CONTENTS

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.

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.

CORPORATE INFORMATION

Board of Directors

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

Company Secretary
Mr. Islam Ahmed

Chief Financial Officer
Mr. Shaukat Hussain Ch.
(ACA, FPFA, CFC)

Auditors
Mushtaq & Co.,
Chartered Accountants

Bankers

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

Audit Committee

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

Human Resource and Remuneration Committee

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

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

Mills
Unit-I and II: Kot Akbar Khan, 70 Km Multan Road,
Tehsil Pattoki, District Kasur, Punjab.
Unit-III: Revenue Estate, Bhai Kot, Tablighi Chowk,
Raiwind Road, Tehsil and District Lahore - Punjab.
Unit-IV: 48 Km Multan Road, Bhai Pheru, District
Kasur, Punjab.

Website
www.dingroup.com

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 spinning industry in Pakistan. With four state-of-the-art spinning units and 1 dyeing unit located at Chunian and Lahore and one 100% own subsidiary Ihsan Raiwind Mills (pvt) Ltd. having Consolidated annual production capacity of yarn 31.90 million Kgs(Din 's 26.88 million kgs and Ihsan's 5.01 Million kgs). and dyeing of Fiber and Yarn 2.82 million Kgs.

With an consolidated annual turnover of Rs. 8.31 billion, today Din Textile Mills Ltd. employs over 3,066 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
Slub Lycra Yarn	Slub Yarn
Dyed Yarn	Mélange Yarn
Ply Yarn	Gassed Yarn

Organic Yarn
CU 813709
Din Textile Mills Ltd.
Pakistan

BOARD OF DIRECTORS

Shaikh Mohammad Muneer

Chairman

Shaikh Mohammed Muneer is the Chairman of Board of Directors of Din Textile Mills Limited (Unit of Din Group of Companies). Currently he also holds the position as Vice Chairman of MCB Bank Ltd., President of India-Pakistan Chamber of Commerce & Industry (IPCCI).

Under his dynamic leadership and missionary zeal Din Group has been awarded various Best Export Performance Trophies by FPCCI for its highest exports and have 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 Achivement Award by the President of Pakistan Mr. Asif Ali Zardari in the president house on 27-8-2012.

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.

He is the Chairman of Chiniot Anjuman-e-Islamia, Pakistan, running various schools/colleges/hospitals and maternity homes & also involved in many other social and welfare activities.

He is the

Member of

- Fatimid Foundation, Board of Governors of College of Business Management (CBM) Karachi.
- Board of Governors of Greenwich University, Karachi.
- Advisory Board of Citizen Liaison Committee (CPLC), 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.

DIRECTOR of

Make-A-Wish Foundation International USA.

PATRON-IN-CHIEF of
Friends of Burns Centre, Civil Hospital Karachi.
Korangi Association of Trade & Industry, Karachi (KATI).
TRUSTEE OF
" 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.
FOUNDER MEMBER of
Trust for Vaccines & Immunization (TVI)
Pakistan Hypertension League

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.

Shaikh Mohammad Tanveer
Chief Executive

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

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

He is the Chairman of Punjab Industrial Estate (PIE), and actively involved in various Business and industrial Development projects of the Govt. of Punjab. He is Chairman of All Pakistan Textile Mills Association (APTMA) (Punjab Zone). In his tenor APTMA achieved remarkable milestones for the Development of Textile Sector in Pakistan.

Shaikh Mohammad Naveed
Director

Shaikh Mohammad Naveed is the Executive Director of Din Textile Mills Ltd. (unit of Din Group of Companies). He is Graduate from Boston University, USA. He is a Qualified ISO-9000 Auditor from International Registrar of Certified Auditors (IRCA) & Microsoft Certified Professional (MCP). Being a Director of Din Textile Mills Ltd., his prime responsibility is to take care of the Balancing/ Modernization of Textile spinning, Dyeing, Power plants and procurement of the company to meet high quality standard of the products.

Mr. Faisal Jawed
Director
Mr. Faisal Jawed is the Executive Director of Din Textile Mills Ltd. (unit of Din Group of Companies.) He is Graduate of Business Administration (BBA MARKETING). Being a 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
Mr. Farhad Shaikh Mohammad is the Non Executive Director of Din Textile Mills Ltd. (unit of 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 local and international.
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 Fuji Fertilizer Company Limited
- Director of Din Leather (Pvt.) Limited
- Director of Din Farm Product (Pvt.) 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.
- Executive MEMBER Burns Centre, Civil Hospital, Karachi.

