

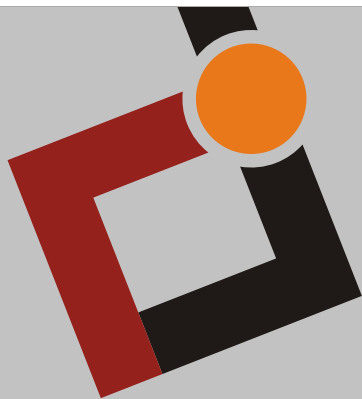


27th Annual Report 2014



Din[®]

DIN TEXTILE MILLS LTD.



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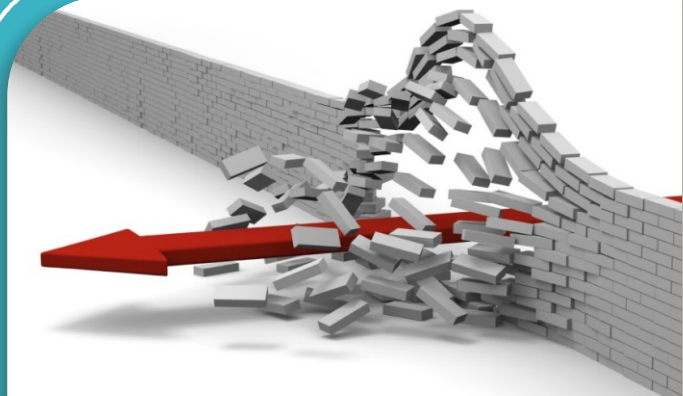
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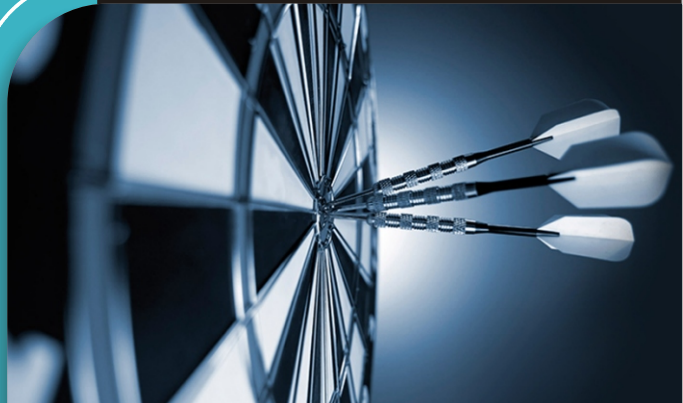
OUR VISION

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



OUR MISSION

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



OUR AMBITION

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



CORPORATE INFORMATION

Board of Directors

Shaikh Mohammad Muneer

Shaikh Mohammad Pervez

Shaikh Muhammad Tanveer

Shaikh Mohammad Naveed

Mr. Faisal Jawed

Mr. Farhad Shaikh Mohammad

Mr. Abdul Razzak Tarmuhammad

Chairman

Director

Chief Executive

Director

Director

Director

Director

Company Secretary

Mr. Islam Ahmed

Chief Financial Officer

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

Auditors

Mushtaq & Co.,
Chartered Accountants

B a n k e r s

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

Registered Office

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

Mills

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

Website

www.dingroup.com

Audit Committee

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

Human Resource and Remuneration Committee

Shaikh Mohammad Pervez	Chairman
Shaikh Muhammad Tanveer	Member
Mr. Abdul Razzak Tarmuhammad	Member



Company Profile

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

Under the dynamic leadership of the Group and strong Human Resource, Din Textile Mills Ltd. was founded in 1987 and in a very short time become an icon for the value added spinning industry in Pakistan. With five (one of them leased unit) state-of-the-art spinning units and 1 dyeing unit located at Multan Road Pattoki, Raiwind, and Bhaipheru and having Consolidated annual production capacity of yarn 31.94 million kgs and dyeing of Fiber and yarn 3.79 million kgs.

With an consolidated annual turnover of Rs 10.21 billion, today Din Textile Mills Ltd. employs over 3,139 employees. Din's aims to create superior value for our customers and stakeholders without compromising on commitments to safety, environment, health, and other social responsibilities for the communities in which we operates.

OUR PRODUCT RANGE FROM

Combed Compact Yarn

Core Spun Yarn

Dyed Yarn

Mélange Yarn

Slub Lycra Yarn

Slub Yarn

Ply Yarn

Gassed Yarn



Organic Yarn
CU 813709
Din Textile Mills Ltd.
Pakistan





BOARD OF DIRECTORS

Shaikh Mohammad Muneer Chairman

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

Under his dynamic leadership and missionary zeal Din Group has been awarded various Best Export Performance Trophies by FPCCI for its highest exports and has also been awarded twice Top 25 Companies Award of the Karachi Stock Exchange by the Prime Minister of Pakistan. He has been awarded Best Business Man of the year award by FPCCI, "SITARA-I-ISAAR" in 2006 and "SITARA-I-IMTIAZ" in 2007 by the President of Pakistan. He has been awarded twice the Degree of Doctorate of Philosophy, by Governor of Sindh Pakistan. He has also been awarded **Life Time Achievement Award** by then President of Pakistan Mr. Asif Ali Zardari in the President House on 27/08/2012.

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

Additional current holding position:

- Fatimid Foundation, Board of Governors of College of Business Management (CBM) Karachi.
- Board of Governors of Greenwich University, Karachi.
- Board of Governors of Kidney Centre of Post Graduate Training Institute. Karachi
- Board of Governors of Nazeer Husain University, Karachi
- World Hypertension League
- Board of Governors of Professional Education Foundation.
- Board of Governors of Shaukat Khanum Memorial Trust, Lahore
- "The Legend Trust" under Chairmanship of Governor of Sindh since 7-11-2006. The job of this Trust is to help the re-known artists for their grievances.
- Board of Make -A-Wish Foundation International USA.

Shaikh Mohammad Pervez Director

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

Shaikh Muhammad Tanveer Chief Executive

Shaikh Muhammad Tanveer is the Chief Executive of Din Textile Mills Limited. (Unit of Din Group of Companies)

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

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

He is Chairman of All Pakistan Textile Mills Association (Punjab Zone)(APTMA). In his tenor APTMA achieved remarkable milestones for the Development of Textile Sector in Pakistan.

Shaikh Mohammad Naveed Director

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

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

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

Mr. Faisal Jawed Director

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

He is Graduate of Business Administration (BBA MARKETING). Being learned personality, he is regularly participating in different Business and Administration oriented courses held by LUMS and other leading business Institutions.

He has vast experience in the field of marketing and having Good negotiation skills. Being a Director of Din Textile Mills Limited, he is involve in procurement of Material like cotton and other man made fibers like Lycra[®] etc. Having good skills of operational and office management, he plays a strategic role in business's operation and management to improve the over all productivity and profitability of the Company.

Mr. Farhad Shaikh Mohammad **Director**

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

In addition to the above, he is also;-

- Director of Din Leather (Pvt.) Limited.
- Director of Din Energy Limited.
- Director of Fauji Fertilizer Company Limited
- Justice of Peace (Karachi Division), appointed by Government of Sindh.
- Chairman of “Young Entrepreneurs & Youth Affairs” Committee of FPCCI.
- Vice Chairman of “Law & Order” Committee Korangi Association of Trade & Industry. (KATI) Karachi.

Mr. Abdul Razzak Tarmuhammad **Director**

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



BOARD OF DIRECTORS COMMITTEES

1- AUDIT COMMITTEE

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

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

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

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

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

Meetings of the Committee

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

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

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

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

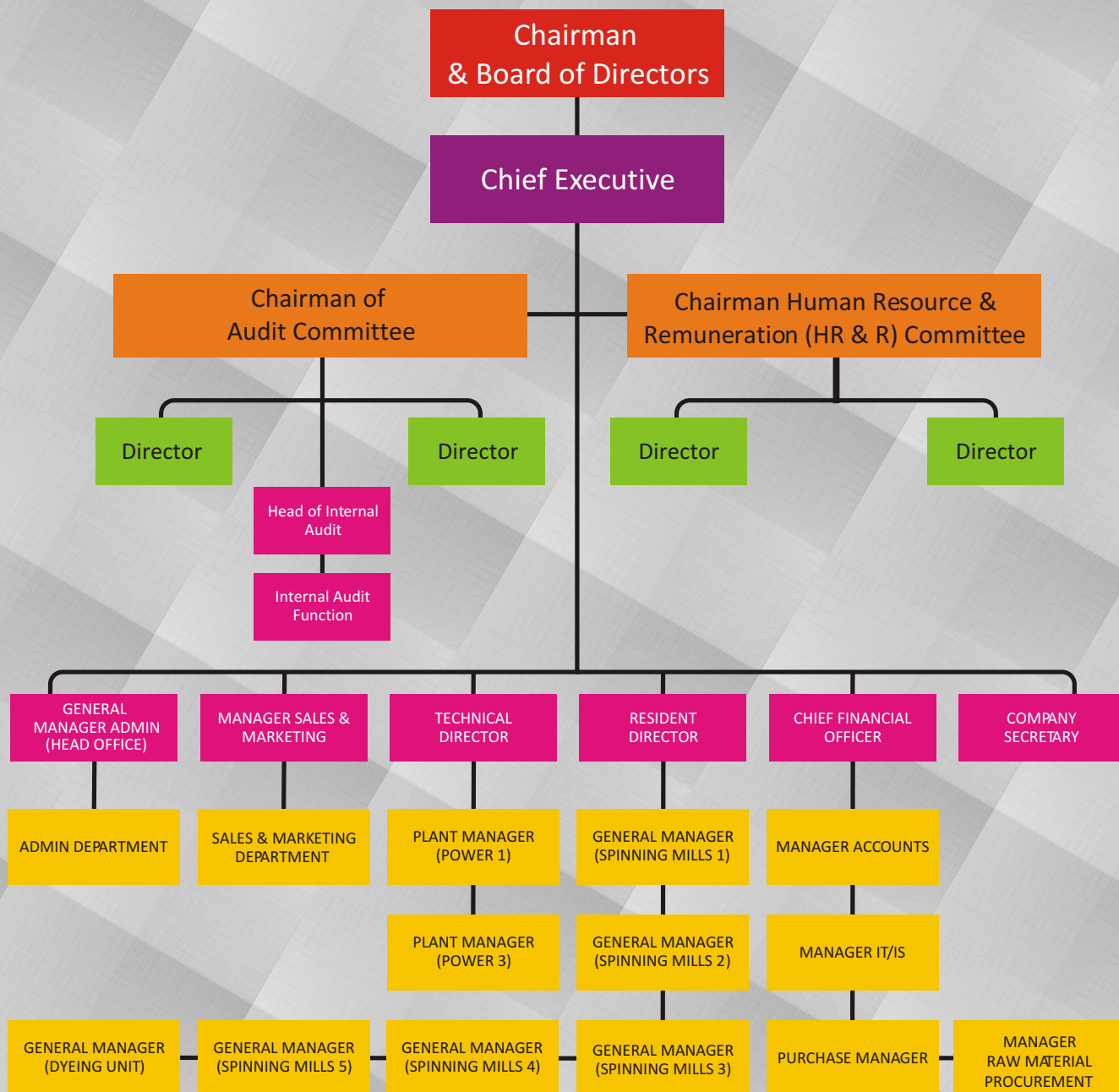
Human Resource and Remuneration (HR&R) Committee have three members comprising a majority of non-executive directors Including Chairman of the Committee.

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

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

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

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



ORGANIZATION STRUCTURE

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

OUR CORE VALUES



DEDICATION TO CORE VALUES

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

Customer Orientation and Satisfaction.

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

Responsiveness with Excellence.

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

Integrity and Honesty.

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

Exceeding Expectation with Team Work.

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

Professionalism and Respect.

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

Communication.

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

Result Oriented.

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

Quality.

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

Entrepreneurship.

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

CODE OF ETHICS



STATEMENT OF ETHICS AND BUSINESS PRACTICES For the year ended June 30, 2014

Policy Statement

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

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

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

Scope

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

Principles:

1. Din's Commitment to Its People

➤ Share ownership

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

➤ Equal Opportunities

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

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

➤ **Employment, Discrimination and Harassment**

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

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

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

2. What Din Textile requires of its people

➤ **Compliance With Laws**

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

Din Textile complies with the Listing, the Prospectus, and the Disclosure and Transparency Rules.

➤ **Security of Information**

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

➤ **Use of Information for personal gain**

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

➤ **Bribes**

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

➤ **Political Donations**

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

➤ **Conflicts of interest**

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

any individual doing or seeking business from Din Textile. The individuals of Din Textile should act in favor of the group and personal preferences should not be a prior concern. Every Din's Individual is welcomed for a sound advice when ever they find there selves facing a potential conflict of interest.

This all is not limited to owning shares with business partners, company shares trading, personal or family involvement in commercial transactions with Din Textile; but also includes such activities or owning any interest like borrowing from third party based on the business relationship of Din Textile.

➤ Corporate Reporting and Internal Controls

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

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

3. Din Textile's Commitment with their Competitors

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

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

4. Din Textile's Commitment with their Customers

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

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

5. Din Textile's commitment with their Suppliers

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

6. Din Textile's Commitment with their Shareholders

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

7. Din Textile's Commitment with their Local Communities

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

8. Din Textile's Commitment to the Environment

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

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

9. Implementation of this Statement

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

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

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

EVENTS CALENDAR

UPCOMING EVENTS



July **08**, 2013

Board of Directors Meeting for Disposal of Fixed Assets.

October **03**, 2013

Human Resource and Remuneration (HR & R) Committee meeting for recommending to the board an increment in the compensation of the CEO, CFO, Head of internal Audit and other Senior Executives. Audit Committee and Board of Directors meeting to consider accounts of the Company for the year ended June 30, 2013.

October **26**, 2013

Annual General Meeting of shareholders to consider accounts of the Company for the year ended June 30, 2013.

October **31**, 2013

Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended September 30, 2013.

November **08**, 2013

Board of Directors Meeting opening of Bank Account with HMBL for dividend payment .

November **25**, 2013

Board of Directors Meeting for approval of Bonus Shares and for approval of fraction amount to Charitable Trust.

December **26**, 2013

Board of Directors Meeting for pursuant to the Order of the High Court of Sindh, Karachi for called an EOGM and creditors meeting in respect of amalgamation of Ihsan Raiwind Mills (Pvt.) Limited with and into Din Textile Mills Limited.

January **17**, 2014

Extra Ordinary General Meeting of shareholders and creditors meeting for approval of amalgamation of Ihsan Raiwind Mills (Pvt.) Limited with and into Din Textile Mills Limited on January 17, 2014.

February **27**, 2014

Audit Committee and Board of Directors meeting to consider accounts of the Company for the Half Year ended December 31, 2013

April **26**, 2014

Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended March 31, 2014.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27th Annual General Meeting of the Company will be held on Wednesday the 29th October 2014 at 12:15 p.m. at Pearl Continental Hotel, Kohinoor Hall, Club Road, Karachi.

1. To confirm the minutes of the Extra-Ordinary General Meeting of the Company held on 17th January 2014.
2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2014 together with Directors and Auditors Report thereon.
3. To appoint Auditors, and fix their remuneration.
4. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD
ISLAM AHMED
COMPANY SECRETARY

Karachi: October 03, 2014

Notes:

1. The share transfer books of the Company will remain closed from October 22, 2014 to October 29, 2014 (both days inclusive)
2. A Member entitled to attend, speak and vote at the Annual General Meeting may appoint another member as his/her proxy to attend the meeting and vote instead of him/her. A proxy in order to be effective must be received by the Company not less than 48 hours before the time of the meeting.
3. Members whose shares are deposited with Central Depository Company of Pakistan Limited are requested to bring their valid Computerized National Identity Cards along with the Participants I.D number and their account number in Central Depository Company of Pakistan Limited to facilitate identification at the time of Annual General Meeting. In case of proxy an attested copy of proxy's Identity Card, Account & Participants I.D. number be enclosed. In case of corporate entity, the Board of Directors, resolution / Power of attorney with specimen signature of the nominee shall be produced at the time of the meeting (unless it has been provided earlier).
4. Shareholders are advised to submit / send attested photocopy of their valid Computerized National Identity Card (CNIC) as it is mandatory to be printed its number on Dividend Warrants vide CBR's S.R.O. 641 (i)/2005 dated June 27, 2005, SECP's Notice dated April 02, 2010 issued in respect of S.R.O. 286(I)/2005 dated March 31, 2005 & SECP's SRO Notification dated August 18, 2011, and also notify immediately of any change in their addresses to our **Share Registrar Services**, Central Depository Company of Pakistan Limited, CDC House, 99-B, Block-B, S.M.C.H.S., Main Shahra-e-Faisal, Karachi.



CHAIRMAN'S MESSAGE

"A Promise"

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

S. M. Muneer

Din Textile Mills Ltd. seeks to create value through a sustainable and holistic approach for all stakeholders. The process of engaging with all stakeholders in order to understand the societal context is long established and integrated into the business. The company has an ethical responsibility to address significant societal and environmental challenges such as increased demand for natural resources, water scarcity and continued climate change. As a forward thinking business, I am confident that the company will be able to turn these challenges into opportunities. For the business to prosper and deliver sustained shareholder value, the focus must be on the meaningful pursuit of value creation for all stakeholders.

The sustainability considers the key themes of how the business manages its six capitals (natural, human, manufacturing, social and relationship, financial and intellectual), and demonstrates the various initiatives undertaken by the business in this key arena. We do all continued efforts to ensure the highest standards of safety and occupational health.

Din Textile Mills Ltd. continues on the crucial journey of advancing various initiatives in the sustainability arena, The Board is looking to the future with optimism on the company's ability to meet the challenges and many exciting opportunities in achieving its business sustainability objectives, given its strong strategic platform, sustainable business practices and astute stakeholder engagement. I am immensely proud of the leadership demonstrated by management and recognize that stakeholder expectations continue to increase in various areas.

"The more in tune we are with nature and the more we actually observe our surroundings, the easier it is for us to adapt to change which results in more effective evolution."



Chairman's Review

As the chairman of Din Textile Mills Limited, I feel pleasure to present the Annual Audited Accounts along with the auditor's report there on for the year ended June 30, 2014.

Economic Environment

The outgoing year witnessed global recovery, and the global outlook indicates some optimism in economic activities. The world economy after witnessing a moderate growth of 2.1 percent in 2013 experiencing 3.0 percent growth in 2014 and outlook is even stable with 3.3 percent growth. This is driven by stronger growth in advanced economies, especially in the United States and also recovery in some emerging economies. The economy of the United States registered moderate growth in the first quarter of 2013, after stagnation in 2012. In the outlook, GDP projected to grow by 2.6 percent in 2014. After experiencing 1.3 percent in 2013, Japan's GDP is projected to grow by 1.6 percent in 2014. Growth is projected to accelerate for most advanced economies of the world. China is recognized the second largest economy in the world; many commodity-based economies have risen in recent years with China's growth.

The GDP growth accelerated to 4.14 percent in 2013-14, against the growth of 3.7 percent recorded in the same period last year, which is also highest as compared to last six years. The growth momentum is broad said, as it is recorded that all the three major sectors namely agriculture, industry and services have provided support to improve economic growth. The agriculture sector grew at the rate of 2.12 percent against the growth of 2.88 percent in the last year. The industrial sector expanded by 5.84 percent against the growth of 1.37 percent in last year, while large scale manufacturing posted a growth of 5.31 percent against the growth of 4.08 percent last year. The services sector grew at 4.29 percent as compared to 4.85 percent in last year.

The cotton having a share of 1.4 percent in GDP and 6.7 percent in agriculture value addition is an important source of raw material to the textile industry. During July-March 2013-14, textile industry fetched foreign exchange of US\$ 10.385 billion. During 2013-14, the crop was cultivated on an area of 2806 thousand hectares, 2.5 percent less than last year's area of 2879 thousand hectares. The production stood at 12.8 million bales during the period 2013-14 against the target of 14.1 million bales, showing decline of 9.2 percent against the target and decline of 2.0 percent over the last year production of 13.0 million bales. The cotton production is decreased due to fall in the area sown which is due to less rates of cotton nationally and internationally prevailed during last two years that discouraged the growers to put more area under crop and shifting the area to maize and rice crops in some districts of Punjab due to their better market returns.

The current fiscal year started with single digit inflation at 8.3 percent in July 2013 and maintained this trend till October 2013 on account of lower international market prices, domestically balanced supply position and appropriate monitoring of prices. Inflation increased in November 2013 to 10.9 percent on account of electricity prices adjustment combined with short term supply disruption of commodities due to cyclical factors. Inflationary pressures have tapered since December 2013, headline inflation CPI declined to 7.9 percent in January and February 2014. However, it again surged in March and April 2014 at 8.5 percent and 9.2 percent. The factor behind was increase in food inflation which increased to 9.9 percent on account of demand supply gap. Inflation during July-April 2013-14 averaged at 8.7 percent. There are many factors for increase in inflation. However, food prices were the important stimulant to drive the overall inflation.

