2019
Total number of employees as at year end	2,656	2,632
Average number of employees during the year	2,644	2,609
Total number of factory employees as at year end	2,571	2,549
Average number of factory employees during the year	2,560	2,529


43 CORRESPONDING FIGURES

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison.

44 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue on 2 October 2020 by the Board of Directors of the Company.


SHAIKH MOHAMMAD NAVEED
Director


FARHAD SHAIKH MOHAMMAD
Director


SHAUKAT HUSSAIN
Chief Financial Officer

As required U/S.232(1) of Companies Act,2017 these financial statements have been signed by two directors and CFO, as the chief executive is out of country.

AUDITORS' INDEPENDENT REASONABLE ASSURANCE REPORT
ON STATEMENT OF FREE FLOAT OF SHARES

The Chief Executive
Din Textile Mills Limited
Karachi

Dear Sir,

1. Introduction

We have been engaged to perform a reasonable assurance engagement on the annexed "Statement of Free Float of Shares (the 'Statement') of **Din Textile Mills Limited** (the Company) as of September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020.

2. Applicable Criteria

The criteria against which the Statement is assessed is Regulation No.5.7.2(b)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations) which requires every listed company/modaraba/mutual fund to submit directly to Pakistan Stock Exchange (PSX) an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed in clause 5.6.9.(a) of the PSX Regulations.

3. Management's Responsibility for the Statement/s

Management is responsible for the preparation of the Statement as September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020 and in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement/s such that it is free from material misstatement, whether due to fraud or error.

4. Our Independence and Quality Control

We have complied with the Independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 "Quality Control for firms that perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements" and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility is to carry out an Independent reasonable assurance engagement and to express an opinion as to whether the Statement is prepared in accordance with the applicable criteria, based on the procedures we have performed and the evidence we have obtained.

We conducted our reasonable assurance engagement in Accordance with International Standard on Assurance Engagements 3000 (Revised). "Assurance Engagements other than audits or reviews of

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historical financial statements' (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

A reasonable assurance engagement in accordance with ISAE 3000 (Revised) involves performing procedures to obtain evidence about the free float of shares and related information in the statement. The nature, timing and extent of procedures selected depend on the practitioner's judgment, including the assessment of the risks of material misstatement, whether due to fraud or error, in the Statement in making those risk assessments, we considered internal control relevant to Din Textile Mills Limited preparation of the Statement. A reasonable assurance engagement also includes assessing the applicable criteria used and significant estimates made by management, as well as, evaluating the overall presentation of the Statement.

We have carried out the procedures considered necessary for the purpose of providing reasonable assurance on the Statement. Our assurance procedures performed included verification of information in the Statement with the underlying data and record comprising of Central Depository Company statements, forms submitted by the Company with Securities & Exchange commission of Pakistan relating to its pattern of shareholding and other related information. Verification that the computation of free float of shares is in accordance with the PSX regulation also forms part of our assurance procedures.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

6. Opinion

In our opinion, the Statement as of September 30, 2019, December 31, 2019, March 31, 2020 and June 30, 2020 is prepared, in all material respects. In accordance with the PSX Regulations.

7. Restriction on use and distribution

This report is issued in relation to the requirements as stipulated under Regulation No.5.7.6(b)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

NZJ


Naveed Zafar Ashfaq Jaffery & Co,
Chartered Accountants

Karachi

Dated : October 05, 2020



**Format of Statement of Free Float of Shares
FOR THE QUARTER(S) ENDED**

	Quarter-1 Sept. 30, 2019	Quarter-2 Dec. 31, 2019	Quarter-3 Mar. 31, 2020	Quarter-4 June 30, 2020
Total Outstanding Shares	29,148,194	29,148,194	52,466,749	52,466,749
Less: Government holdings	-	-	-	-
Less: Shares held by Directors/Sponsors/Seniors Management Officers and their associates	27,043,814	27,043,814	38,385,278	38,385,278
Less: Shares in Physical Form	401,559	397,766	412,938	412,938
Less: Share held by Associate Companies / Group Companies (Cross holdings)	817,531	817,531	12,148,929	12,148,929
Less : Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
	28,262,904	28,259,111	50,947,145	50,947,145
Free float	885,290	889,083	1,519,604	1,519,604

Basis of preparation: This statement is prepared in accordance with the requirements of Regulation No. 5.7.2(C)(ii) of Pakistan Stock Exchange Limited Regulations (PSX) Regulations).


Company Secretary




Chief Executive

Note:

“Sponsors” has the same meaning as defined in the Companies (Issue of Capital) Rules, 1996

“Senior Management Officers” and “Associates” have the same meaning as defined in the Securities Act, 2015.


Zafar Ashfaq Javed
1/10/2020

Din Textile Mills Ltd.

Din House, 35-A/1, Lalazar Area, Opp. Beach Luxury Hotel, P.O. Box No. 4696 Karachi-74000, Pakistan.
Tel: +92-21 3561 0001-3, Fax: +92-21 3561 0009 & 3561 0455, E-mail: dingroup@dingroup.com, Website: www.dingroup.com