Mr. Abdul Razzak Tarmuhammad
Director
Mr. Abdul Razzak Tarmuhammad is as independent Director of Din Textile Mills Limited. After completion his acadimic 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 is 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.

Audit Committee reestablish on March 18, 2013. Audit 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. Faisal Jawed (Resigned on 18-3-2013)	(Executive Director)	Member
5	Mr. Islam Ahmed		Secretary

Meetings of the Committee

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

* Shaikh Muhammad Pervaiz resigned from the Chairmanship of the Committee as on 18-3-2013

** Meeting held during the period concerned Directors were on Committee.

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)

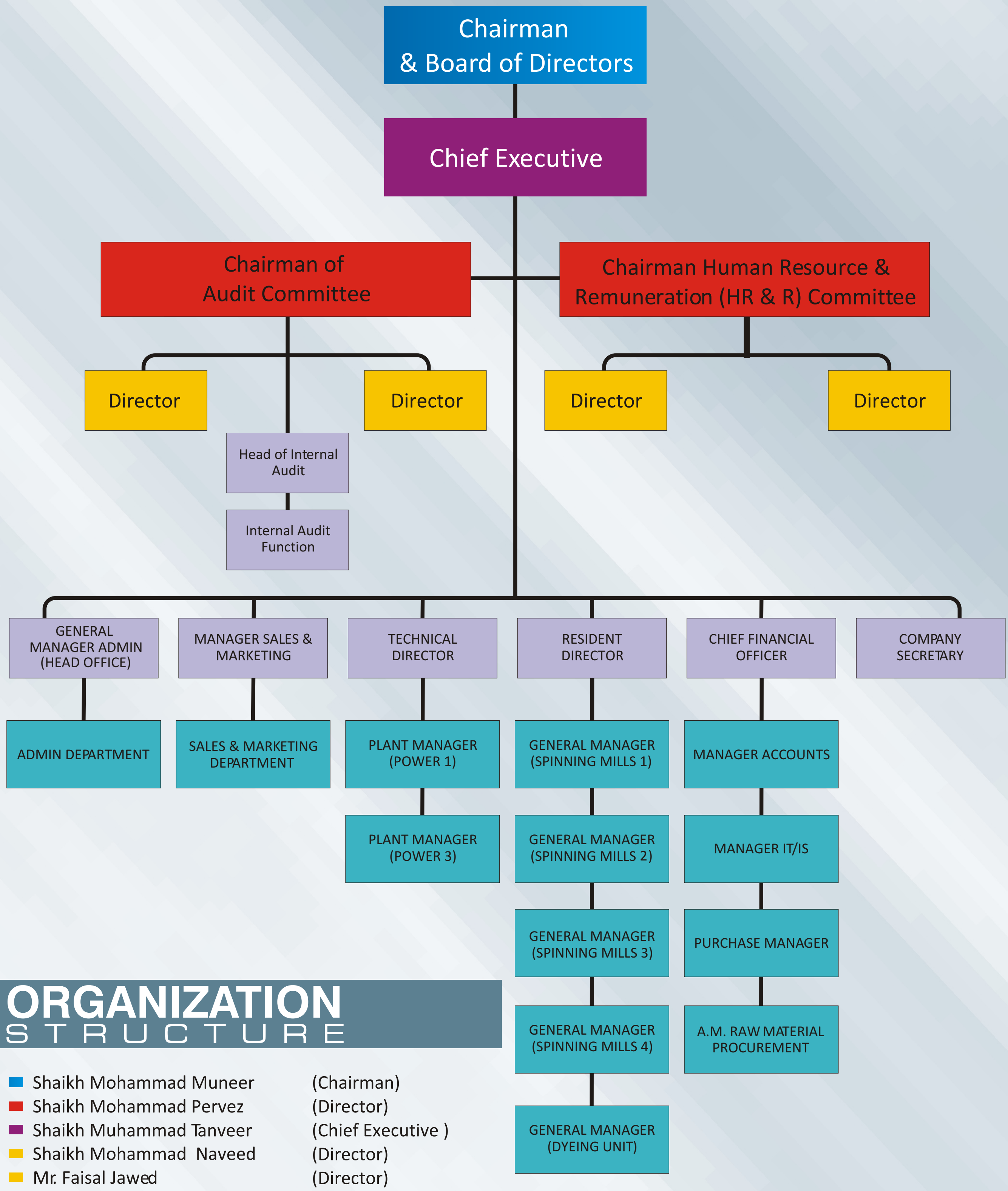
Human Resource and Remuneration (HR&R) Committee was re-establish on March 18, 2013 and have three members comprising a majority of non-executive directors Including Chairman of the Committee.