Energy is the lifeline of an economy and is a vital input to sustain industrial, commercial and domestic activities. Energy disruptions and energy shortages not only result in loss of economic growth and employment but adversely affect social cohesion in the society. Energy crisis in Pakistan had been brewing since 2007 and deepened in 2012 which hugely negatively affected the economic growth and employment. Absence of effective planning, an economically and financially viable strategy and incapacitated regulator resulted in supply-demand gap. The situation has been further compounded due to high transmission and distribution losses, development of black-market for power and declining revenue collection. This led to persistent accumulation of circular debt. Consequently, the federal budget had to absorb huge quantum of subsidies to bridge the financial gaps in power sector threatening the fiscal stability on the one hand, and increasing the public debt.

The brief outlook for Pakistan has appreciated faster than expected manufacturing sector recovery and currency appreciation. A word of appreciation is also lent to improved electricity supply, but the government has a lot to do in this regard, to sustain increased power supply in the coming peak summer. Little seems to have been done in terms of actual energy sector reforms on ground and should that be delayed any further, the weak cotton production alone could wreck havoc for the country's economic outlook.

Although, consumer prices have subdued a little of late, the IMF has kept the projection for inflation in double digits, estimating 10 percent inflation for 2014. Much will depend on how quickly the government carries out reforms, especially in the energy sector and whether there will be more tariff rationalization in power and gas sectors.

The IMF World Economic Outlook 2014 expects advanced economies to lead global economic recovery in the next two years, which presents Pakistan an opportunity of sorts. Putting energy in order and being competitive in international market (particularly textile industry) could ease a lot of nerves and Pakistan could post a rather decent growth—much better than what IMF has projected.

Textile Out Look

The Textile industry is the largest manufacturing industry in Pakistan. It has traditionally, after agriculture, been the only industry that has generated huge employment for both skilled and unskilled labor and continues to be the second largest employment generating sector in Pakistan. Pakistan is the 8th largest exporter of textile products in Asia. This sector contributes 9.5% to the GDP and provides employment to about 15 million people or roughly 30% of the 49 million workforce of the country. Pakistan is the 4th largest producer of cotton with the third largest spinning capacity in Asia after China and India, and contributes 5% to the global spinning capacity. At present, there are 1,221 ginning units, 442 spinning units, 124 large spinning units and 425 small units which produce textile products.

Although the spinning industry is facing acute power and energy shortages, it registered the highest addition of 546,000 spindles during 2013, according the International Textile Machinery Federation (ITMF). Currently letters of credit for another 500,000 spindles have already been opened by the spinning industry and the machines have started reaching Pakistan. This is in addition to the 400,000 spindles that a Chinese company is relocating in Faisalabad and another 200,000 being relocated by another Chinese company at the Bin Qasim Industrial Park. After the addition of over 1.6 million spindles, the number of spindles in the country would increase to 13.6 million. China imported 6.21 million spindles in 2013, followed by 2.19 million spindles imported by India. For the first time in the last eight years Bangladesh did not import add any spindle for its spinning industry. According to the industries sources that around 100 spinning mills in the country have closed down due to power shortages and later events might have disappointed the industrial capital investment as government still failed to manage smooth energy and power supplies. As far as shuttle-less looms are concerned, Pakistani weavers did not add any new machine in 2013. This would further enlarge the structural imbalance in the textile industry. Pakistan is already producing surplus yarn, which it has to export because local weavers lack the capacity to use that yarn. With the addition of 1.6 million spindles the production of yarn would be further enhanced. The Yarn is the lowest value-added product in the textile value chain and the inability of the domestic

industry to consume this yarn would provide advantageous to Pakistan's competitors in the region. The addition of spindles in the industry during acute power shortages gives credence to the view that operating the spinning industry is viable even from self-generation. The main burden faced by the spinning sector was the 10 percent increase in the rupee's value against the dollar. If we minus this factor the industry was still viable. It cannot bear the combined impact of higher energy charges, 20 percent higher wages and 10 percent revaluation of rupee, they added.

The huge disparity that exists in the trade policies of India and Pakistan puts the Pakistani spinners at a further disadvantage. The yarn imports in India are levied with 10% duty while import duties make it more economical for the Indian weavers to buy locally produced cotton yarn. On the other hand, Indian yarn enjoys duty free entry in the Pakistani market as it is one of the zero rated sectors. Furthermore, Indian spinners get duty rebates of 2% - 4% from the government. Also, with textile sector predominantly being an export oriented sector, the recent appreciation of PKR/USD exchange rate parity is not welcoming news. This appreciation in value will result in the margins getting squeezed even further.

Limited energy supply, both electricity and gas, to the Punjab-based textile mills that constituted 70 percent of the total size of textile industry in Pakistan has proven a major hurdle in smooth operations and steady growth of textile industry. Accordingly exports of both yarn and fabric has registered 26 percent and 35 percent decline in quantity terms respectively during the last three months. It has further triggered serious supply chain issues for value added sector right from knitting to woven to the bed-linen, which have consequently failed to avail the Generalized System of Preferences (GSP) plus facility from the European Union. Serious energy supply constraints have also led to forced closures of production capacities to the extent of 40 to 50 percent, this apprehended large-scale bankruptcies in case energy security and affordability issues were not addressed immediately. Furthermore the industry will also be unable to procure cotton crop already started arriving in the market. Under the given circumstances, The Government to ensure uninterrupted electricity supply to industry and 250 million cubic feet per day gas supply to Punjab-based mills for in-house generation and consumption of 1,000 megawatts electricity besides an expeditious processing and liquidation of Sales Tax Refunds as per commitment of the Federal Finance Minister in the budget speech. The government to make announcement of Federal Textile Policy 2014-19 to enable the industry to overcome structural imbalances. Also US government should be pursued for market access facility in line with the GSP plus facility from the EU. This is the time to address seriously the issues confronting growth of textile industry, as the textile industry was the mainstay of Pakistan economy having backward and forward linkages to create employment and growth opportunities.

Marketing Activities

Textile exports accounted for a massive 58% to the total country's exports in FY13. Whereas, according to the data released by PBS, total textile exports of Pakistan stood at US\$6.9bn in 1HFY14 against US\$6.4bn in 1HFY13 showing a growth of 8%YoY. Furthermore, a 10%YoY depreciation in PR against the greenback added to the increasing export receipts. However, the exports are yet to reflect any impact from the grant of GSP+ status which we foresee rising up later in CY14. Pakistan's largest export market for Yarn is China. Chinese demand for the Pakistani yarn fell towards the end of last year as the country reported huge inventory of imported yarn. There also have been rumors regarding China discontinuing its Yarn procurement policy. This can hurt the export receipts of local textile sector. On the flip side, with reduction in Yarn demand from China. Local Yarn prices are expected to come down creating more demand in the local market. After devaluing by around 6pc against the dollar in the first six months of FY14 (1HFY14), the rupee surprisingly appreciated by 7pc in the January-March 2014 period, Exports become uncompetitive: The recent rupee hike has a direct impact on our export competitiveness, especially in the context of fierce regional competition from textile export hubs.

The import of Indian yarn by Pakistan is a serious threat to the Pakistani Spinning Sector. Deteriorating yarn margins in face of huge influx of cheap Indian yarn with Indian imports having gone up by 16% YoY in FY14, are likely to keep the profitability of the textile sector, predominantly a lower value adding industry, in check in 3QFY14.: Indian spinners, on back of the bumper cotton crop that India reported during current crop year, where

It reported ~8% jump in cotton production, are able to price their yarn at very competitive prices. Currently, a bag of yarn imported from India sells for around PKR7,000 - PKR7,500 per bag in the local market which is at a discount of 25% - 30% when compared to Pakistani yarn (selling~ PKR10,000 per bag). This increased import of Indian yarn has already resulted in squeezing of margins in the country and the prices of local yarn have already tumbled 6% since Feb14. Local spinning Industry had hoped for an uptick in local yarn consumption by the value added sector as a result of country entering the European GSP Plus program, however, the increase in demand has remained below expectation. With Chinese demand for local yarn taking a nosedive, as country reports excessive idle yarn volumes, this price competition is the last thing that the spinning sector had hoped for.

During the year under review your company try its best to Maintain its share in export market. But un competitive business environment within the country and outside the country due to sever energy shortage, high cost of doing business and lowering the yarn prices caused in decline of Export of yarn by 16.46% in quantity terms. Rapid increase in the value of Pak Rupees against dollar also have declining impact on the export realization of Company and reduce the margins of profits on already sold contracts.

Operational Review

Textile sector specially situated in Punjab have prime concern over the Energy crises, specially supplies of Gas to Captive power for self generation and consumption. The cost of doing business have increase due to usance of alternative fuel (Diesel & Furnace) for power generation and it effect the profitability of company badly. This disparity of supplies create uncompetitive environment with the country and internationally for Punjab based Textile units.

During the year under Review, keeping the policy to enhance the wealth of stake holder and achieving the economy of scale, your company Merged with its 100% owned subsidiary M/s Ihsan Raiwind Mills (Pvt) Limited having installed Capacity of 17,088 Spindles, this unit based on courser count which enable us to capture the new local market as well as international market under the Name of Din Textile Mills Ltd Already Well Recognized Brand in textile industry (Note. 1.4) further more your company renew the agreement with Brother Textile Mills Ltd having installed capacity of 17,280 spindle under license to operate and your management have intention to continue it for the next year to broad the customer based locally and internationally.

The world cotton production will outpace consumption for the fourth consecutive season by about 2 million tons, and forecast at 25.64 million tons during 2013-14, the lowest in four years as against 26.88 million tons recorded in previous year i.e., 2012-13, showing a decline of 4.6 percent. Production in United States and China are significantly less than last season due to unfavorable weather condition and a decrease in planted area. The world cotton consumption is forecast at 23.8 million tons in 2013-14 up by 2 percent from last season. The world cotton trade is projected at 8.4 million tons during 2013-14 as against 10.00 million tons in 2012-13, showing a decline of 15 percent due to decrease in imports by China. World cotton ending stocks for 2013-14 are forecast at 20.32 million tons as against 18.44 million tons in 2012-13.

At Domestic level the prices of raw cotton during the year 2013-2014 posted gains to Rs. 6750 per mound (37.324 kgs) as compared to Rs. 6150 in year 2012-13 which is higher than Rs. 600 per 37.324 Kgs mound recorded in 2012-13.

The Annual Production and yield Targets are achieved. This Allowed us to meet enhanced market demand in spite of excessive nationwide load shedding of electricity and gas. The management team of your company emphasized the need to be the strategically prepared for emergency and crises situations. During the year Din Textile Mills Limited Produced Million 27.268 Kgs yarn as compared to 22.961 Million Kgs in last year there by achieving an average capacity utilization of 85.37% as against 85.39% during the last year. 91,737 out of 98,304 spindles remained operational during the year which attended 93.32% utilization of installed capacity as compare to 77,636 working spindle out of 81,216 spindle having 95.59% utilization of installed capacity in last year. Reduction in working efficiency mainly due to unstable supply of power.

Current year production data shows Merged date (of Din Textile with Ihsan Mills 100% own subsidiary) where as last year data relates to Din Textile Mills Ltd. Only.

Financial Review

The current year figures represent merged data of Din Textile Limited with Ihsan Raiwind Mills (pvt) Limited 100% own subsidiary. These merged figures came into effect from 1-7-2013, whereas the last year figure only represents Din Textile Mills Limited.

The Management at Din Textile is capable of facing the grave challenges imposed by the local and global economy. It has comprehensive plans on managing the future growth of Company while keeping abreast with the environment and the stake holder's expectations. The financial Performance of your company for the years 2013-14 reflect stable performance as it Sales revenue surged to Rs. 10.211 Billion (FY 2012-13 Rs. 8.29 billion) and Profit Before Tax (PBT) Rs. 3.80 million (FY 2012-13 Rs. 818.59 million). The PBT exhibit a reduction of 10.03% i-e 0.04% of Sale where as it was 10.07% of sales in last year this is mainly due to economic condition of country and high input cost due to serious shortage of gas and power, increase in value of Rupees against Dollar and increase in rate of Power and minimum wages of labor.

On going cost saving and controlling initiatives were taken to particularly offset the negative impact of escalating input costs. Din Textiles is committed to enhancing its' product base by diversifying in to low cost high quality products with high financial returns. That we believe in People Planet and Profits (Three PPP's). Cost of Sale %age as compare to sale Increased by 9.87%. it was Rs. 9.536 billion (93.40% of sale) in year 2013-14 where it was 6.908 billion (83.27%of sale) in year 2012-13. the Increase in cost is mainly due High in put cost (i-e increase in rate of power, gas ,and minimum wages).

Company made considerable efforts and motivative measure to promote a cost conscious culture without compromising on quality of work and product in all facts of the business with decrease of 0.72% in Distribution cost, Administrative expenses, and other Operating Expenses as compare to sales percentage it is 2.54% of sales in year 2013-14 where as it was 3.26% of sales in year 2012-13. where as inspite of expansion of operation the financial cost only increased by 0.5% of sales, it is 4.10% of sales in year 2013-14 and 3.60% of sales in year 2012-13. The slight increase of Finance cost is mainly due to best management of working capital and JIT policy of procurement, Decrease in Distribution , administration, and other operating cost is due to the better negotiation in prices of logistic and other means of distribution and others in spite of increase in oil prices, logistics rates, minimum wage rate and inflationary economic conditions.

During the FY 2013-14 the company's cash flow from operation after working capital changes and payment of income tax, finance cost, WPPF and staff retirement benefits shows cash generating of Rs. 655.218 million. After adjustment of investment and financing activities of Rs. 550.85 and 32.37 million, The Company generate a net cash of 71.99 million during the year, But due to negative cash flow of Rs. (630.495 million) related to subsidiary company merged in to accounts in current year the cash and cash Equivalent at the end of year shows an amount of overdrawn RS. 686.84 million.

In view of the above financial result rendered by the Company for the year 2013-14, We are putting our best efforts to focused on driving forward our financial performance which helping us to sustain long term growth and deliver industry leading return to our stakeholders in future.

Dividend

Inline with the philosophy of sharing it success with all of its key stake holders Din textiles has always maintained a healthy payout ratio in the form of dividend and bonus shares. Continuing this tradition, the Company paid interim cash dividend of RS. 2.5 per share i-e 25% amounting to Rs. 56,054,220/=(FY 2012-13 NIL) in year 2012-13 company paid Final dividend of Rs. 5 per share i-e 50% amounting to Rs. 101,916,765/= and 10% bonus shares i-e Rs. 1/= per share amounting to Rs. 20,383,350/= In view of adverse economic condition Specially from 2nd. half of current financial year cash flow of your company does not permit dividend payouts, therefore your directors have regrettably decided to omit any further dividend this year.

Contribution To National Exchequer

Being as an active and Leading Corporate person, Din Textile contribute towards the national economy on account of taxes and other levies. During the year under review your company paid 433.96 million as cost of finance , contribute to the foreign reserves of the country US\$ 30.15 million as direct exports. It is heartening to note that being a true patriot Din textile accrued to government in term of Tax payment amounting to Rs. 207.15 million as compare to Rs. 166.61 million last year.

Research & Development

Dint Textile believes in market driven approach and stands committed to invest to satisfy our customer need. Our focused and continuous investment in BMR brining the update technology during the year under review your company Spent Rs. 507.84 million on capital expenditure .The invest portfolio of the company has been realigned as per changing market needs. There is an emphasis on team achievements and pride in individual accomplishment that contribute to our over all success. .

Information Technology

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

Health, Safety and Environment

In an environment of Increasing regulatory interest and awareness of safety hazard, Din Textiles seeks to prevent injury and illness through the implementation and ongoing development of proactive work health and safety management system. Din Textile strive to full integrate health and safety into all aspects of its activity by providing professional and technical safety advice, Continuous improvement and testing of emergency response procedures. Din is committed to align its activities in the line with international standards and industry best practices to achieve ultimate goal of incident free environment in sustainable manner.

The company has conducive environment for its employees, to work free of injury and illness. The employees are capable and accountable for preventing work related injuries and illness. The Company also requires adoption of sound occupational health and safety management practices by our contractors and suppliers. The company also has a first aid facility for providing emergency treatment.

HR Management and Employment Relations

We firmly believe that it is our people who make us different from our competitors. Our people are our main assets and therefor we should put everything needed in place to win with our people. As we continue to evolve in the new reality, by attracting the best and retain the best. We equip them with up to date knowledge and skills to create and sustain a culture of high performance in a competitive business environment. Continuing Trainings to be an important factor which supports and build organizational capability for continual innovation and change.

Din has successfully fostered a performance based remuneration culture. it endeavors to ensure that employees are regularly trained and well looked after ensure high levels of performance delivery. At Din's Textiles all executive and management staff are allow to get advance training, attend courses and seminars in the area of soft and technical skills. Advance training courses facilitate the staff to acquire knowledge and keep themselves abreast of development in their professional field.

Corporate Social Responsibility (CSR)

Din's CSR policy is driven by the imperative need to positively touch the lives of its stake holders, At Din's we

remain committed towards supporting the Communities where we live and operate through various social and community initiatives. In this direction, our key areas of focus include health care, education and sports. During The past 27 years Din's philosophy remained to conduct business in an ethical and responsible manner, bringing development to the land where its operates. The Company takes on social initiative which it considers that its contribution would improve the live of its communities.

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

Future Outlook

Despite the challenged external environment and having pragmatically provided for eventual impairments we remain optimistic about the future. We are focusing on the growth of quality assets and business, backed by our efficient and robust operating platform. We are placing emphasis on bolstering client relationship, offering them innovative and technology based solutions, while improving the overall control environment. We aim to promote a culture where actions and responsibilities are aligned while recognizing the values of respect, inclusiveness and uncompromised integrity, creating a sustainableness and growing organization for times to come

As for as cotton is concerned all market indicator show that cotton prices in 2014-15 remain under pressure and goes in bearish trend. China's imports are expected to decline by 30 percent to 2.2 million tons in 2014-15, as it tries to sell off its reserves. Bangladesh, Indonesia, and Vietnam are expected to be the next three largest importers in 2014-15, as cotton consumption has been slowly moving from China to countries with lower cost of production. The volume of cotton traded internationally is expected to decline by 12 percent from 9 million tons in 2013-14 to 8 million tons in 2014-15, mainly due to 26 percent fall in imports by China to which would be the second season in which international cotton trade declined.

The reduction in yarn prices seem to continue in year 2014-15 also and if import of yarn from India not to be monitored seriously the spinning sector of Pakistan will be affect badly.

Acknowledgment

We take this opportunity to thanks our valued share holders, customers, supplier, and financial institutions for their continue and sustained support in ensuring the progress of the Company.

We would like to place on record our appreciation for the untiring efforts, teamwork and dedication shown by the Company's employees during the year under review.

On behalf of the Board of Directors

S.M. Muneer
Chairman



Directors' Report

The directors are pleased to present the 2014 Annual report together with the audited Financial Statements of the company for the year ended June 30, 2014.

Financial Result

	Year ended June 30	
	2014	2013
Rupees in '000'.....	
Profit & Loss Appropriations		
Un-appropriated Profit brought forward	1,679,458	937,760
Effect of merger of subsidiary - note 1.4	(99,519)	-
Profit after Tax	(120,356)	741,698
Dividend for the year ended June 30, 2013 @ Rs 5 /- per share	(101,917)	-
10% Bonus share issue for the year ended June 30, 2013 @ Rs 1 /- per share	(20,383)	-
Interim dividend for the half year ended December 31, 2013 @ Rs 2.50/- per share	(56,054)	-
Un-appropriated Profit carried forward	1,281,230	1,679,458
Earning Per share	(4.96)	32.77

Chairman's Review

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

Operational Performance

	Year ended June 30		
	2014	2013	Inc./ (Dec.)
Rupees in '000'.....		
			%age
Total Sales	10,211,074	8,296,374	23.08
Local Sales	4,110,558	1,440,469	185.36
Export Sales	6,251,515	6,981,337	(10.45)
Commission & Claims	(150,999)	(125,432)	
Gross Profit / (Loss)	674,349	1,388,196	51.42

Salient Feature of the Accounting Results

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

	Year ended June 30	
	2014	2013
Rupees in '000'.....	
Sales	10,211,074	8,296,374
Cost of Sales	(9,536,724)	(6,908,178)
Gross profit	674,349	1,388,196
Distribution cost	(127,603)	(112,634)
Administrative Expenses	(129,257)	(111,690)
Other operating expenses	(2,779)	(62,016)
Finance cost	(418,690)	(298,664)
	(678,328)	(585,004)
Other Income	7,777	15,394
Profit before Tax	3,797	818,587

Merger

Ihsan Raiwind Mills Limited (Private) Limited ("IRML") was subsidiary of the Company by virtue of its 100% shareholding as at 30 June 2013. Shareholders of the Company in their Extra Ordinary General Meeting held on 17 January 2014 approved the proposed Scheme of merger of IRML with the Company. The Scheme was sanctioned on April 28, 2014 by the Honorable High Court of Sindh and submitted to the registrar. The Scheme envisages the merger by way of deemed transfer of all assets and liabilities of IRML to the Company at their respective book values, as disclosed in the financial statements of IRML as of close of business on June 30, 2013 ("Effective Date").

Details of the assets and liabilities transferred by IRML and used for merger, on the basis of their respective book values as on the Effective Date, as presented in Note # 1.4 Notes to the Accounts

Financial Management

Cash Flow Management

During the year an amount of Rs. 723.188 million was Generated from company operating activities before taking the effect of changes of working capital, this is mainly due to effective cost control measures, inspite of continues increase in direct costs e.g minimum wages and fuel & power, Rs. 1,572.539 Million was generated from working capital by reducing stocks , trade debts and loans and advances. At the end of the year 2014 the liquid fund position comprising of cash and cash equivalents amounting to Rs. (686.835) Million.

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

The Board is satisfied that there are no short or long term financial constraints including accessibility to credit and a strong balance sheet with June 2014 with current Ratio 0.99 : 1.00

Risk Mitigation

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

Credit Risk

All financial assets of the company except cash in hand are subject to credit risk. The company believes that it is not exposed to major concentration of credit risk. Exposure is managed through application of credit limits to its customers secured by and on the base of past experience, sales volume, consideration of financial position, past track records and recoveries, economic conditions of particularly the textile sector and generally the industry. The company believes that it is prudent to provide provision of doubt full debts.

Liquidity Risk

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

Interest Rate Risk

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

Foreign Exchange Risk.

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

Production Facilities

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

Related Parties

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

Corporate Governance

The Company is committed to standards of corporate governance to ensure business integrity and upholding the confidence of all the stake holders. The Board of Directors is accountable to the share holders for good corporate governance. The management of the company is continuenig to comply with the provision of best practices set out in the Code of Corporate Governance particularly with regards to independence of non executive Director.

The company remains committed to conduct its business in the line with listed regulations of Stock Exchanges, which clearly defines the rules and responsibilities of the Board of Directors and the management. Vision and Mission statements, Core Values, and Code of Conduct have been prepared and approved by the Board. Significant policies as required under the Code of Corporates Governance have been framed and are under review of the Board.

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

The Directors are pleased to state that:-

Disclosures under Code of Corporate Governance Corporate and Financial Reporting Framework

- a)- The Financial statements together with the notes thereon have been drawn up by the management in conformity with the Companies Ordinance 1984. These statements present fairly the Company's state of affairs, the results of its operation, cash flow and changes in equity
- b) Proper books of accounts of the company have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimate are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.
- e) The system of internal control and other such procedure which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in control will be removed.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations.
- h) The key operating and financial data for last six years in summarized form annexed.
- i) The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.
- j) The significant plans and decisions along with future prospects have been outlined in the Chairman's Review.

Material Changes

There have been no material changes since June 30, 2014 other than mentioned in the audited financial statements of the company for the year ended June 30, 2014 which would effect its financial position at the date.

Board of Directors

The Board of Directors comprises of 3 Executive Directors, and 4 Non Executive Directors one of them is Independent Director. Current member of the Board of Directors have been listed in the company information.

Board of Director Meetings

During the year under review eight meetings of the board of directors were held from July 2013 to June 2014. The attendance of the board member was as follows.

<i>NAME OF DIRECTORS</i>		<i>NO. OF MEETINGS ATTENDED</i>
1	Shaikh Mohammad Muneer (Non-Executive Director)	8
2	Shaikh Mohammad Pervez (Non-Executive Director)	7
3	Shaikh Muhammad Tarveer (Executive Director)	8
4	Mr. S. M. Naveed (Executive Director)	8
5	Mr. Faisal Jawed (Executive Director)	8
6	Mr. Farhad Shaikh Mohammad (Non-Executive Director)	7
7	Abdul Razzak Tarmuhammad (independent / Non-Executive Director)	7

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

Internal Controls and Audit

Din Textile has an independent Internal Audit Function. The Internal Audit function is as integral and effective part of the Company's corporate governance structure which provide the Management with adequate assurance that internal controls and the check and balance system is operating properly, identification of opportunities for implementation of better and cost effective controls, weaknesses in the existing system and processes and alternate procedures and corrective actions needed to strengthen the control system. During the year new Head of Internal Audit has been appointed he is duly qualified and meet the requirements for the appointment according to Code of Corporate Governance, and his remuneration and terms and condition of employment has been approved by the Board of Directors.

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

Orientation Course

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

Post Balance Sheet Events

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

Statement of Ethics and Business Practices

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

Statement of Compliance with the Code of Corporate Governance

The requirement of the Code of Corporate Governance set out by the stock exchanges in their listing regulations relevant for the year ended June 30, 2013 have been complied with. A statement to this effect is annexed with the report.

Web Presence

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

Board Evaluation

In compliance with CCG 2012, the Board has put in place a mechanism for the annual evaluation of Board's performance. Following are the major areas which will evaluation the Board's performance:

- Board composition and quality
- Board functions
- Financial performance of the company
- Statutory obligations
- Corporate Governance
- Risk management
- Human Resource Management
- Research and Development
- Business expansion

Auditors

Statutory Audit for the company for the financial year ended June 30, 2014 has been concluded and the auditors have issued their Audit Report on the company's Financial Statements, and the Statement of Compliance with Code of Corporate Governance. The Auditors Messrs.' Mushtaq & Company , Chartered Accountants, Karachi, shall retire at the conclusion of annual general meeting and they have indicated their willingness to continue as Auditors. They have confirmed achieving satisfactory rating by the Institute of Chartered Accountant of Pakistan (ICAP) and compliance with the Guideline on the Code of Ethics of the International Federation of Accountants (IFAC) as adopted by ICAP. The Board proposed their reappointment as auditor for the financial year ended June 30,2014 the engagement partner will be rotated in line with the requirement of Code of Corporate Governance.

Shareholding

The pattern of shareholding as at June 30,2014 along with disclosure as required under Code of Corporate Governance , is annexed.

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

Acknowledgment

The board of directors is always a source of guidance and support for the management and are well aware of the challenges that lie ahead and is determined to ensure growth, generate profits and create value for your company and we are confident that they will continue show the same dedications in the year ahead. We are pleased to acknowledge that the relation with employees remained cordial and harmonious throughout the year. The management recognizes and record its sincere appreciation to all employees for their continued dedication, commitment and hard work for the growth and prosperity of the company, with out which this performance would not have been possible.

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

On behalf of the Board of Directors

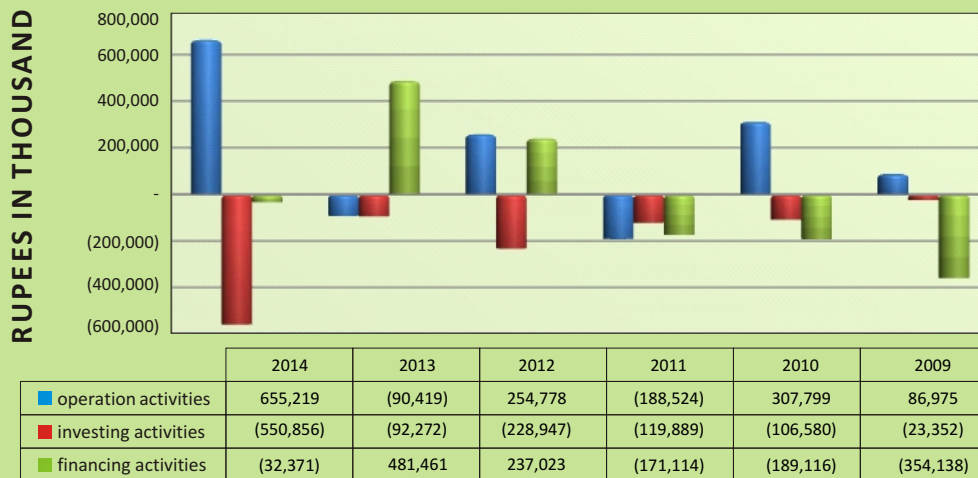
SHAIKH MUHAMMAD TANVEER
Chief Executive



SUMMARY OF CASH FLOW STATEMENT

	Year ended June 30					
	2014	2013	2012	2011	2010	2009
 Rupees in '000'					
Cash Flows from / (Used in)						
Operation activities	655,219	(90,419)	254,778	(188,524)	307,799	86,975
Investing activities	(550,856)	(92,272)	(228,947)	(119,889)	(106,580)	(23,352)
Financing activities	(32,371)	481,461	237,023	(171,114)	(189,116)	(354,138)
Net Cash Flows	71,992	298,770	262,854	(479,527)	12,103	(290,515)
Opening Cash and Cash Equivalents	(128,332)	(427,101)	(689,955)	(210,428)	(1,038,163)	(747,648)
Cash and cash equivalents of subsidiary merged	(630,495)	-	-	-	-	-
Closing Cash and Cash Equivalents	(686,835)	(128,332)	(427,101)	(689,955)	(1,026,059)	(1,038,163)

SUMMARY OF CASH FLOW STATEMENT

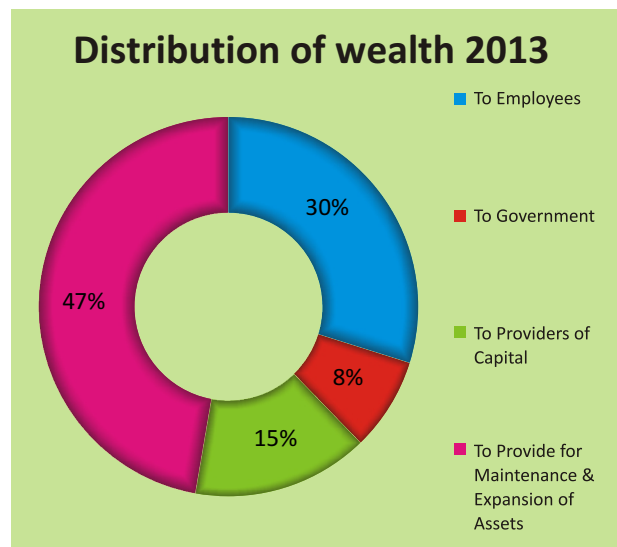
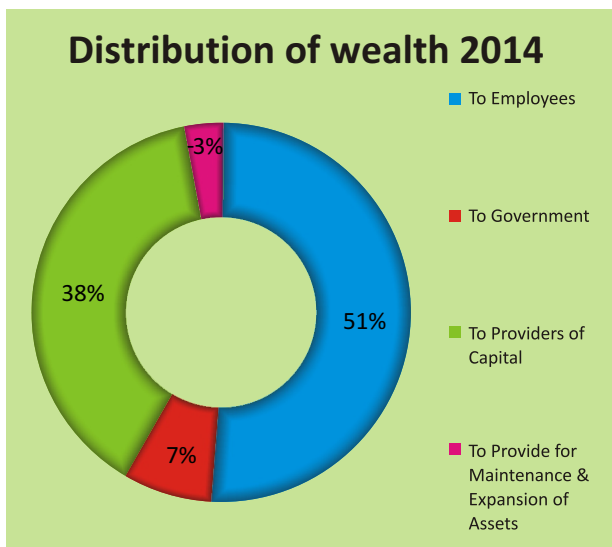


Six Years at a Glance

	YEAR ENDED JUNE 30						
	2014	2013	2012	2011	2010	2009	
Operating Results:							
Sales-net	(Rs 000)	10,211,074	8,296,374	7,358,489	7,574,654	4,599,879	3,641,778
Cost of Sales	(Rs 000)	9,536,724	6,908,178	7,563,546	6,099,469	3,767,900	3,324,878
Gross Profit / (Loss)	(Rs 000)	674,349	1,388,196	(205,057)	1,475,185	831,979	316,901
Operating Profit / (Loss)	(Rs 000)	414,711	1,101,856	(450,293)	1,241,197	623,503	217,619
Profit / (Loss) Before Tax	(Rs 000)	3,797	818,587	(833,895)	925,683	414,042	84,893
Profit/ (Loss) After Tax	(Rs 000)	(111,295)	734,663	(669,487)	851,352	359,879	32,547
Dividends	(Rs 000)	56,054	101,917	-	40,767	37,061	-
Earning / (Loss) before interest, taxes, depreciation & amortization(EBITDA)	(Rs 000)	671,040	1,285,558	(260,612)	1,421,686	797,705	414,571
Per Share Results and Returns:							
Earning / (Loss) per share	(Rupees)	(4.96)	32.77	(32.84)	41.77	17.66	1.76
Cash Dividend per Share	(Rupees)	2.50	5.00	-	2.00	2.00	-
Dividend yield ratio	(%)	4.10	29.41	-	7.26	7.43	-
Dividend payout ratio	(%)	(50.37)	13.87	-	4.79	10.30	-
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	61.00	17.00	17.00	27.55	26.90	12.91
Price Earning Ratio	(Times)	(12.29)	0.52	(0.52)	0.66	1.52	7.35
Financial Position:							
Reserves	(Rs 000)	1,681,230	2,089,835	1,362,753	2,073,007	1,277,246	917,367
Current Assets	(Rs 000)	3,388,066	4,507,036	2,511,156	3,975,148	1,734,752	1,423,325
Current Liabilities	(Rs 000)	3,433,022	3,109,746	2,398,881	3,031,932	1,691,536	1,380,077
Net Current Assets / (Liabilities)	(Rs 000)	(44,957)	1,397,290	112,275	943,216	43,216	43,248
Property Plant & Equipment	(Rs 000)	2,670,683	1,635,532	1,695,685	1,637,141	1,670,162	1,736,468
Total assets	(Rs 000)	6,142,400	6,343,980	4,361,966	5,625,629	3,417,482	3,166,895
Long Tern Debt (except Director Loan)	(Rs 000)	1,027,422	1,059,793	578,332	341,310	262,424	201,539
Shareholders' equity	(Rs 000)	1,905,446	2,293,668	1,566,587	2,276,840	1,462,549	1,102,670
Capital Employed	(Rs 000)	2,709,378	3,234,234	1,963,085	2,593,697	1,725,947	1,786,818
Share Capital	(Rs 000)	224,217	203,834	203,834	203,834	185,303	185,303
Break up value per share	(Rupees)	84.98	112.53	76.86	111.70	78.93	59.51
Financial Ratio:							
Current ratio	(Times)	0.99	1.45	1.05	1.31	1.03	1.03
Long-Term Debt to Capitalization	(%)	82.09	83.87	73.94	62.61	58.61	52.10
Debt to Total Assets	(%)	29.09	19.58	24.76	19.36	38.42	39.60
Return on equity	(%)	(5.84)	32.03	(42.74)	37.39	24.61	2.95
Return on capital employed	(%)	(4.11)	22.72	(34.10)	32.82	20.85	1.82
Quick Acid test ratio	(Times)	0.49	0.84	0.53	0.66	0.43	0.58
Earnings / (Loss) before interest, taxes depreciation & amortization margin (EBITDA)	(%)	6.57	15.50	(3.54)	18.77	17.34	11.17
Dividend cover ratio(%)	(%)	(1.99)	7.21	-	20.88	9.71	-
Bonus Share issued	(Rs 000)	-	20,383	-	-	18,530	-
Debt to Equity Ratio	(Times)	0.54	0.46	0.37	0.15	0.18	0.18
Profitability Ratios:							
Gross Profit / (Loss) Ratio	(%)	6.60	16.73	(2.79)	19.48	18.09	8.70
Net Profit / (Loss) Margin	(%)	0.04	9.87	(11.33)	12.22	9.00	2.33
Interest Coverage	(Times)	1.01	3.74	(1.06)	3.80	2.94	1.60
No. of days in Receivable	(Days)	42.68	69.48	49.88	48.23	43.48	56.22
No. of days in Payable	(Days)	15.28	13.69	13.33	11.13	15.04	17.16
No. of Days in Inventory	(Days)	69.98	86.87	87.79	93.92	66.85	71.06
Cash Operating Cycle	(Days)	97.38	142.66	124.34	131.02	95.28	110.12
Debtors turnover ratio	(Times)	8.55	5.25	7.32	7.57	8.40	6.49
Creditor Turnover ratio	(Times)	26.33	28.12	28.29	36.05	27.24	26.69
Inventory turnover	(Times)	5.22	4.20	4.16	3.89	5.46	5.14
Fixed Assets Turnover	(Times)	3.82	5.07	4.34	4.63	2.75	2.10
Total Assets Turnover	(Times)	1.66	1.31	1.69	1.35	1.35	1.15
Other Data:							
Depreciation & Amortization	(Rs 000)	248,553	168,307	167,706	165,920	170,199	187,217
Capital Expenditure	(Rs 000)	507,842	113,083	232,468	138,516	106,460	28,000

STATEMENT OF VALUE ADDED

WEALTH GENERATED	2014		2013	
Gross Sales Revenue	10,362,072,370		8,421,806,668	
Other Receipts	7,776,677		15,394,311	
Less:				
Material & services				
Material & Factory cost	8,587,299,541		6,234,840,215	
Administrative & other	37,874,565		34,880,982	
Distribution	127,603,252		112,633,766	
Broker's Commissions	150,998,703		125,432,200	
Value Add	<u>1,466,072,986</u>	100	<u>1,929,413,816</u>	100
WEALTH DISTRIBUTED		%age		%age
To Employees	805,404,027	54.94	576,407,766	29.87
Salaries & benefits				
To Government	113,732,575	7.76	83,923,852	4.35
Tax	203,945	0.01	43,908,422	2.28
Worker Profit Participation fund	77,499	0.01	16,685,200	0.86
Worker Welfare Fund				
To Providers of Capital	157,970,985	10.78	-	-
Dividend to Share Holders	20,383,350	1.39	-	-
Bonus to Share Holders	(7,130)	(0.00)	-	-
Short Term Investment	418,689,879	28.56	298,664,105	15.48
Mark up/Interest on Borrowed Fund				
To Provide for Maintenance & Expansion of Assets				
Depreciation	248,327,943	16.94	168,126,244	8.71
Profit Retained	(298,710,087)	(20.38)	741,698,227	38.44
	<u>1,466,072,986</u>		<u>1,929,413,816</u>	



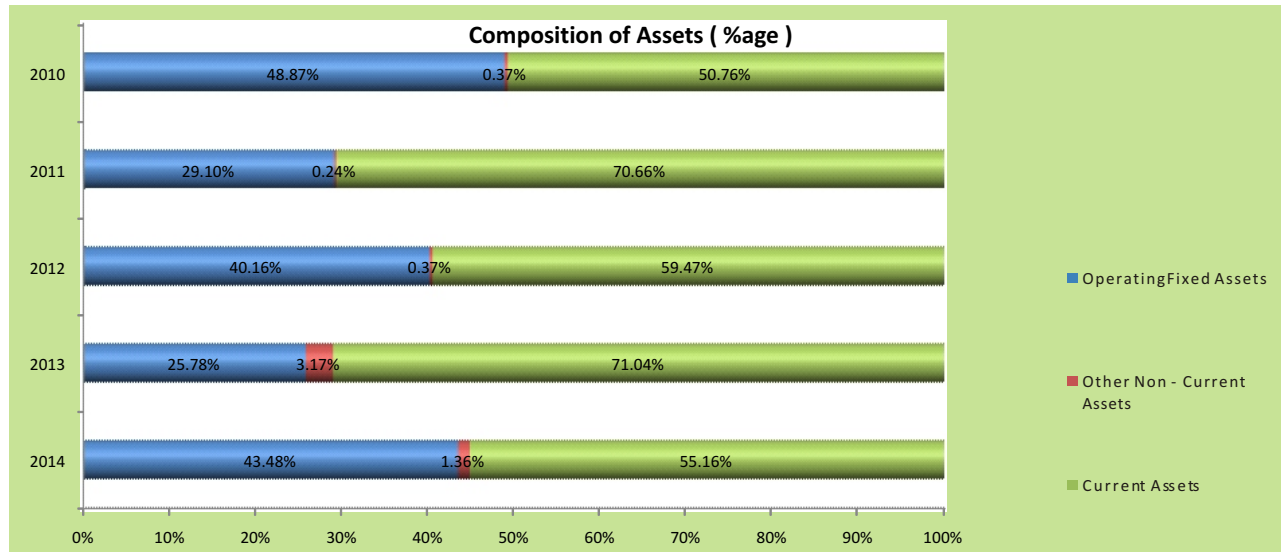
HORIZONTAL ANALYSIS

	2014	Variance vs Last Year Increase/ (Decrease) %	2013	Variance vs Last Year Increase/ (Decrease) %	2012	Variance vs Last Year Increase/ (Decrease) %	2011	Variance vs Last Year Increase/ (Decrease) %	2010
..... (Rupees in million).....									
Operating Results									
Sales - net	10,211	23.08	8,296	12.75	7,358	(2.85)	7,575	64.67	4,600
Cost of sales	(9,537)	38.05	(6,908)	(8.66)	(7,564)	24.00	(6,099)	61.88	(3,768)
Gross profit / (loss)	674	51.42	1,388	(776.98)	(205)	(113.90)	1,475	77.31	832
Distribution cost	128	13.29	113	(20.22)	141	64.79	86	(10.49)	96
Administrative expenses	129	15.73	112	9.00	102	11.77	92	13.45	81
Other operating expenses	3	(95.52)	62	3822.20	2	(97.21)	57	77.24	32
Finance cost	419	40.19	299	(26.36)	406	22.87	330	54.63	213
Other operating income / (loss)	8	(49.48)	15	(29.95)	22	50.82	15	264.01	4
Profit / (loss) before taxation	4	99.54	819	(198.16)	(834)	(190.08)	926	123.57	414
Provision for taxation	(115)	37.14	(84)	(151.05)	164	(321.18)	(74)	37.24	(54)
Profit / (loss) for the year	(111)	115.15	735	(209.74)	(669)	(178.64)	851	136.57	360
Balance Sheet									
NON CURRENT ASSETS									
Property, plant and equipment	2,671	63.29	1,636	(3.55)	1,696	3.58	1,637	(1.98)	1,670
Long term loans and advances	-	0.00	-	0.00	-	0.00	-	(100.00)	0.37
Long term deposits	15	2.60	15	(2.59)	16	16.19	13	9.39	12.19
Long term Investment	-	100.00	45	0.00	-	0.00	-	0.00	-
Deffered Taxation Assets	68	(51.87)	142	100.00	140	0.00	-	0.00	-
Total non current assets	2,754	49.94	1,837	(0.75)	1,851	12.14	1,650	(1.92)	1,683
CURRENT ASSETS									
Stores, spare parts and loose tools	367	37.28	267	118.79	122	(16.52)	146	3.94	141
Stock in trade	1,325	(19.02)	1,636	45.05	1,128	(38.57)	1,836	112.34	865
Trade debts	1,194	(24.40)	1,579	57.05	1,006	0.46	1,001	82.69	548
Loans and advances	47	(93.72)	755	963.12	71	(91.77)	863	857.48	90
Trade deposits and short term prepayments	9	47.89	6	6.94	6	35.84	4	67.20	2
Other receivables	10	(75.28)	42	1101.85	4	2389.21	0	(13.56)	0
Tax refunds due from the Government	363	117.46	167	65.40	101	51.10	67	4.38	64
Cash and bank balances	73	34.75	54	(27.44)	74	28.69	58	134.46	25
Total current assets	3,388	(24.83)	4,507	79.48	2,511	(36.83)	3,975	129.15	1,735
Total assets	6,142	(3.18)	6,344	45.44	4,362	(22.46)	5,626	64.61	3,417
CURRENT LIABILITIES									
Trade and other payables	2,242	(14.67)	2,627	66.65	1,577	(23.26)	2,055	743.29	244
Accrued mark up and interest	69	(14.97)	81	27.72	63	(26.40)	86	93.98	44
Short term borrowings	760	316.60	182	(63.64)	502	(32.93)	748	(28.83)	1,051
Current portion of									
Long term financing	343	84.73	186	(16.51)	223	71.80	130	45.89	89
Long term financing from directors and others	-	0.00	-	0.00	-	0.00	-	0.00	250
Liabilities against assets subject to finance lease	19	(41.57)	33	(4.75)	35	150.85	14	(0.58)	14
Total Current Liabilities	3,433	10.40	3,110	29.63	2,399	(20.88)	3,032	79.24	1,692
WORKING CAPITAL	(45)	(103.22)	1,397	1144.53	112	(88.10)	943	2082.55	43
TOTAL CAPITAL EMPLOYED	2,709	(16.23)	3,234	64.75	1,963	(24.31)	2,594	50.28	1,726
NON CURRENT LIABILITIES									
Long term financing	658	(19.85)	821	199.39	274	57.73	174	21.24	143
Liabilities against assets subject to finance lease	7	(65.79)	20	(57.47)	47	94.52	24	47.59	16
Deferred liabilities									
Staff retirement benefits - gratuity	139	39.55	100	32.09	75	16.15	65	30.65	50
Deferred taxation	-	0.00	-	0.00	-	(100.00)	54	0.00	54
Total Non Current Liabilities	804	(14.53)	941	137.22	396	25.13	317	20.30	263
Net Worth	1,905	(16.93)	2,294	46.41	1,567	(31.19)	2,277	55.68	1,463
Net Worth Represented by:									
Issued, subscribed and paid up capital	224	10.00	204	0.00	204	0.00	204	10.00	185
Reserves	1,681	(19.55)	2,090	53.35	1,363	(34.26)	2,073	62.30	1,277
	1,905	(16.93)	2,294	46.41	1,567	(31.19)	2,277	55.68	1,463
Total liabilities	6,142	(3.18)	6,344	45.44	4,362	(22.46)	5,626	64.61	3,417

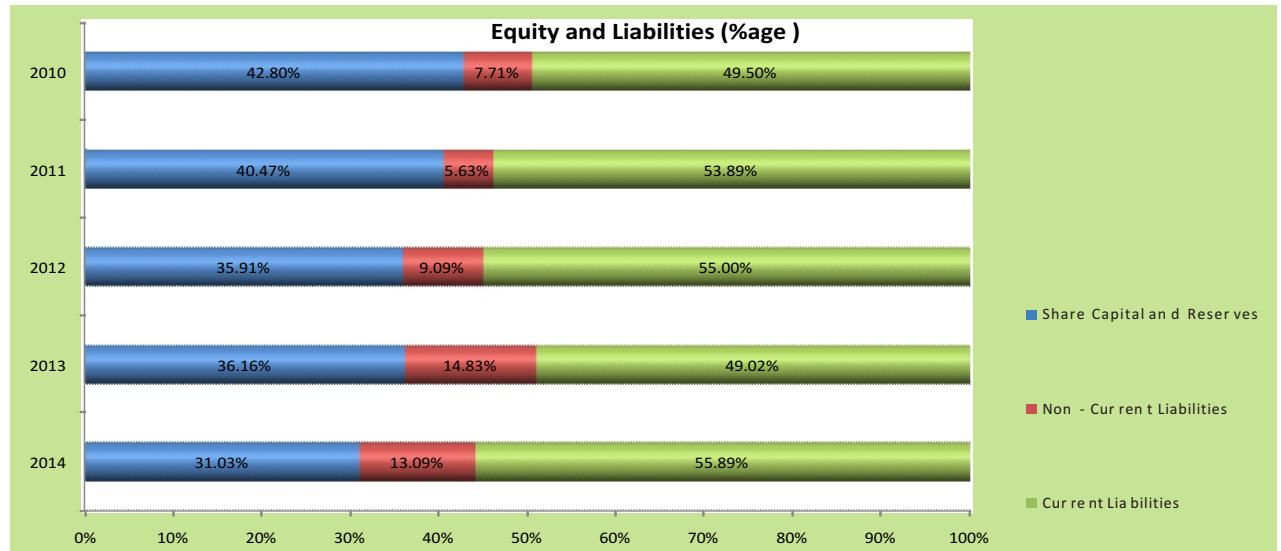
VERTICAL ANALYSIS

	2014	%	2013	%	2012	%	2011	%
.....(Rupees in million).....								
Operating Results								
Sales - net	10,211	100.00	8,296	100.00	7,358	100.00	7,575	100.00
Cost of sales	(9,537)	(93.40)	(6,908)	(83.27)	(7,564)	(102.79)	(6,099)	(80.52)
Gross profit	674	6.60	1,388	16.73	(205)	(2.79)	1,475	19.48
Distribution cost	128	1.25	113	1.36	141	1.92	86	1.13
Administrative expenses	129	1.27	112	1.35	102	1.39	92	1.21
Other operating expenses	3	0.03	62	0.75	2	0.02	57	0.75
Finance cost	419	4.10	299	3.60	406	5.51	330	4.36
Other operating income	8	0.08	15	0.19	22	0.30	15	0.19
Profit before taxation	4	0.04	819	9.87	(834)	(11.33)	926	12.22
Provision for taxation	(115)	(1.13)	(84)	(1.01)	164	2.23	(74)	(0.98)
Profit for the year	(111)	(1.09)	735	8.86	(669)	(9.10)	851	11.24
Balance Sheet								
NON CURRENT ASSETS								
Property, plant and equipment	2,671	43.48	1,636	25.78	1,696	38.87	1,637	29.10
Long term deposits	15	0.25	15	0.24	16	0.36	13	0.24
Long term Investment	-	0.00	45	0.70	-	0.00	-	0.00
Deffered Taxation Assets	68	1.11	142	2.23	140	0.00	-	0.00
Total non current assets	2,754	44.84	1,837	28.96	1,851	39.23	1,650	29.34
CURRENT ASSETS								
Stores, spare parts and loose tools	367	5.97	267	4.21	122	2.80	146	2.60
Stock in trade	1,325	21.57	1,636	25.79	1,128	25.86	1,836	32.64
Trade debts	1,194	19.44	1,579	24.89	1,006	23.05	1,001	17.79
Loans and advances	47	0.77	755	11.91	71	1.63	863	15.34
Trade deposits and short term prepayments	9	0.14	6	0.09	6	0.13	4	0.07
Other receivables	10	0.17	42	0.67	4	0.08	0	0.00
Advance income tax - net	363	5.91	167	2.63	101	2.31	67	1.19
Cash and bank balances	73	1.18	54	0.85	74	1.71	58	1.03
Total current assets	3,388	55.16	4,507	71.04	2,511	57.57	3,975	70.66
Total assets	6,142	100.00	6,344	100.00	4,362	96.80	5,626	100.00
CURRENT LIABILITIES								
Trade and other payables	2,242	36.50	2,627	41.42	1,577	36.14	2,055	36.52
Accrued mark up and interest	69	1.12	81	1.28	63	1.46	86	1.53
Short term borrowings	760	12.37	182	2.87	502	11.50	748	13.29
Current portion of								
Long term financing	343	5.59	186	2.93	223	5.10	130	2.30
Long term financing from directors and others	-	0.00	-	0.00	-	0.00	-	0.00
Liabilities against assets subject to finance lease	19	0.31	33	0.52	35	0.80	14	0.25
Total current Liabilities	3,433	55.89	3,110	49.02	2,399	55.00	3,032	53.89
WORKING CAPITAL	(45)	(0.73)	1,397	22.03	112	2.57	943	16.77
TOTAL CAPITAL EMPLOYED	2,709	44.11	3,234	50.98	1,963	41.80	2,594	46.11
NON CURRENT LIABILITIES								
Long term financing	658	10.71	821	12.94	274	6.29	174	3.09
Long term loan from directors and others	-	0.00	-	0.00	-	0.00	-	0.00
Liabilities against assets subject to finance lease	7	0.11	20	0.31	47	1.07	24	0.43
Deferred liabilities								
Staff retirement benefits - gratuity	139	2.26	100	1.57	75	1.73	65	1.15
Deferred taxation	-	0.00	-	0.00	-	0.00	54	0.96
Total Non Current Liabilities	804	13.09	941	14.83	396	9.09	317	5.63
Net Worth	1,905	31.02	2,294	36.16	1,567	32.71	2,277	40.47
Net Worth Represented by:								
Issued, subscribed and paid up capital	224	3.65	204	3.21	204	4.67	204	3.62
Reserves	1,681	27.37	2,090	32.94	1,363	31.24	2,073	36.85
	1,905	31.02	2,294	36.16	1,567	35.91	2,277	40.47
Total liabilities	6,142	100.00	6,344	100.00	4,362	100.00	5,626	100.00

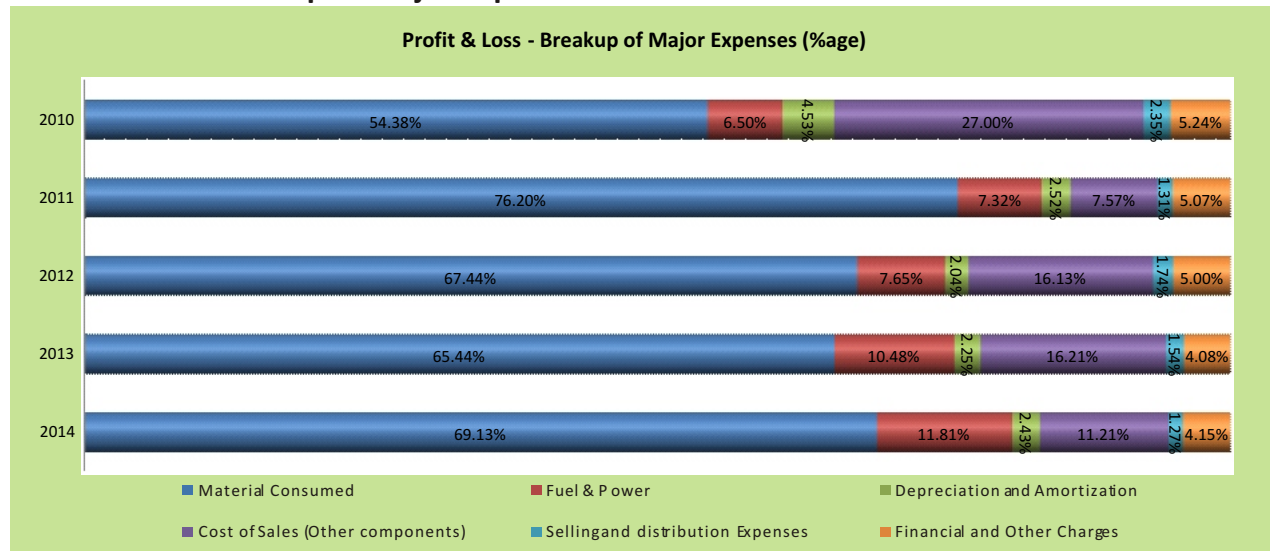
Composition of Assets



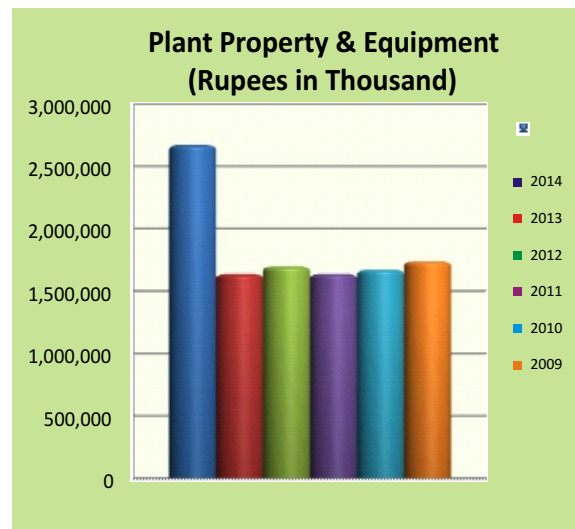
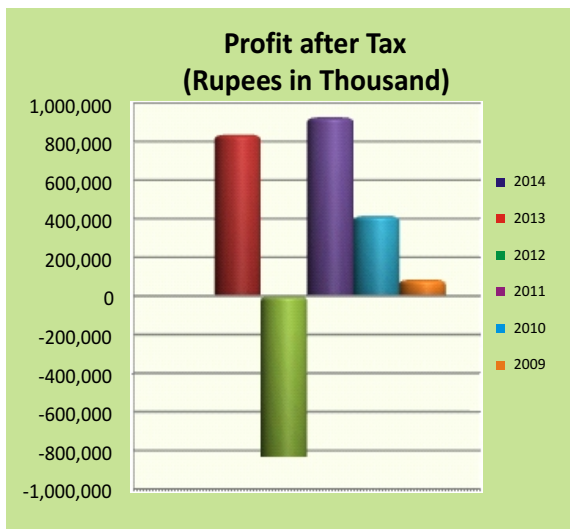
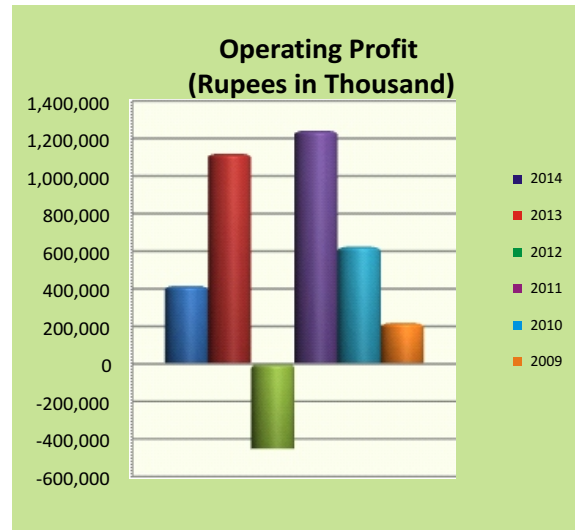
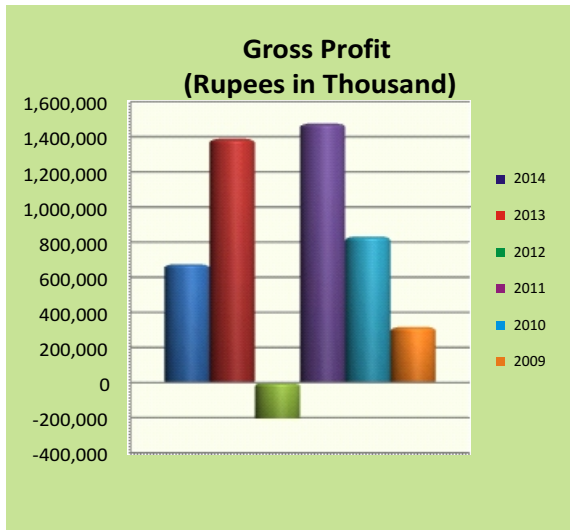
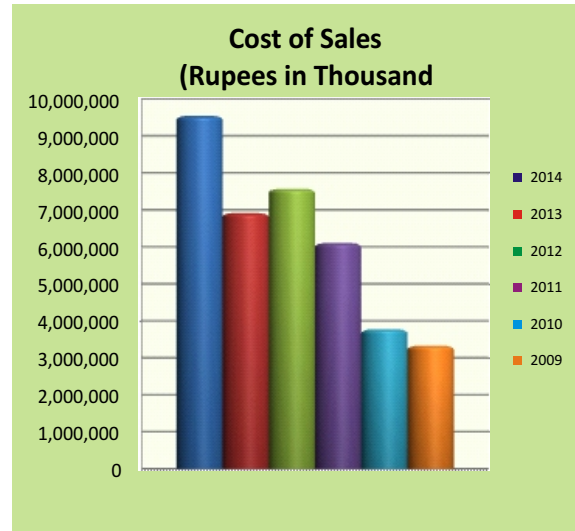
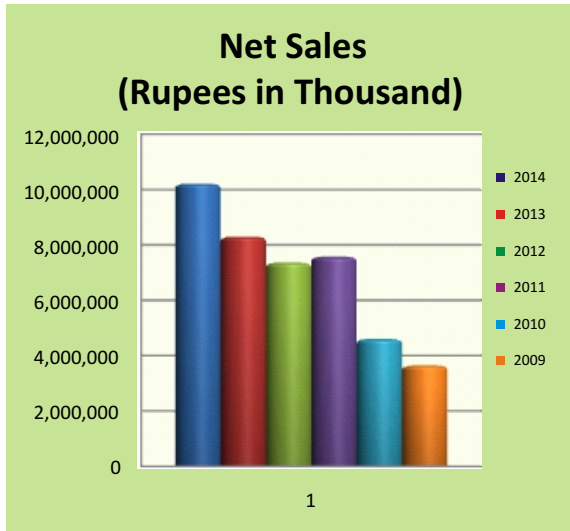
Equity & Liabilities



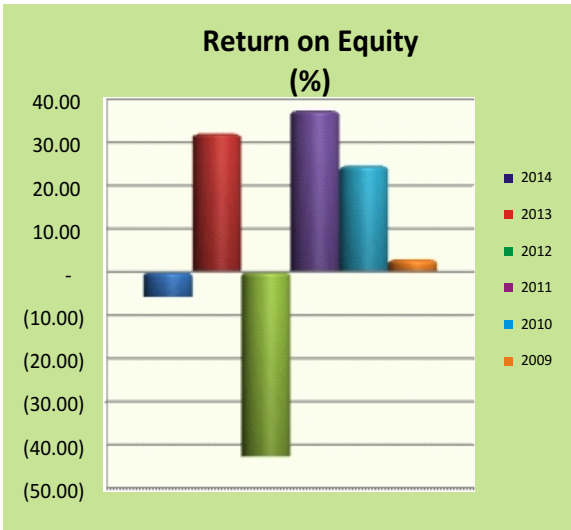
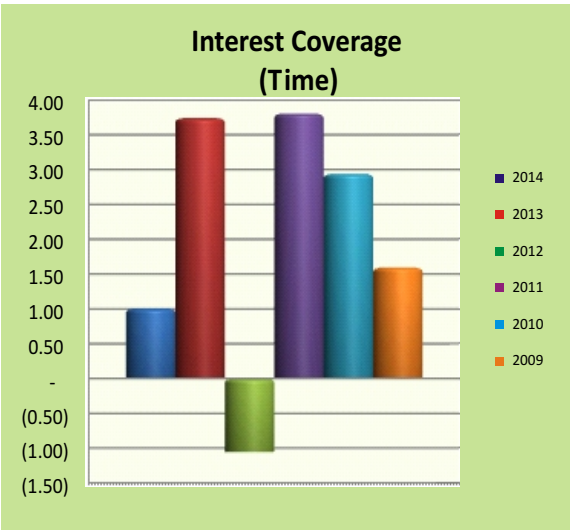
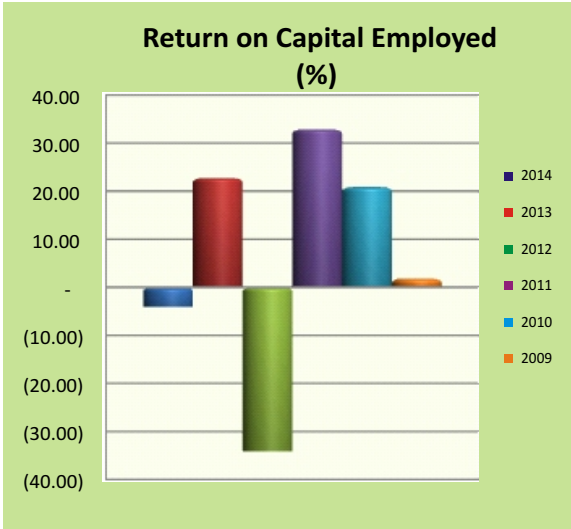
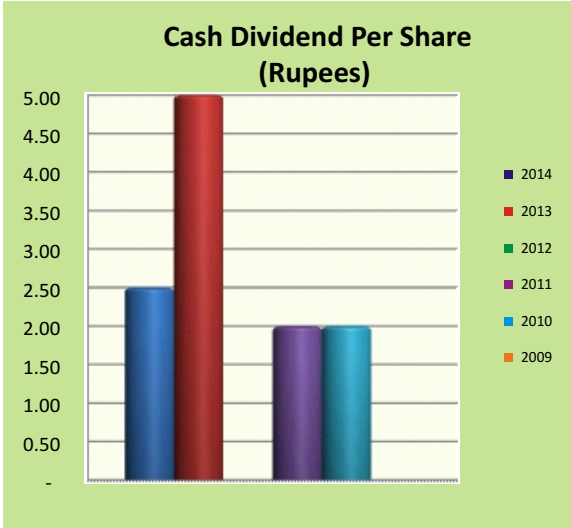
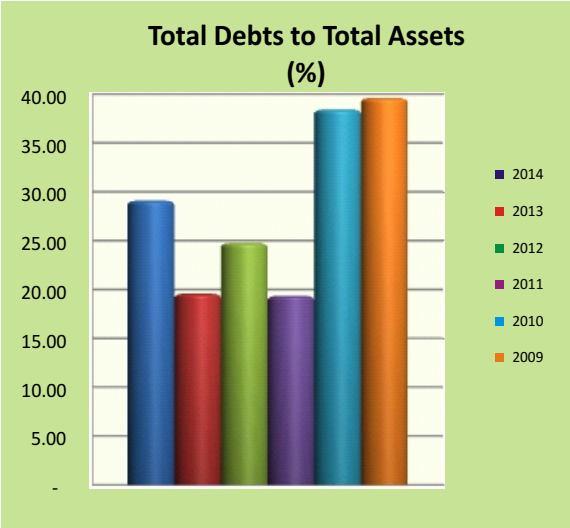
Profit & Loss - Breakup of Major Expenses



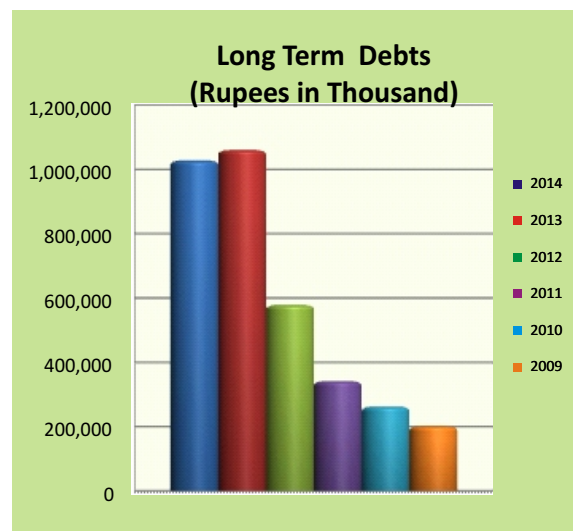
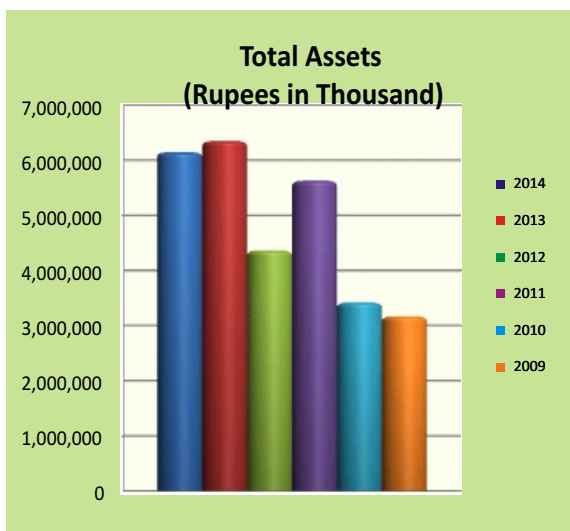
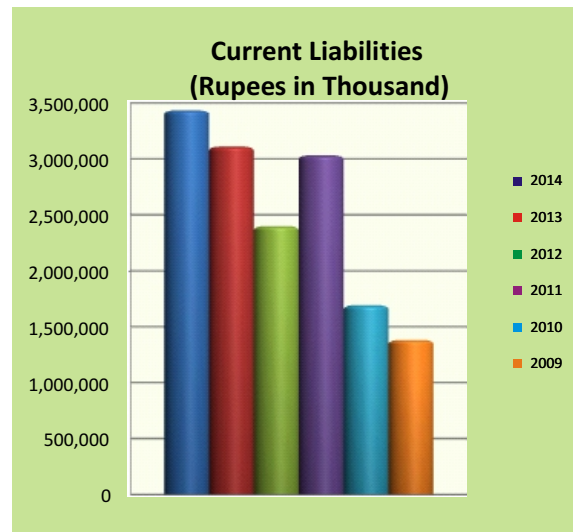
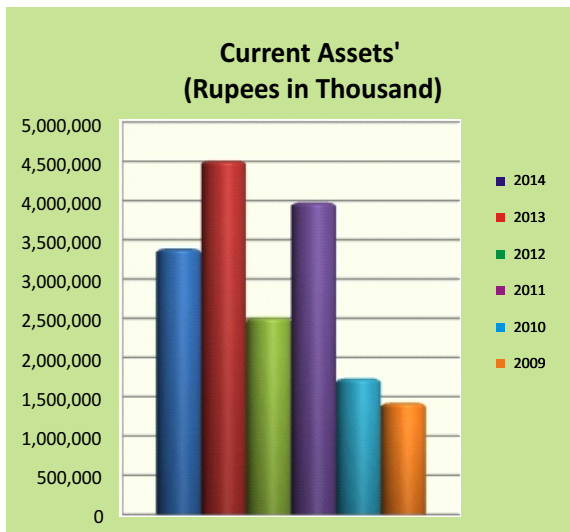
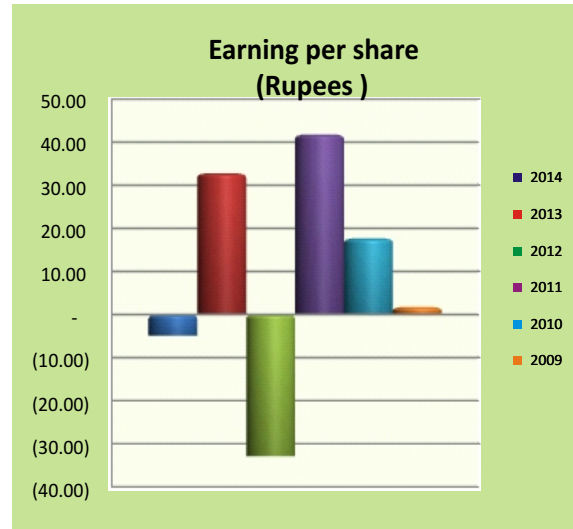
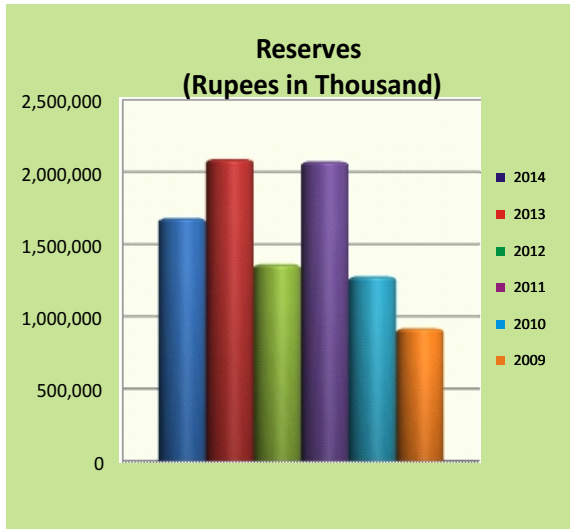
GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



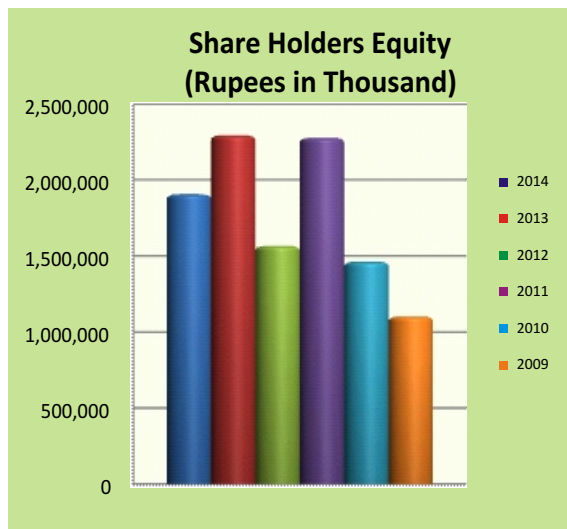
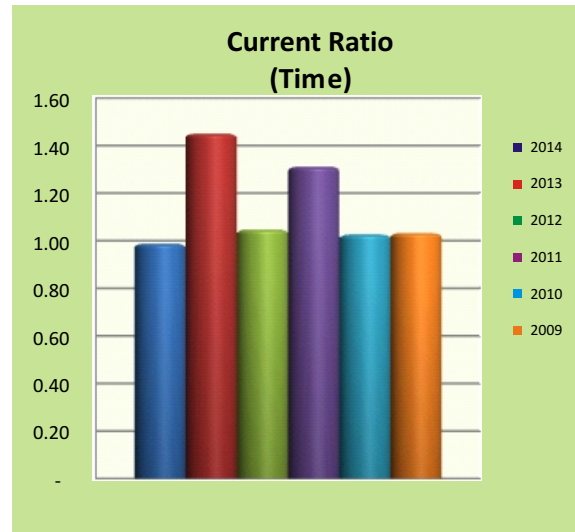
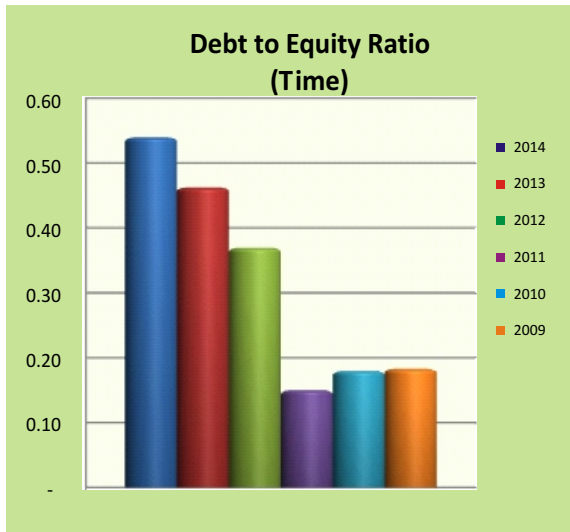
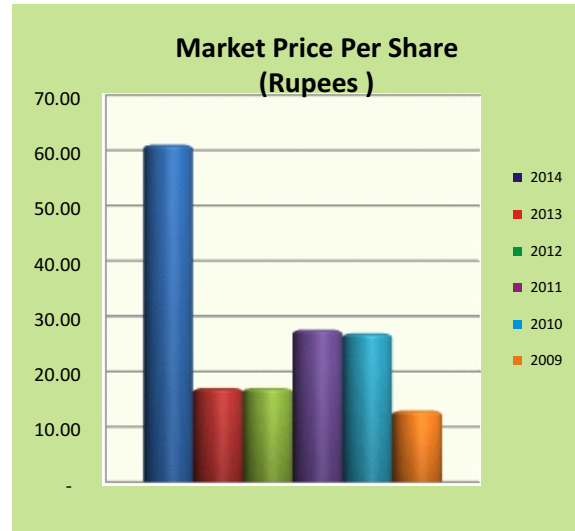
GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE



DETAIL OF PATTERN OF SHAREHOLDING

As at June 30, 2014

Category No.	Categories of Shareholders	No. of Shareheld	Category-wise No. Of Folios / CDC Accounts	Category wise Sahreheld	Percentage %
1	Individuals / General Public	7289594	805	7,289,594	32.51
2	Others	2193553	19	2,193,553	9.78
3	Directors, Chief Executive and their Spouse and Minor Children 1. Mr. Shaikh Mohammad Muneer 2. Mr. Shaikh Mohammad Pervez 3. Mr. Shaikh Muhammad Tanveer 4. Mr. Shaikh Mohammad Naveed 5. Mr. Faisal Jawed 6. Mr. Farhad Shaikh Mohammad 7. Mr. Abdul Razzak Tarmuhammad 8. Mrs. Saeeda Parveen W/o S. M. Muneer 9. Mrs. Ghazala Pervez W/o Mr. S. M. Pervez	1,837 2,536,972 947,892 1,895,777 943,800 941,138 550 946,044 1,227,578	9	9,441,588	42.11
4	Executive 1. Mr. Shahzad Naseer 2. Mr. Shaikh Mohammad Imran	1,895,779 947,892	2	2,843,671	12.68
5	Public Sector Companies and Corporations 1. CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST 2. M/S INVESTMENT CORPORATION OF PAKISTAN 3. NATIONAL BANK OF PAKISTAN INVESTOR A/C 4. NATIONAL BANK OF PAKISTAN	363,220 330 7,326 204	4	371,080	1.66
6	Associated Company Din Leather (Pvt.) Limited	7,260	1	7,260	0.03
7	Banks, DFIs, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funs	39,544	6	39,544	0.18
8	Mutual Fund MCBFL-Trustee Namco Balance Fund Golden Arrow Selected Stock Fund	130,003 54,729	2	184,732	0.82
9	Foreign Investors Habib Bank AG Zurich, Zurich, Switzerland	50,666	1	50,666	0.23
TOTAL		22,421,688	849	22,421,688	100

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

Total Paid-up Capital of the Company

22,421,688 Shares

5% of the Paid-up Capital of the Company

1,121,084 Shares

Name(s) of Share-holders(s)	Description	No. of Shares Held	Percentage %
Shaikh Mohammad Pervez	Falls In Category # 03	2,536,972	11.31
Shahzad Naseer	Falls In Category # 04	1,895,779	8.46
Shaikh Mohammad Naveed	Falls In Category # 03	1,895,777	8.46
Ghazala Pervez	Falls In Category # 03	1,227,578	5.47
Masood Spining Mills Limited	Falls In Category # 02	2,037,752	9.09

DIN TEXTILE MILLS LTD.
PATTERN OF SHAREHOLDING
As at June 30, 2014

NO. OF SHARE HOLDERS	SHAREHOLDING SLABS			TOTAL SHARES HELD
206	1	to	100	3,121
205	101	to	500	41,254
298	501	to	1000	213,076
96	1001	to	5000	214,315
13	5001	to	10000	95,694
5	10001	to	15000	66,893
2	15001	to	20000	34,354
1	30001	to	35000	33,206
1	35001	to	40000	36,000
2	50001	to	55000	105,395
1	105001	to	110000	109,000
1	130001	to	135000	130,003
1	360001	to	365000	363,220
6	940001	to	945000	5,652,152
5	945001	to	950000	4,735,471
1	990001	to	995000	994,676
1	1225001	to	1230000	1,227,578
2	1895001	to	1900000	3,791,556
1	2035001	to	2040000	2,037,752
1	2535001	to	2540000	2,536,972
849				22,421,688

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

REVIEW REPORT TO THE MEMBERS

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

We have reviewed the enclosed statement of compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of **Din Textile Mills Limited** for the year ended June 30, 2014 to comply with the requirements of Listing Regulation No. 35 of the Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the company is listed.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the statement of compliance does not appropriately reflect the company's compliance, in all material respects, with the best practices contained in the Code as applicable to the company for the year ended June 30, 2014.

Lahore;

Date: October 03, 2014

MUSHTAQ & COMPANY

Chartered Accountants

Engagement Partner:

Abdul Qadoos, ACA

Statement of Compliance with the Code of Corporate Governance Year Ended June 30, 2014

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

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

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

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

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

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

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

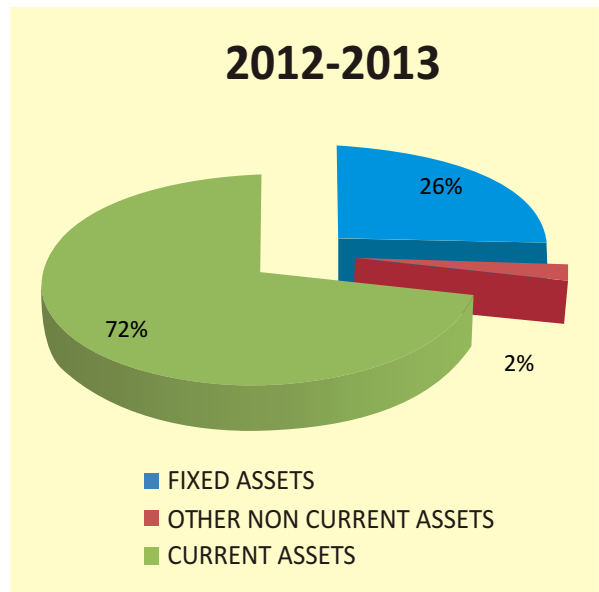
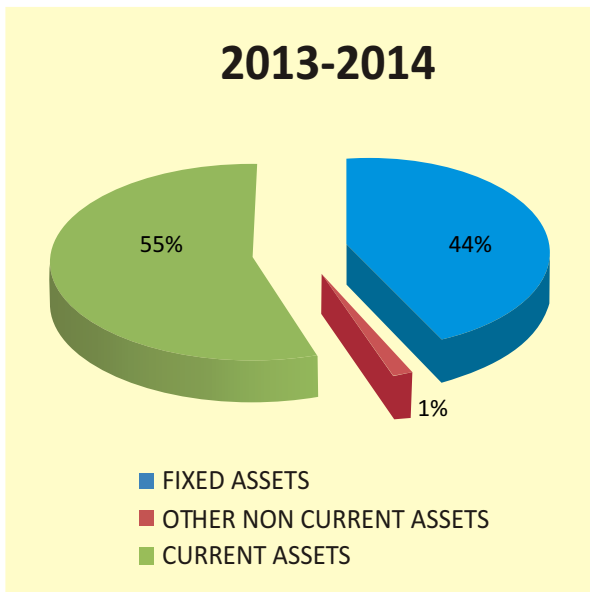
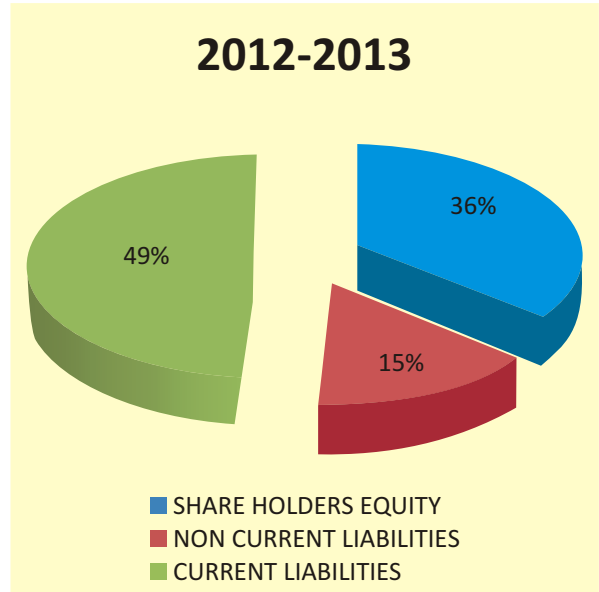
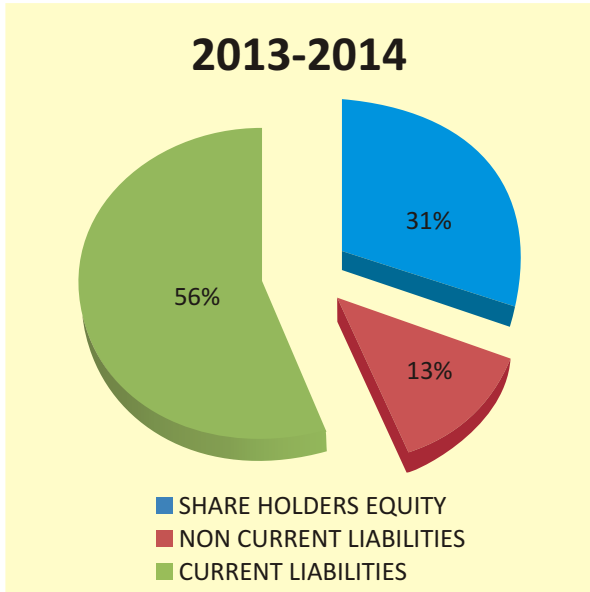
KARACHI
Date: October 03, 2014

On behalf of the Board of Directors
SHAIKH MUHAMMAD TANVEER
Chief Executive



**FINANCIAL
STATEMENTS
2014**

GRAPHICAL ANALYSIS OF BALANCE SHEET



MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

407, Commerce Centre, Hasrat Mohani Road, Karachi. Tel: 32638521-4 Fax: 32639843

Branch Office: 501-B, City Towers, Gulberg-II, Lahore. Tel: 35788637 Fax: 35788626

Email Address: mushtaq_vohra@hotmail.com

Member of



Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Din Textile Mills Limited** as at June 30, 2014 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;
- (b) in our opinion;
 - (i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied, except for change in accounting policies as stated in note 5 to the accompanying financial statements with which we concur;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2014 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Lahore;

Date: October 03, 2014

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Abdul Qadoos, ACA

Balance Sheet

As at June 30, 2014

	Note	2014 Rupees	-----Restated----- 2013 Rupees	2012 Rupees
NON CURRENT ASSETS				
Property, plant and equipment	6	2,670,682,867	1,635,532,442	1,695,684,894
Long term deposits	7	15,491,401	15,098,546	15,500,421
Long term Investment	8	-	44,681,513	-
Deferred taxation Assets	24	68,160,421	141,631,665	141,631,665
		2,754,334,689	1,836,944,166	1,852,816,980
CURRENT ASSETS				
Stores, spare parts and loose tools	9	366,569,007	267,027,925	122,047,663
Stock in trade	10	1,325,019,359	1,636,247,300	1,128,025,413
Trade debts	11	1,193,936,247	1,579,248,118	1,005,597,204
Loans and advances	12	47,450,317	755,277,681	71,043,597
Trade deposits and short term pre payments	13	8,846,705	5,981,925	5,593,725
Other receivables	14	10,474,265	42,365,216	3,524,992
Other financial assets	15	83,745	-	-
Tax refunds due from the Government	16	362,920,323	166,887,670	100,898,885
Cash and bank balances	17	72,765,682	54,000,408	74,424,222
		3,388,065,650	4,507,036,243	2,511,155,701
CURRENT LIABILITIES				
Trade and other payables	18	2,241,887,075	2,627,435,359	1,576,584,767
Accrued mark up / interest	19	68,930,623	81,063,091	63,468,672
Short term borrowings	20	759,600,317	182,332,140	501,525,710
Current portion of				
Long term financing	21	343,269,410	185,825,808	222,562,722
Liabilities against assets subject to finance lease	22	19,334,871	33,089,866	34,738,895
		3,433,022,296	3,109,746,264	2,398,880,766
		(44,956,646)	1,397,289,979	112,274,935
WORKING CAPITAL				
		2,709,378,043	3,234,234,145	1,965,091,915
TOTAL CAPITAL EMPLOYED				
NON CURRENT LIABILITIES				
Long term financing	21	658,006,322	820,966,696	274,215,217
Liabilities against assets subject to finance lease	22	6,811,241	19,910,511	46,815,381
Deferred liabilities				
Staff retirement benefits - gratuity	23	139,114,050	99,688,452	92,091,058
		803,931,613	940,565,659	413,121,656
CONTINGENCIES AND COMMITMENTS				
	25			
NET WORTH				
		1,905,446,430	2,293,668,486	1,551,970,259
EQUITY AND LIABILITIES				
SHARE CAPITAL AND RESERVES				
Authorized capital				
77,100,000 (2013: 50,000,000) ordinary shares of Rs. 10 each		771,000,000	500,000,000	500,000,000
Net Worth Represented by:				
Issued, subscribed and paid up capital	26	224,216,880	203,833,530	203,833,530
Reserves	27	1,681,229,550	2,089,834,956	1,348,136,729
		1,905,446,430	2,293,668,486	1,551,970,259

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

Profit and Loss Account

For the year ended June 30, 2014

	Note	2014 Rupees	(Restated) 2013 Rupees
Sales - net	28	10,211,073,667	8,296,374,468
Cost of sales	29	(9,536,724,443)	(6,908,178,332)
Gross Profit		674,349,224	1,388,196,136
Distribution cost	30	127,603,252	112,633,766
Administrative expenses	31	129,256,803	111,690,036
Other operating expenses	32	2,778,516	62,015,852
Finance cost	33	418,689,879	298,664,105
		678,328,450	585,003,760
		(3,979,226)	803,192,377
Other income	34	7,776,677	15,394,311
Profit before taxation		3,797,451	818,586,688
Provision for taxation	35	(115,092,216)	(83,923,852)
(Loss) / Profit for the year		(111,294,765)	734,662,836
(Loss) / Earnings per share - basic and diluted	36	(4.96)	32.77

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

Statement of Comprehensive Income

For the year ended June 30, 2014

	2014 Rupees	(Restated) 2013 Rupees
(Loss) / profit for the year	(111,294,765)	734,662,836
Items that will be subsequently reclassified to profit and loss account		
Available for sale investments		
Unrealized gain on remeasurement of available for sale investments	1,440	-
Reclassification adjustments relating to loss realized on disposal of available for sale investments	5,690	-
	7,130	-
Items that will not be subsequently reclassified to profit and loss account		
Remeasurments of staff retirement benefits		
Remeasurement recognized	(10,427,758)	7,035,391
Related deferred taxation	1,359,641	-
	(9,068,117)	7,035,391
Total comprehensive (loss) / income for the year	(120,355,752)	741,698,227

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

Cash Flow Statement

For the year ended June 30, 2014

	Note	2014 Rupees	(Restated) 2013 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		3,797,451	818,586,688
Adjustments for:			
Depreciation		248,552,965	168,307,025
Staff retirement benefits - gratuity		51,761,888	37,896,335
Workers' profit participation fund		203,945	43,908,422
Workers' welfare fund		77,499	16,685,200
Finance cost		418,689,879	298,664,105
Loss on disposal of available for sale investment		5,500	-
Loss / (gain) on disposal of property, plant and equipment		99,073	(15,160,255)
		719,390,749	550,300,832
Profit before working capital changes		723,188,200	1,368,887,520
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(80,437,966)	(144,980,262)
Stock in trade		388,082,324	(508,221,887)
Trade debts		514,661,239	(573,650,914)
Loans and advances		717,920,977	(684,234,084)
Trade deposits and short term prepayments		(389,817)	(708,750)
Other receivables		32,697,806	(38,840,224)
Other financial assets		4,500	-
		1,572,539,063	(1,950,636,121)
(Decrease) / Increase in current liabilities			
Trade and other payables		(769,463,777)	962,286,069
Cash generated from operations		1,526,263,486	380,537,468
Finance cost paid		(433,960,621)	(281,069,686)
Taxes paid		(207,152,425)	(166,607,346)
Dividend paid		(156,145,540)	(15,903)
Workers' profit participation fund paid		(44,253,270)	-
Staff retirement benefits - gratuity paid		(29,532,728)	(23,263,550)
		(871,044,584)	(470,956,485)
Net cash generated from / (used in) operating activities		655,218,902	(90,419,017)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		2,543,932	20,089,068
Fixed capital expenditure		(507,841,580)	(113,083,386)
Long term deposits - net		(876,435)	722,425
Payments against long term investment		(44,681,513)	-
Net cash used in investing activities		(550,855,596)	(92,271,893)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		(5,516,772)	510,014,565
Liabilities against asset subject to finance lease		(26,854,265)	(28,553,899)
Net cash (used in) / generated from financing activities		(32,371,037)	481,460,666
Net increase in cash and cash equivalents		71,992,269	298,769,756
Cash and cash equivalents at the beginning of the year		(128,331,732)	(427,101,488)
Cash and cash equivalents of subsidiary merged		(630,495,172)	-
Cash and cash equivalents at the end of the year		(686,834,635)	(128,331,732)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	17	72,765,682	54,000,408
Short term borrowings	20	(759,600,317)	(182,332,140)
		(686,834,635)	(128,331,732)

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

**Statement of Changes in Equity
For the year ended June 30, 2014**

Particulars	Share capital	Reserves			Sub total	Total
		Capital	Revenue			
		Merger reserve	General	Unappropriated profit		
Rupees						
Balance as at July 01, 2012 - as originally reported	203,833,530	10,376,660	400,000,000	952,376,513	1,362,753,173	1,566,586,703
Effect of retrospective application of change in an accounting policy referred in note 5	-	-	-	(14,616,444)	(14,616,444)	(14,616,444)
Balance as at July 01, 2012 - restated	203,833,530	10,376,660	400,000,000	937,760,069	1,348,136,729	1,551,970,259
Total comprehensive Income for the year	-	-	-	741,698,227	741,698,227	741,698,227
Balance as at June 30, 2013 - restated	203,833,530	10,376,660	400,000,000	1,679,458,296	2,089,834,956	2,293,668,486
Effect of merger of subsidiary - note 1.4	-	(10,376,660)	-	(99,518,659)	(109,895,319)	(109,895,319)
Total comprehensive loss for the year	-	-	-	(120,355,752)	(120,355,752)	(120,355,752)
Dividend for the year ended June 30, 2013 @ Rs 5/- per share	-	-	-	(101,916,765)	(101,916,765)	(101,916,765)
10% Bonus share issue for the year ended June 30, 2013 @ Rs 1/- per share	20,383,350	-	-	(20,383,350)	(20,383,350)	-
Interim dividend for the half year ended December 31, 2013 @ Rs 2.50/- per share	-	-	-	(56,054,220)	(56,054,220)	(56,054,220)
Balance as at June 30, 2014	224,216,880	-	400,000,000	1,281,229,550	1,681,229,550	1,905,446,430

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

Notes to and Forming Part of the Financial Statements For the year ended June 30, 2014

1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on stock exchanges at Karachi and Lahore. The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki, Raiwind and Bhai Pheru in the province of Punjab.
- 1.3 The company entered into an agreement during the year ended June 30, 2011 with Brother Textile Mills Limited having registered office at 135 Upper mall, Lahore (Manufacturing unit located at 48 Km Multan Road, Bhai Pheru) and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles. During the year ended 30 June 2013, the license was renewed and extended for a period of twelve months expiring on November 12, 2014. Upon expiry of the license period, the agreement may be extended for future periods at the option of both parties. The license fee is agreed at rupees 2,843,375 per month payable quarterly in advance.
- 1.4 Ihsan Raiwind Mills (Private) Limited ("IRML") was subsidiary of the Company by virtue of its 100% shareholding as at 30 June 2013. Shareholders of the Company in their Extra Ordinary General Meeting held on 17 January 2014 approved the proposed scheme of merger of IRML with the Company. The Scheme was sanctioned on April 28, 2014 by the Honorable High Court of Sindh and submitted to the registrar

The scheme envisages the merger by way of deemed transfer of all assets and liabilities of IRML to the Company at their respective book values, as disclosed in the financial statements of IRML as of close of business on June 30, 2013 ("Effective Date").

The merger and the transfer to and vesting of IRML in the Company is deemed to have been so transferred and vested in the Company under this Scheme from the Effective Date and consequently, the comparative figures of balance sheet, profit and loss, statement of comprehensive income, cash flow statement and statement of changes in equity relates to the Company before aforementioned merger.

Details of the assets and liabilities transferred by IRML and used for merger, on the basis of their respective book values on the effective date are presented below:

	Note	2013 Rupees
NON-CURRENT ASSETS		
Property, plant and equipment		778,504,815
Long term deposits		1,991,383
CURRENT ASSETS		
Stores, spare parts and loose tools		19,103,116
Stock in trade		76,854,383
Trade debts		129,349,368
Loans and advances		10,093,613
Other receivables		806,855
Other financial assets		86,615
Tax refunds due from Government		28,115,381
Cash and bank balances		22,706,234
	A	1,067,611,763

	Note	2013 Rupees
NON-CURRENT LIABILITIES		
Deferred liabilities - Staff retirement benefits		6,768,680
CURRENT LIABILITIES		
Trade and other payables		469,260,108
Accrued interest / markup		3,595,375
Short term borrowings		653,201,406
	B	(1,132,825,569)
NET LIABILITIES	(A-B)	(65,213,806)
Amount recognised in reserves		
Carrying value of Investment in Subsidiary - IRML		(44,681,513)
Net liabilities as at the effective date		(65,213,806)
		(109,895,319)
Break up of the net amount accounted for is given below		
Adjusted against existing merger reserve		(10,376,660)
Charged to unappropriated profit		(99,518,659)
		(109,895,319)

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

2.2 Functional and presentation currency

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

2.3 Standards, interpretations and amendments to published approved accounting standards

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

Following are the amendments that are applicable for accounting periods beginning on or after January 1st, 2013:

- IAS 19 Employee Benefits (amended 2011). The amended IAS 19 includes the amendments that require actuarial gains and losses to be recognized immediately in other comprehensive income; this change will remove the corridor method and eliminate the ability for entities to recognize all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19; and that the expected

return on plan assets recognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company's policy was to account for actuarial gains and losses using the corridor method. The change of accounting policy and its impact are further discussed in note 5.1 of the financial statements.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7). The amendments to IFRS 7 contain new disclosure requirements for financial assets and liabilities that are offset in the statement of financial position or subject to master netting agreement or similar arrangement. The amendment does not have any effect on the company.
- IFRIC 20 - Stripping cost in the production phase of a surface mining. The interpretation requires production stripping cost in a surface mine to be capitalized if certain criteria are met. The amendments have no impact on financial statements of the Company. The amendment does not have any effect on the company.

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

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

- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32) – (effective for annual periods beginning on or after 1 January 2014). The amendments address inconsistencies in current practice when applying the offsetting criteria in IAS 32 Financial Instruments: Presentation. The amendments clarify the meaning of 'currently has a legally enforceable right of set-off'; and that some gross settlement systems may be considered equivalent to net settlement.
- IAS 39 Financial Instruments: Recognition and Measurement- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39) (effective for annual periods beginning on or after 1 January 2014). The narrow-scope amendments will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulation, if specific conditions are met (in this context, a novation indicates that parties to a contract agree to replace their original counterparty with a new one). The amendments have no impact on financial statements of the Company.
- IFRIC 21- Levies 'an Interpretation on the accounting for levies imposed by governments' (effective for annual periods beginning on or after 1 January 2014). IFRIC 21 is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. The Interpretation has no impact on financial statements of the Company.
- Amendment to IAS 36 "Impairment of Assets" Recoverable Amount Disclosures for Non-Financial Assets (effective for annual periods beginning on or after 1 January 2014). These narrow-scope amendments to IAS 36 Impairment of Assets address the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendments have no impact on financial statements of the Company.
- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2015). IAS 27 (2011) supersedes IAS 27 (2008). Three new standards IFRS 10 - Consolidated Financial Statements, IFRS 11- Joint Arrangements and IFRS 12- Disclosure of Interest in Other Entities dealing with IAS 27 would be applicable effective 1 January 2015. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no impact on financial statements of the Company.
- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1

January 2015). IAS 28 (2011) supersedes IAS 28 (2008). IAS 28 (2011) makes the amendments to apply IFRS 5 to an investment, or a portion of an investment, in an associate or a joint venture that meets the criteria to be classified as held for sale; and on cessation of significant influence or joint control, even if an investment in an associate becomes an investment in a joint venture. The amendments have no impact on financial statements of the Company.

- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2015, build on existing principles by identifying the concept of control as the determine factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess.
- IFRS 11, 'Joint Arrangements', applicable from January 01, 2015, is a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and hence accounts for its interest in assets, liabilities, revenue and expenses. Joint ventures arise where the joint operator has rights to the net assets of the arrangement and hence equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed.
- IFRS12, 'Disclosures of interests in other entities', applicable from January 01, 2015, this standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.
- IFRS 13, 'Fair value measurement', applicable from January 01, 2015, this standard provides a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs or US GAAP.

Annual Improvements 2010-2012 and 2011-2013 cycles (most amendments will apply prospectively for annual period beginning on or after 1 July 2014). The new cycle of improvements contain amendments to the following standards:

IFRS 2 'Share-based Payment'. IFRS 2 has been amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'. The amendment also clarifies both: how to distinguish between a market condition and a non-market performance condition and the basis on which a performance condition can be differentiated from a vesting condition.

IFRS 3 'Business Combinations'. These amendments clarify the classification and measurement of contingent consideration in a business combination. Further, IFRS 3 has also been amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements including joint operations in the financial statements of the joint arrangement themselves.

IFRS 8 'Operating Segments' has been amended to explicitly require the disclosure of judgments made by management in applying the aggregation criteria. In addition this amendment clarifies that a reconciliation of the total of the reportable segment's assets to the entity assets is required only if this information is regularly provided to the entity's chief operating decision-maker. This change aligns the disclosure requirements with those for segment liabilities.

Amendments to IAS 16 'Property, Plant and Equipment' and IAS 38 'Intangible Assets'. The amendments clarify the requirements of the revaluation model in IAS 16 and IAS 38, recognizing that the restatement of accumulated depreciation (amortization) is not always proportionate to the change in the gross carrying amount of the asset.

IAS 24 'Related Party Disclosure'. The definition of related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or through a group entity.

IAS 40 'Investment Property'. IAS 40 has been amended to clarify that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition of the investment property constitutes a business combination.

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

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

- The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2013 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

2.3.5 Standards, interpretations issued by the IASB that are applicable to the company but are not yet notified by the SECP:

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

3 BASIS OF MEASUREMENT

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

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

3.1 Provision for taxation

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

3.2 Staff retirement benefits - gratuity

Certain actuarial assumptions have been adopted as disclosed in relevant note to the financial statements for valuation of present value of defined benefit obligation. Any changes in these assumptions in future year

might affect unrecognized gains and losses in those years.

3.3 Financial instruments

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

3.4 Property, plant and equipment

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

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

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

Depreciation

Depreciation on all items of property, plant and equipment except for freehold land is charged to income applying the reducing balance method so as to write off historical cost of an asset over its estimated useful life at the rates as disclosed in note 6. Depreciation on additions is charged from the month in which the asset is acquired or capitalized while no depreciation is charged in the month of disposal.

Derecognition

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

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

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

Financial charges

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

Depreciation

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

Deferred income

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

4.2.2 Operating lease

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

4.3 Capital work in progress

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

4.4 Long term deposits

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

4.5 Investments

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

4.5.1 Investment in subsidiary and associated companies

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

Loss is recognized in the profit and loss account.

4.5.2 Investment - available for sale

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

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

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

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

4.6 Stores, spare parts and loose tools

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

4.7 Stock in trade

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

4.7.1 Raw material

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

4.7.2 Work in process Raw material cost plus appropriate manufacturing overheads

4.7.3 Finished goods Raw material cost plus appropriate manufacturing overheads

4.7.4 Waste Net realizable value

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

4.8 Trade debts and other receivables

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

are written off, while receivables considered doubtful are provided for.

4.9 Cash and cash equivalents

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

4.10 Staff retirement benefits

Defined benefit plan

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

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2014 using the Projected Unit Credit Method.

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

4.11 Taxation

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

4.11.1 Current

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

4.11.2 Deferred

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

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

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

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

4.12 Trade and other payables

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

4.13 Provisions

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

4.14 Borrowings and borrowing costs

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

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

4.15 Revenue recognition

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

4.16 Foreign currencies

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

4.17 Financial instruments

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

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

4.18 Offsetting of financial assets and liabilities

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

4.19 Impairment

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

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

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

4.20 Related party transactions

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

4.21 Government grants

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

4.22 Research and development cost

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

4.23 Dividend

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

5 CHANGE IN ACCOUNTING POLICIES

During the year, the company has adopted IAS 19, (Revised) 'Employee Benefits'. The amendments in the revised standard require the company to eliminate the corridor approach and recognize all actuarial gains and losses (now called 'remeasurements', that result from the remeasurement of defined benefits obligations and fair value of plan assets at the balance sheet date) in other comprehensive income as they occur, immediately recognize all past service costs and replace interest cost and expected return on plan assets with a net interest amount that is calculated by applying the discount rate to the net defined benefits liability / asset.

This change in accounting policy has been accounted for retrospectively as required under International Accounting Standard - 8 'Accounting Policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated

Effects of the change in the accounting policy have been summarized below:

	2014 Rupees	2013 Rupees
Impact on Balance Sheet		
Increase in the retirement benefits obligation	8,576,235	16,623,491
Increase in deferred tax assets	2,007,047	2,007,047
Decrease in accumulated profits	6,569,188	14,616,444
	<u>6,569,188</u>	<u>14,616,444</u>
Impact on Statement of changes in equity		
Impacts on brought forward balances	14,616,444	-
Increase / (decrease) in profit for the year - net of tax	8,047,256	-
Impacts on closing balances	6,569,188	-
	<u>6,569,188</u>	<u>-</u>
Impact on profit and loss account		
Increase in Cost of sales	934,826	-
Increase in Administrative expenses	77,039	-
	<u>77,039</u>	<u>-</u>
Impact on statement comprehensive Income		
Items that cannot be reclassified subsequently to profit and loss account - net of tax	7,035,391	-
	<u>7,035,391</u>	<u>-</u>

6 PROPERTY, PLANT AND EQUIPMENT

	Note	2014 Rupees	2013 Rupees
Operating fixed assets	6.1	2,647,474,240	1,620,275,300
Capital work in progress - at cost	6.2	23,208,627	15,257,142
		2,670,682,867	1,635,532,442

6.1 Operating fixed assets

2014											
Cost as at July 01, 2013	Assets of subsidiary merged	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2014	Accumulated depreciation as at July 01, 2013	Accumulated depreciation on assets of subsidiary merged	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2014	Book value as at June 30, 2014	Annual depreciation rate %
Rupees											
Owned Assets											
Freehold land	51,847,900	122,456,250		174,304,150	-	-				174,304,150	0%
Building on freehold land	448,827,501	159,773,405	4,073,395	612,674,301	287,328,117	65,257,237	25,939,256		378,524,610	234,149,691	10%
Plant and machinery	2,867,383,614	786,754,550	468,913,697 (15,990,700)	4,126,212,573	1,660,266,779	267,913,194	194,354,517 (14,408,809)	4,930,292	2,113,055,973	2,013,156,600	10%
Electric installation	149,304,473	23,331,792	32,950,486	205,586,751	75,230,869	11,477,471	9,662,725		96,371,065	109,215,686	10%
Tools and equipment	42,140,203	19,534,171		61,674,374	26,020,181	12,825,418	2,282,877		41,128,476	20,545,898	10%
Furniture and fixture	17,063,257	2,728,702	5,172,402	24,964,361	6,049,918	815,454	1,504,945		8,370,317	16,594,044	10%
Office equipment	7,538,023	-	263,100	7,801,123	2,776,029	-	491,733		3,267,762	4,533,361	10%
Computers	16,096,188	1,281,592	1,226,955 (150,000)	18,454,735	10,183,312	507,867	2,209,378 (98,412)		12,802,145	5,652,590	30%
Vehicles	28,867,405	-	1,710,934 (6,476,215)	28,207,124	16,669,546	-	2,777,220 (5,466,689)	1,994,830	15,974,907	12,232,217	20%
Leased Assets											
Plant and machinery	83,368,093	-	(19,151,412)	64,216,681	19,000,935	-	6,306,247	(4,930,292)	20,376,890	43,839,791	10%
Vehicles	14,408,242	-	7,020,120 (4,105,000)	17,323,362	3,043,913	-	3,024,067	(1,994,830)	4,073,150	13,250,212	20%
30-Jun-14	3,726,844,899	1,115,860,462	521,331,089 (22,616,915)	23,256,412 (23,256,412)	5,341,419,535	2,106,569,599	358,796,641 (19,973,910)	6,925,122 (6,925,122)	2,693,945,295	2,647,474,240	
2013											
Cost as at July 01, 2012	Assets of subsidiary merged	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Accumulated depreciation on assets of subsidiary merged	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2013	Book value as at June 30, 2013	Annual depreciation rate %
Rupees											
Owned Assets											
Freehold land	54,372,900	-	(2,525,000)	51,847,900	-	-	-			51,847,900	
Building on freehold land	447,931,004	-	4,789,568 (3,893,071)	448,827,501	273,274,381	-	17,488,536 (3,434,800)		287,328,117	161,499,384	10%
Plant and machinery	2,679,961,805	-	167,135,024 (3,875,000)	2,867,383,614	1,531,198,463	-	128,050,218 (3,452,839)	4,470,937	1,660,266,779	1,207,116,835	10%
Electric installation	122,186,192	-	27,118,281	149,304,473	69,541,098	-	5,689,771		75,230,869	74,073,604	10%
Tools and equipment	41,249,673	-	890,530	42,140,203	24,254,339	-	1,765,842		26,020,181	16,120,022	10%
Furniture and fixture	10,009,437	-	7,053,820	17,063,257	5,299,362	-	750,556		6,049,918	11,013,339	10%
Office equipment	5,571,928	-	1,966,095	7,538,023	2,313,986	-	462,043		2,776,029	4,761,994	10%
Computers	11,911,345	-	4,184,843	16,096,188	8,281,684	-	1,901,628		10,183,312	5,912,876	30%
Vehicles	24,966,294	-	7,573,296 (9,483,424)	28,867,405	19,467,507	-	1,457,922 (7,960,043)	3,704,160	16,669,546	12,197,859	20%
Leased Assets											
Plant and machinery	107,529,878	-	(24,161,785)	83,368,093	14,804,867	-	8,667,005	(4,470,937)	19,000,935	64,367,158	10%
Vehicles	13,270,818	-	6,948,663 (5,811,239)	14,408,242	4,674,569	-	2,073,504	(3,704,160)	3,043,913	11,364,329	20%
30-Jun-13	3,518,961,274	-	227,660,120 (19,776,495)	29,973,024 (29,973,024)	3,726,844,899	1,953,110,256	168,307,025 (14,847,682)	8,175,097 (8,175,097)	2,106,569,599	1,620,275,300	

6.1.1 Depreciation for the year has been allocated as under.

	Notes	2014 Rupees	2013 Rupees
Cost of sales	29.1	244,564,744	164,974,426
Administrative expenses	31	3,763,199	3,151,818
Income from power generation	34.1	225,022	180,781
		248,552,965	168,307,025

	2014 Rupees	2013 Rupees
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6.2 Capital work in progress - at cost

Building - civil works	15,420,997	15,257,142
Electric Installation	7,787,630	-
	23,208,627	15,257,142

The movement in capital work in progress is as follows.

Balance at the beginning of the year 15,257,142 129,833,876

Balance of subsidiary merged

Building - civil works	2,148,064	-
Electric installation	19,292,930	-
	1.4	21,440,994

Additions during the year

Building - civil works	2,019,186	5,011,458
Plant and machinery	2,707,216	380,969
Electric installation	7,872,427	4,839,000
	12,598,829	10,231,427

Transfer to operating fixed assets

Building - civil works	4,003,395	9,375,993
Plant and machinery	2,707,216	92,507,284
Electric installation	19,377,727	22,924,884
	26,088,338	124,808,161

Balance at the end of the year

	23,208,627	15,257,142
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6.3 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain/(Loss)	Mode of disposal
Rupees							
Vehicles							
Honda Civic	Muhammad Javed	1,303,865	1,184,864	119,001	124,047	5,046	Negotiation
Honda CG-125	EFU Insurance	83,190	16,176	67,014	70,000	2,986	Insurance Claim
Toyota Corrola	Babar Jahangeer	879,000	735,215	143,785	169,420	25,635	Negotiation
Honda CD 70	EFU Insurance	69,500	23,630	45,870	60,000	14,130	Insurance Claim
Toyota Corrola	Babar Jahangeer	904,930	762,439	142,491	150,000	7,509	Negotiation
Suzuki Cultus	Nabeela Hamayoun	600,850	516,845	84,005	95,000	10,995	Negotiation
Toyota Corrola	S.M Imran	1,256,030	1,045,303	210,727	210,727	-	Company policy
Honda Civic	S.M Naveed	1,378,850	1,182,217	196,633	196,633	-	Company policy
	Sub total	6,476,215	5,466,689	1,009,526	1,075,827	66,301	
Plant and machinery							
	Sakhawat Ali	15,990,700	14,408,809	1,581,891	1,398,305	(183,586)	Negotiation
	Sub total	15,990,700	14,408,809	1,581,891	1,398,305	(183,586)	
Computers							
Laptop Sony Vaio	I T Links	85,500	51,670	33,830	25,000	(8,830)	Negotiation
Laptop Vostro	EFU Insurance	64,500	46,742	17,758	44,800	27,042	Insurance Claim
	Sub total	150,000	98,412	51,588	69,800	18,212	
	Grand total	22,616,915	19,973,910	2,643,005	2,543,932	(99,073)	

	Note	2014 Rupees	2013 Rupees
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6.4 Loss / (Gain) on disposal property, plant and equipment

Cost		22,616,915	19,776,495
Less : Accumulated depreciation		(19,973,910)	(14,847,682)
		2,643,005	4,928,813
Sale proceeds		(2,543,932)	(20,089,068)
(Gain) / Loss on disposal of property, plant and equipment	32 & 34	99,073	(15,160,255)
(Gain) on disposal of property, plant and equipment	34	(93,343)	(15,194,485)
Loss on disposal of property, plant and equipment	32	192,416	34,230

	2014 Rupees	2013 Rupees
7 LONG TERM DEPOSITS		
Security deposits	13,882,651	10,691,308
Electricity - WAPDA	1,218,050	4,369,738
Leasing company	390,700	37,500
Others		
	15,491,401	15,098,546

8 LONG TERM INVESTMENT

Investment in Subsidiary company - at cost

Ihsan Raiwind Mills (Pvt) Limited

Nil (June 30, 2013: 27,018,000) ordinary shares of Rs. 10 each.
Equity Interest Held 100%

Break up value on the basis of audited accounts for the year ended June 30, 2014
Rs.Nil (June 30, 2013 Rs. (2.41)) per share.

	-	44,681,513
	-	44,681,513

8.1 During the year the company has merged its operations with its wholly owned subsidiary ,Ihsan Raiwind Mills (Pvt) Limited (IRML), refer note 1.4. The investment had been accounted for at cost in these separate financial statements in accordance with the International Accounting Standard (IAS), 27 "Separate Financial statements".

	Note	2014 Rupees	2013 Rupees
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9 STORES, SPARE PARTS AND LOOSE TOOLS

At Mills

Stores - at mills
Stores - in transit
Spare parts
Loose tools

	144,981,405	91,404,057
	83,115,825	45,271,317
	138,323,434	130,274,635
	148,343	77,916
	366,569,007	267,027,925

10 STOCK IN TRADE

Raw material

Raw material in hand
Raw material in transit
Work in process
Finished goods
Waste

10.1

	808,340,732	1,281,481,445
	108,456,802	67,422,813
	161,104,245	109,537,025
	240,119,970	172,566,693
	6,997,610	5,239,324
	1,325,019,359	1,636,247,300

10.1 Finished goods amounting to Rs. 40,497,935 (June 30, 2013 : Rs 5,177,560) are stated at their net realizable value aggregating Rs. 36,529,682 (June 30,2013 : Rs. 4,968,866). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 3,968,254 (June 30, 2013 : Rs. 208,694).

	Note	2014 Rupees	2013 Rupees
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11 TRADE DEBTS

Considered good

Secured
Unsecured

11.1

	597,815,924	812,845,011
	596,120,323	766,403,107
	1,193,936,247	1,579,248,118

11.1 The amount includes following balances receivable from related parties

Ihsan Raiwind Mills (Pvt) Limited - Subsidiary Company
Din Farm Products (Pvt.) Limited - Associated Company

	-	351,620,302
	-	1,047,418
	-	352,667,720

	Note	2014 Rupees	2013 Rupees
12 LOANS AND ADVANCES			
Unsecured - Considered good			
Advance to subsidiary company	12.1	-	653,201,406
Advance against wages		6,205,154	4,599,895
Advances to suppliers		41,012,449	71,996,524
Secured - Considered good			
Advance against letter of credit		232,714	25,479,856
		47,450,317	755,277,681

12.1 The amount represented funds provided to the subsidiary company to meet working capital requirements of subsidiary company. The amount is unsecured and was interest free. After the merger of the subsidiary with and into the company, the said balances were adjusted with those taken over, refer note 1.4

	Note	2014 Rupees	2013 Rupees
13 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
Leasing companies		3,620,288	1,145,325
Others		1,146,792	1,127,850
Prepayments		4,079,625	3,708,750
		8,846,705	5,981,925
14 OTHER RECEIVABLES			
Export rebate		149,113	54,034
Insurance Claim Receivable		189,500	31,720
Cotton claims receivable		9,922,153	42,279,462
Others		213,499	-
		10,474,265	42,365,216
15 OTHER FINANCIAL ASSETS			
Available for sale investments - in quoted companies			
PICIC Energy Fund			
5,000 (June 30, 2013: 5000) ordinary shares of Rupees 10 each		64,100	-
Cost Rs. 50,000 (June 30, 2013 : Rs. 50,000)			
Fatima Fertilizer Company Limited			
500 (2013: 500) ordinary shares of Rupees 10 each		14,500	-
Cost Rs. 6,750 (June 30, 2013 : Rs. 6,750)			
Agritech Limited			
500 (2013: 500) ordinary shares of Rupees 10 each		5,145	-
Cost Rs. 15,025 (June 30, 2013 : Rs. 15,025)			
		83,745	-
16 TAX REFUND DUE FROM THE GOVERNMENT			
Income Tax			
Opening balance		70,697,113	48,656,015
Balance transferred from subsidiary merged		13,796,016	-
Paid/ Adjusted during the year -Net		146,689,877	122,650,150
Less Provision for the year		(40,338,830)	(100,609,052)
		190,844,176	70,697,113
Sales tax		172,076,147	96,190,557
		362,920,323	166,887,670

	Note	2014 Rupees	2013 Rupees
17 CASH AND BANK BALANCES			
Cash with banks			
In current accounts	17.1	58,851,191	51,862,923
In dividend accounts	17.2	3,948,176	2,121,731
In savings account	17.3 & 17.4	9,966,315	15,754
		72,765,682	54,000,408

- 17.1 It includes balance with associated company (MCB Bank Limited) of Rs. 21,488,332 (June 30, 2013 : Rs. 17,079,060).
17.2 It represents balance with associated company (MCB Bank Limited) of Rs. 1,180,102 (June 30, 2013 : Rs. 1,326,282).
17.3 It represents balance with associated company (MCB Bank Limited) of Rs. 16,209 (June 30, 2013 : Rs. 15,754).
17.4 It carries mark up at the rate of 5.00 to 7.92 (June 30, 2013 : 5.00 to 7.00) percent per annum.

	Note	2014 Rupees	2013 Rupees
18 TRADE AND OTHER PAYABLES			
Creditors		291,960,011	223,705,580
Murahaba	18.1	1,782,465,965	2,158,621,293
Accrued liabilities		105,680,044	118,375,000
Advances from customers		35,171,741	14,779,557
Excise duty on loans	18.2	4,429,581	4,429,581
Sales tax claim payable	18.3	14,759,965	14,759,965
Workers' profit participation fund	18.5	661,046	44,253,270
Unclaimed dividend		5,655,045	3,829,600
Withholding tax payable		1,103,677	-
Other Payabale	18.4	-	44,681,513
		2,241,887,075	2,627,435,359

- 18.1.1 These facilities are secured against first pari passu hypothecation and floating charge over company's stocks, book debts and receivables, of the company. Overall limits for these facilities are disclosed in note 20.1. Mark up ranges from 8.74 to 10.40 (June 30, 2013 : 8.84 to 12.34) percent per annum. These facilities are expiring on various dates from July 2014 to December 2014.
18.2 The company had provided the excise duty payable on loans from banks / financial institutions. The Supreme Court of Pakistan has decided the case against the company. The demand against payment of excise duty has not been raised by the authorities.
18.3 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.
18.4 It represents amount payable to previous shareholders of Ihsan Raiwind Mills (Pvt) Limited against purchase of entire share capital.

	Note	2014 Rupees	2013 Rupees
18.5 Workers' profit participation fund			
Opening balance		44,253,270	344,848
Interest on fund utilized in company's business		457,101	-
		44,710,371	344,848
Paid during the year		(44,253,270)	-
		457,101	344,848
Allocation for the year		203,945	43,908,422
Closing balance		661,046	44,253,270

- 18.5.1 Interest on Workers' profit participation fund has been provided at the rate of 12.10% (June 30, 2013 : 0%)

	Note	2014 Rupees	2013 Rupees
19 ACCRUED MARK UP AND INTEREST			
Mark up / interest accrued on secured loans			
Long term financing		13,328,914	10,191,699
Short term borrowings		54,880,296	69,583,884
Finance lease		721,413	1,287,508
		68,930,623	81,063,091

	2014 Rupees	2013 Rupees
20 SHORT TERM BORROWINGS		
Secured - from banking companies		
Running finance	559,600,317	182,332,140
Money market loan	200,000,000	-
	759,600,317	182,332,140

20.1 Total credit limits available for short term bank borrowings are Rs. 6,885 million (June 30, 2013 : Rs. 7,085 million). These borrowings were secured against first pari passu hypothecation and floating charge over company's stocks, book debts, movables, receivables, and lien on export / import documents of the company. Mark up ranges from 9.19 to 13.29 (June 30, 2013 : 9.19 to 13.29) percent per annum. Average effective interest rate computes to 9.83 (June 30, 2013 : 10.64) percent per annum. These facilities are expiring on various dates from July 2014 to December 2014.

	Note	2014 Rupees	2013 Rupees
21 LONG TERM FINANCING			
Secured - from banking companies and financial institutions			
Pak Oman Investment Company Limited	21.1	13,639,731	26,291,217
Standard Chartered Bank	21.2	11,618,000	35,846,000
Meezan Bank Ltd	21.3	710,526,000	770,328,000
Habib Metropolitan Bank Ltd	21.4	265,492,001	174,327,287
		1,001,275,732	1,006,792,504
Less : Current portion		(343,269,410)	(185,825,808)
		658,006,322	820,966,696

Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
21.1 Pak Oman Investment Company	SBP-LTFF	4,575,000	6.50%	02 Semi Annual	30-May-15	First pari passu hypothecation charge of Rs.103.400 million over present and future assets (plant and machinery) with 25 percent margin.
	SBP-LTFF	4,575,000	6.50%	02 Semi Annual	06-Jun-15	
	SBP-LTFF	1,525,000	6.50%	02 Semi Annual	30-Jun-15	
	SBP-LTFF	2,964,731	6.75%	03 Semi Annual	22-Aug-15	
	Total	13,639,731				
21.2 Standard Chartered Bank	LTFF	-	SBP refinance rate + 1.5%	Loan repaid in the year	29-Dec-13	First specific charge of 6.5 million on company's plant and machinery
	Term Finance	-	3 Month Kibor +1%	Loan repaid in the year	29-Dec-13	
	LTFF	5,292,000	SBP refinance rate + 1.5%	01 Semi Annual	15-Sep-14	Demand promissory note and first charge on company's specific plant and machinery of Rs. 125 million
	Term Finance	5,292,000	6 Month Kibor +1%	01 Semi Annual	15-Sep-14	
	LTFF	517,000	SBP refinance rate + 1.5%	01 Semi Annual	20-Dec-14	
	Term Finance	517,000	6 Month Kibor +1%	01 Semi Annual	20-Dec-14	
Total	11,618,000					
21.3 Meezan Bank Ltd	Diminishing Musharika		6 Month Kibor + 0.55%	Loan repaid in the year	1-Sep-13	The Loan is secured against first specific charge of Rs.193.750 million over fixed assets with 20% margin
	Diminishing Musharika	10,526,000	6 Month Kibor + 0.55%	01 Semi Annual	30-Sep-14	The Loan is secured against first specific charge of Rs. 52.630 million over fixed assets with 20% margin
	Diminishing Musharika	700,000,000	6 Month Kibor + 0.75%	08 Semi Annual	30-May-18	The Loan is secured against first specific charge of Rs. 879.35 million over fixed assets with 20% margin
	Total	710,526,000				

21.4

Habib Metropolitan Bank Ltd	Diminishing Musharika	41,250,000	3 Month Kibor + 1%	03 Quarterly	21-Mar-15	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
	Diminishing Musharika	19,500,000	3 Month Kibor + 1%	03 Quarterly	21-Mar-15	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
	Diminishing Musharika	24,432,965	3 Month Kibor + 1%	09 Quarterly	31-Aug-16	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
	Diminishing Musharika	8,049,600	3 Month Kibor + 1%	10 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs.9,659,520 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	6,782,587	3 Month Kibor + 1%	10 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs.8,139,105 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	6,781,124	3 Month Kibor + 1%	10 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs. 8,137,350 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	34,910,790	3 Month Kibor + 1%	10 Quarterly	30-Oct-16	The Loan is secured against first specific charge upto Rs. 41,892,948 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	20,381,625	3 Month Kibor + 1%	11 Quarterly	29-Jan-17	The Loan is secured against first specific charge upto Rs. 22,234,500 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	17,975,250	3 Month Kibor + 1%	10 Quarterly	6-Nov-16	The Loan is secured against first specific charge upto Rs. 21,570,300 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	19,107,900	3 Month Kibor + 1%	12 Quarterly	18-Apr-17	The Loan is secured against first specific charge upto Rs. 19,359,000 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	9,768,660	3 Month Kibor + 1%	11 Quarterly	13-Mar-17	The Loan is secured against first specific charge upto Rs. 10,656,720 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	7,130,025	3 Month Kibor + 1%	12 Quarterly	18-Apr-17	The Loan is secured against first specific charge upto Rs. 7,130,025 over musharik aasset, demand promissory note and standing debit instructions.
	Diminishing Musharika	49,421,475	3 Month Kibor + 1%	12 Quarterly	22-Jul-17	The Loan is secured against first specific charge upto Rs. 49,421,475 over musharik aasset, demand promissory note and standing debit instructions.
	Total	265,492,001				

22 LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	2014			2013		
	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments	Minimum lease payments	Financial charges for future periods	Present value of minimum lease payments
	Rupees			Rupees		
Up to one year	21,148,213	1,813,342	19,334,871	37,212,419	4,122,553	33,089,866
Later than one year but not later than five years	7,777,328	966,087	6,811,241	21,217,605	1,307,094	19,910,511
	28,925,541	2,779,429	26,146,112	58,430,024	5,429,647	53,000,377

22.1 The total lease rentals due under the lease agreements aggregate Rs. 28.926 million (June 30, 2013 : Rs. 58.43 million) and are payable in equal monthly / semi annually installments under various lease agreements, latest by 2017. The present value of minimum lease payments has been discounted at interest rate implicit in the lease, which equates to an interest rate of approximately 9.63 to 14.00 (June 30, 2013 : 9.96 to 14.00) percent per annum. If any lease is terminated, the lessee is required to pay the purchase price specified in the lease agreements. The cost of repairs and insurance are borne by the lessee. The liability is partially secured by a deposit of Rs. 4.838 million (June 30, 2013 :

Rs. 5.314 million) and demand promissory note. The estimated residual value of assets acquired on finance lease is Rs. 4.838 million (June 30, 2013 : Rs. 5.314 million). The company intend to exercise the option of purchasing the leased assets at residual value upon completion of lease term. The number of maximum / minimum monthly lease rentals payable are 36 and 1 respectively.

	Note	2014 Rupees	Restated 2013 Rupees			
23 STAFF RETIREMENT BENEFITS - GRATUITY						
23.1 Movement in the net liability recognized in the balance sheet						
Opening net liability		99,688,452	92,091,058			
Liability transferred from merger of subsidiary		6,768,680	-			
		<u>106,457,132</u>	<u>92,091,058</u>			
Expense for the year	23.2	51,761,888	37,896,335			
Remeasurements recognised		10,427,758	(7,035,391)			
		<u>168,646,778</u>	<u>122,952,002</u>			
Benefits paid during the year		(29,532,728)	(23,263,550)			
Closing net liability		<u>139,114,050</u>	<u>99,688,452</u>			
23.2 Expense recognized in the income statement						
Current service cost		40,187,726	31,408,164			
Interest cost		11,574,162	6,488,171			
		<u>51,761,888</u>	<u>37,896,335</u>			
23.3 Movement in the present value of defined benefit obligation						
Present value of defined benefit obligation		106,457,132	92,091,058			
Current service cost		40,187,726	31,408,164			
Interest cost		11,574,162	6,488,171			
Actuarial loss / (gain)		10,427,758	(7,035,391)			
Benefits paid		(29,532,728)	(23,263,550)			
		<u>139,114,050</u>	<u>99,688,452</u>			
23.4 Historical information						
		2014	2013	2012	2011	2010
Present value of defined benefit obligation		139,114,050	99,688,452	92,091,058	89,408,343	62,977,987
Experience adjustments on plan liabilities		(10,427,758)	7,035,391	5,682,138	(12,148,958)	(3,047,302)
					2014 Rupees	2013 Rupees
23.5 General description						
The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.						
					2014	2013
23.6 Principal actuarial assumption						
Following are a few important actuarial assumption used in the valuation.						
Discount rate					13.25 %	10.50 %
Expected rate of increase in salary					12.25 %	10.00 %
23.7 Expected gratuity expense for the year ending June 30, 2015 works out to Rs. 56,966,781.						
					2014 Rupees	Restated 2013 Rupees
24 DEFERRED TAXATION						
The deferred taxation liability / (asset) comprises of following temporary differences.						
Taxable temporary differences (deferred tax liabilities)						
Accelerated tax depreciation allowance					184,832,621	90,205,866
Deductible temporary differences (deferred tax assets)						
Staff retirement benefits - gratuity					(18,138,623)	(11,118,667)
Unused tax credits - unabsorbed depreciation					(234,854,419)	(220,718,864)
					<u>(68,160,421)</u>	<u>(141,631,665)</u>

24.1 In view of applicability of presumptive tax regime, deferred tax assets has been worked out after taking effect of income covered under presumptive tax regime. During the year net deferred tax assets amounted to Rs. 81,442,333 has arisen.

25 CONTINGENCIES AND COMMITMENTS

25.1 The Company has issued post dated cheques amounting to Rs. 57.561 million (June 30, 2013 : Rs. 77.474 million) in favor of Collector of Customs in lieu of custom levies against various statutory notification. The indemnity bonds furnished by the company are likely to be released after the fulfillment of term of related SROs.

	2014 Rupees	2013 Rupees
25.2 Contingencies		
Bills discounted with recourse	273,925,266	53,301,795
Bank guarantees issued in the ordinary course of business	168,911,201	159,060,401
25.3 Commitments		
Letters of credit for capital expenditure	47,780,647	140,495,338
Letters of credit for raw material	265,559,819	506,926,003
Letters of credit for stores and spares	25,688,242	40,858,250

26 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

	2014 Number of shares	2013 Number of shares	2014 Rupees	2013 Rupees
13,479,600	13,479,600	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	134,796,000	134,796,000
1,962,334	1,962,334	Ordinary shares of Rs. 10 each allotted for consideration of amalgamation of power plant	19,623,340	19,623,340
6,979,754	4,941,419	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	69,797,540	49,414,190
22,421,688	20,383,353		224,216,880	203,833,530

24.1 Associated company (Din Leather (Pvt.) Limited) held 7,260 (June 30, 2013 : 6,600) ordinary shares of the company.

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

	2014 Rupees	Restated 2013 Rupees
27 RESERVES		
Capital	-	10,376,660
Merger reserve	27.1	
Revenue		
General	400,000,000	400,000,000
Unappropriated profit	1,281,229,550	1,679,458,296
	1,681,229,550	2,089,834,956

27.1 This represents book difference of capital under scheme of arrangement for amalgamation with Din Power Limited in the year 2001. During the year merger reserve is adjusted against the net liability of IRML arising from merger of subsidiary to the extent of available merger reserve (note 1.4).

	Note	2014 Rupees	2013 Rupees
28 SALES - NET			
Export	28.1		
Yarn - Direct export		2,986,935,941	2,799,717,284
Yarn - Indirect export		3,151,632,300	4,059,385,140
Waste and others		112,812,151	122,169,928
Rebate		134,316	64,897
Total export sales		6,251,514,708	6,981,337,249
Local			
Yarn		4,015,092,107	993,689,729
Raw Material		8,624,297	339,971,314
Waste and others		86,841,258	106,808,376
		4,110,557,662	1,440,469,419
Total local sales		10,362,072,370	8,421,806,668
		143,022,137	45,186,522
Sales Tax		10,505,094,507	8,466,993,190
Commission and claims		(150,998,703)	(125,432,200)
Sales Tax		(143,022,137)	(45,186,522)
		10,211,073,667	8,296,374,468

28.1 This includes net exchange gain / (loss) amounting to Rs. 9,340,327 (June 30, 2013: Rs. 43,663,869).

	Note	2014 Rupees	Restated 2013 Rupees
29 COST OF SALES			
Cost of goods manufactured	29.1	9,567,451,236	6,946,998,476
Finished goods			
Opening stock		177,806,017	138,985,873
Stock of subsidiary at merger		38,584,770	-
Closing stock		(247,117,580)	(177,806,017)
		9,536,724,443	6,908,178,332
29.1 Cost of goods manufactured			
Raw material consumed	29.1.1	6,970,765,798	4,789,907,534
Cost of raw material sold		7,767,412	338,558,571
Packing material consumed		142,213,252	107,017,117
Stores and spares consumed		207,123,642	182,383,330
Salaries, wages and other benefits	29.1.2	704,860,158	508,363,691
Fuel and power		1,190,737,764	767,060,718
Insurance		25,709,602	19,096,820
Repairs and maintenance		36,765,269	32,724,850
Depreciation	6.1.1	244,564,744	164,974,426
Vehicle running and maintenance		10,399,926	6,755,435
Books and periodicals		1,636,241	1,581,453
Postage and telephone		759,491	529,570
Travelling and conveyance		4,107,379	2,453,388
Legal and professional		141,000	40,000
Contract / license fee	29.1.3	32,637,000	28,003,750
Rent, rates and taxes		5,765,415	3,013,770
Other overheads		17,463,454	6,501,446
		9,603,417,547	6,958,965,869
Work in process			
Opening stock		109,537,025	97,569,632
Stock of subsidiary at merger		15,600,909	-
Closing stock		(161,104,245)	(109,537,025)
		(35,966,311)	(11,967,393)
		9,567,451,236	6,946,998,476

	2014 Rupees	2013 Rupees
29.1.1 Raw material consumed		
Opening stock	1,281,481,445	891,469,908
Stock of subsidiary at merger	22,668,704	-
Purchases	6,216,180,261	5,339,099,365
	7,520,330,410	6,230,569,273
Closing stock	(808,340,732)	(1,281,481,445)
	6,711,989,678	4,949,087,828
Dyeing charges	266,543,532	179,378,277
Cost of raw material sold	(7,767,412)	(338,558,571)
	6,970,765,798	4,789,907,534

29.1.2 Salaries, wages & other benefits includes Rs. 47,598,565 (June 30, 2013 : Rs. 35,011,085) in respect of staff retirement benefits.

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

	2014 Rupees	2013 Rupees
30 DISTRIBUTION COST		
Ocean freight	58,535,839	62,353,840
Air freight	16,629,131	5,522,102
Local freight	31,931,253	27,859,000
Clearing and forwarding	7,294,675	6,531,798
Export development surcharge	7,971,242	7,076,937
Others	3,693,976	2,651,725
Travelling expense	1,547,136	638,364
	127,603,252	112,633,766

	Note	2014 Rupees	Restated 2013 Rupees
31 ADMINISTRATIVE EXPENSES			
Directors' remuneration	37	33,549,600	28,544,400
Staff salaries and other benefits	31.1	56,566,511	46,535,066
Travelling and conveyance		3,716,349	2,744,923
Vehicle running and maintenance		1,502,880	1,984,297
Rent, rates and taxes		194,422	58,910
Electricity, gas and water		3,139,125	261,455
Printing and stationery		1,806,064	1,118,584
Fees, subscription and periodicals		4,031,479	4,046,674
Legal and professional		1,528,190	3,679,864
Repairs and maintenance		3,517,119	5,762,655
Postage and telephone		6,467,358	6,085,560
Entertainment		1,346,461	1,194,928
Advertisement		555,350	390,073
Depreciation	6.1.1	3,763,199	3,151,818
Others		7,572,696	6,130,829
		129,256,803	111,690,036

31.1 Staff salaries and other benefits includes Rs. 4,163,423 (June 30, 2013 : Rs. 2,885,250) in respect of staff retirement benefits.

	Note	2014 Rupees	2013 Rupees
32 OTHER OPERATING EXPENSES			
Workers' profit participation fund	18.5	203,945	43,908,422
Workers' welfare fund	6.4	77,499	16,685,200
Loss on sale of property, plant and equipment	32.2	192,416	34,230
Auditors' remuneration		1,671,000	1,288,000
Loss on translation of foreign currency account	34.1	204	-
Loss from power generation		627,952	-
Loss on disposal of available for sale investment	32.1	5,500	-
Donation		-	100,000
		2,778,516	62,015,852
32.1 None of the directors or their spouses had any interest in donee fund.			
32.2 Auditors' remuneration			
Audit fee		1,425,000	1,100,000
Half yearly review fee		96,000	88,000
Other services		50,000	-
Tax services		100,000	100,000
		1,671,000	1,288,000
33 FINANCE COST			
Mark up / interest on			
Long term financing		109,273,660	50,530,640
Liabilities against assets subject to finance lease		3,630,292	6,963,495
Short term borrowings		287,574,778	219,690,597
Workers' profit participation fund	18.5	457,101	-
Bank charges and commission		17,754,048	21,479,373
		418,689,879	298,664,105
34 OTHER INCOME			
From financial assets			
Gain on translation of foreign currency		308,571	1,377
Profit on savings account		6,247,503	2,393
Dividend income		1,250	-
From other than financial assets			
Gain on disposal of property, plant and equipment	6.4	93,343	15,194,485
Income from power generation	34.1	-	196,056
Others		1,126,010	-
		7,776,677	15,394,311

	Note	2014 Rupees	2013 Rupees
34.1 Income from power generation			
Sales		4,778,826	4,946,229
Cost of electricity product:			
Stores and spares consumed		105,682	176,706
Salaries, wages and other benefits		220,204	224,106
Fuel and power		4,274,119	3,764,920
Insurance		23,354	13,945
Repairs and maintenance		3,885	55,170
Depreciation	6.1.1	225,022	180,781
Vehicle running and maintenance		16,444	8,202
Rent, rates and taxes		2,144	1,391
Finance cost		322,962	219,025
Other overheads		212,962	105,927
		5,406,778	4,750,173
Net income / (loss) from power generation		(627,952)	196,056

35 TAXATION

Provision / reversal for taxation

Current Taxation:

Current	58,061,623	82,535,382
Prior	(17,800,292)	1,388,470

Deferred taxation

Current year	70,784,918	-
Prior year - effect of change in tax rate	4,045,967	-

	115,092,216	83,923,852
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35.1 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.

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

		2014 Rupees	Restated 2013 Rupees
36 (LOSS)/EARNINGS PER SHARE			
Basic (loss) / earnings per share			
(Loss) / Profit for the year	Rupees	(111,294,765)	734,662,836
Weighted average number of ordinary shares outstanding during the year	Numbers	22,421,688	22,421,688
(Loss) / Earnings per share - basic	Rupees	(4.96)	32.77

36.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2014 and June 30, 2013.

37 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2014			2013		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees			Rupees		
Managerial remuneration	10,166,560	20,333,120	56,528,003	2,162,460	23,787,060	44,631,264
Medical allowances	1,016,640	2,033,280	5,652,771	216,240	2,378,640	4,463,073
	11,183,200	22,366,400	62,180,774	2,378,700	26,165,700	49,094,337
Number of persons	1	2	40	1	3	31

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

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

38 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

- 38.1 Credit risk
- 38.2 Liquidity risk
- 38.3 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.

38.1 Credit risk

38.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 1,297.286 million (June 30, 2013 : Rs. 2,346.133 million), financial assets which are subject to credit risk aggregate to Rs. 1,224.520 million (June 30, 2013 : Rs. 2,292.132 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.

	2014 Rupees	2013 Rupees
Long term deposits	15,491,401	15,098,546
Trade debts	1,193,936,247	1,579,248,118
Loans and advances	-	653,201,406
Trade deposits and short term prepayments	4,767,080	2,273,175
Other receivables	10,325,152	42,311,182
Cash and bank balances	72,765,682	54,000,408
	1,297,285,562	2,346,132,835

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

	2014 Rupees	2013 Rupees
Domestic	596,120,323	766,403,107
Export	597,815,924	812,845,011
	1,193,936,247	1,579,248,118

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

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

	2014 Rupees	2013 Rupees
Yarn	1,171,218,510	1,194,150,267
Services	16,087,343	20,431,750
Waste	4,044,176	12,574,505
Others	2,586,218	352,091,596
	1,193,936,247	1,579,248,118

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

	Gross debtors	
	2014	2013
	Rupees	
Not past due	691,145,009	970,096,014
Past due 0 - 30 days	379,596,502	387,116,332
Past due 31 - 90 days	112,317,710	177,924,821
Past due 90 days - 1 year	10,877,026	44,014,841
More than one year	-	96,110
	1,193,936,247	1,579,248,118

38.2 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.

2014						
Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years	
Rupees						
Non - derivative Financial liabilities						
Long term financing	1,001,275,732	1,298,794,996	256,619,852	219,913,748	822,261,396	-
Finance lease	26,146,112	28,925,541	18,539,563	2,608,650	7,777,328	-
Trade and other payables	2,221,661,483	2,221,661,483	2,221,661,483	-	-	-
Accrued mark up and interest	68,930,623	68,930,623	68,930,623	-	-	-
Short term borrowings	759,600,317	843,156,352	843,156,352	-	-	-
	4,077,614,267	4,461,468,995	3,408,907,873	222,522,398	830,038,724	-

2013						
Carrying Amount	Contractual Cash flows	Six months or less	Six to twelve months	Two to five years	More than five years	
Rupees						
Non - derivative Financial liabilities						
Long term financing	1,006,792,504	1,272,252,248	162,835,796	119,079,153	990,337,299	-
Finance lease	53,000,377	58,430,024	18,286,126	18,926,293	21,217,605	-
Trade and other payables	2,563,992,543	2,563,992,543	2,563,992,543	-	-	-
Accrued mark up and interest	81,063,091	81,063,091	81,063,091	-	-	-
Short term borrowings	182,332,140	202,388,675	202,388,675	-	-	-
	3,887,180,655	4,178,126,581	3,028,566,231	138,005,446	1,011,554,904	-

38.2.1 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.

38.3 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

38.3.1 Currency risk

Exposure to currency risk

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

	US Dollar	Euro	Others	Rupees
Trade debts 2014	6,066,118	-	-	597,815,924
Cash with banks 2014	292	-	-	28,739
Trade debts 2013	8,158,417	55,829	-	812,845,011
Cash with banks 2013	3,587	-	-	354,320

The following significant exchange rates applied during the year.

	Average Rates		Reporting Date Rates	
	2014	2013	2014	2013
US Dollar to Rupee	98.65	96.28	98.55	98.75
Euro to Rupee	138.75	123.49	134.46	128.99

Sensitivity analysis

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

	2014 Rupees	2013 Rupees
US Dollar	(29,890,796)	(40,282,184)
Euro	-	(360,069)

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

38.3.2 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:

	2014 Rupees	2013 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	7,130,025	44,214,217
Variable rate instruments		
Financial assets	9,966,315	15,754
Financial liabilities	3,562,358,101	3,356,532,097

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, 2013:

	Profit & Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2014	(35,623,581)	35,623,581	-	-
Cash flow sensitivity - variable rate instruments 2013	(33,565,321)	33,565,321	-	-

38.4 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.

	2014 Rupees	2013 Rupees
38.5 Off balance sheet items		
Bills discounted with recourse	273,925,266	53,301,795
Bank guarantees issued in ordinary course of business	168,911,201	159,060,401
Letters of credit for capital expenditure	47,780,647	140,495,338
Letters of credit for raw material	265,559,819	506,926,003
Letters of credit for stores and spares	25,688,242	40,858,250

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

39 CAPITAL RISK MANAGEMENT

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

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

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

		2014	2013
Borrowings	Rupees	1,760,876,049	1,189,124,644
Total equity	Rupees	1,905,446,430	1,551,970,259
Total capital employed	Rupees	3,666,322,479	2,741,094,903
Gearing ratio	Percentage	48.03	43.38

40 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

	Note	2014	2013
Total number of spindles installed	40.1	98,304	81,216
Total number of spindles worked		91,737	77,636
Number of shifts per day		3	3
Installed capacity converted into 20/1 count (Kgs.)		31,940,996	26,886,931
Actual production converted into 20/1 count (Kgs.)		27,268,608	22,961,392
Number of employees		3,139	2,545

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

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

41 TRANSACTION WITH RELATED PARTIES

		2014 Rupees	2013 Rupees
Transactions with related parties	Relationship		
MCB Bank Limited	Associated company		
Deposits		283,013,606	304,934,651
Withdrawals		278,750,059	289,839,540
Din Farm Products (Pvt.) Ltd.	Associated company		
Sale of electricity		4,778,826	4,946,229
Directors and relatives	Associated persons		
Sale of fixed assets		407,360	720,000
Din Leather (Pvt.) Ltd.	Associated company		
Reimbursement of expenses		3,333,547	-
Ihsan Raiwind Mills (Pvt) Ltd	Subsidiary company		
Sales	(Refer note 1.4)	-	348,352,429
Purchase	(Refer note 1.4)	-	5,550,153
Others	(Refer note 1.4)	-	653,201,406
Salaries and other short term employee benefits	Key management personnel	95,730,374	77,638,737
Staff retirement benefits	Key management personnel	5,384,608	9,092,012
Balances Outstanding at the year end	Relationship		
MCB Bank Limited	Associated company	22,684,643	18,421,096
Din Farm Products (Pvt.) Ltd.	Associated company	-	1,047,418
Ihsan Raiwind Mills (Pvt) Ltd	Subsidiary company	-	1,004,821,827
Din Leather (Pvt.) Ltd.	Associated company	2,019,262	1,047,418

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

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

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

42 **CORRESPONDING FIGURES**

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

Note	Reclassification		Nature	Rupees
	From	To		
32	Provision for taxation - Workers' Welfare Fund	Other Operating expenses - Workers' Welfare Fund	Better presentation	16,685,200

43 **GENERAL**

Figures have been rounded off to the nearest rupees.

44 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on October 03, 2014 by the board of directors of the company.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

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DIN TEXTILE MILLS LIMITED

PROXY FORM

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

I / we _____

Of _____ being

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

Ordinary Shares _____ hereby appoint

Mr. / Mrs. / Miss. _____ of _____

Share Register Folio/CDC ID & Account No. _____ and

Mr. / Mrs. / Miss. _____ of _____

Share Register Folio/CDC ID & Account No. _____

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

At the Twenty-seventh Annual General Meeting of the Company to be held on October 29, 2014 and at any adjournment thereof.

Signed this _____ day of _____ 2014

Witness:

1. _____

2. _____

Signature on Rs. 5.00 Revenue Stamp

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

NOTICE:

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

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