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. Farhad Shaikh Mohammad (Resigned on 18-03-2013)	(Non-Executive Director)	Member
5	Mr. Amir Riaz Qureshi		Secretary

S. No.	Name of Director	Total No. of Meeting	Meeting Attend
1	Shaikh Mohammad Pervez	2	2
2	Shaikh Mohammad Tanveer	2	2
3	Mr. Farhad Shaikh Mohammad	1	1
4	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)
Shaikh Mohammad Naveed	(Director)
Mr. Faisal Jawed	(Director)
Mr. Farhad Shaikh Mohammad	(Director)
Mr. Abdul Razzak Tarmuhammad	(Director)
Mr. Mehmood Tariq	(Resident Director)
Mr. Tariq Shahab Ansari	(Technical Director)
Mr. Islam Ahmed	(Company Secretary)
Mr. Shaukat Hussain Ch.	(Chief Financial Officer)
Major (R) Kamran Hafeez	(General Manager Admin)
Mr. 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 listing 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, 2013

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 and 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 compiling with National Laws considering working hours and good compensation. Din Textile enforces strict prohibition on the use of forced or child labor.

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

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

2. What Din Textile requires of its people

- **Compliance With Laws**

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

- **Security of Information**

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

- **Use of Information for personal gain**

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

- **Bribes**

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

- **Political Donations**

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

- **Conflicts of interest**

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

any individual doing or seeking business from Din Textile. The individuals of Din Textile should act in favor of the group and personal preferences should not be a prior concern. Every Din's Individual is welcomed for a sound advice when ever they find there selves facing a potential conflict of interest.
This all is not limited to owning shares with business partners, company shares trading, personal or family involvement in commercial transactions with Din Textile; but also includes such activities or owning any interest like borrowing from third party based on the business relationship of Din Textile.

- Corporate Reporting and Internal Controls

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

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

3. Din Textile's Commitment with their Competitors

Din Textile competes enthusiastically but fairly in the operating markets in the true spirit to win the market. Din Textile being honest and trustworthy in all of its dealings had never and will not damage the reputation of competitors either directly or by implication or innuendo.
Din Textile had never and will not attempt to acquire information about a competitor's business by disreputable means nor will it engage in restrictive trade practices of abuse any position of market dominance.

4. Din Textile's Commitment with their Customers

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

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

5. Din Textile's commitment with their Suppliers

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

6. Din Textile's Commitment with their Shareholders

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

7. Din Textile's Commitment with their Local Communities

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

8. Din Textile's Commitment to the Environment

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

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

9. Implementation of this Statement

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

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

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

EVENTS CALENDAR

August 27, 2012

Human Resource and Remuneration (HR &R) Committee meeting for recommending to the Board an increment in the compensation of the CFO and Head of Internal Audit.

September 28,2012

Audit Committee and Board of Directors meeting to consider accounts of the Company for the year ended June 30, 2012.

October 20,2012

Annual General Meeting of shareholders to consider accounts of the Company for the year ended June 30, 2012.

October 31,2012

Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended September 30, 2012.

January 23,2013

Board of Directors Meeting to appoint new share registrar of Central Depository Company of Pakistan Limited

January 31,2013

Board of Directors Meeting for acquires the entire shareholding of the company Ihsan Raiwind Mills (Pvt.) Limited and be amalgamation with Din Textile Mills Limited.

February 15,2013

Board of Directors Meeting for approval of Extra Ordinary General Meeting on March 12, 2113 for election of directors and for special business for alteration of Memorandum of Association and allow to carry on business of electricity generation and sale.

February 22,2013

Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended December 31, 2012

March 12,2013

Extra Ordinary General Meeting of shareholders for Election of Directors for the next term of three years commencing from March 12, 2013 and to passed a special resolution for alteration of Memorandum of Association and allow to carry on business of electricity generation and sale.

March 18,2013

Board of Directors Meeting for appointment of Chief Executive for the next term of three years commencing from March 18, 2013 and for re-establishing of Audit Committee as well as Human Resource and Remuneration (HR&R) Committee as required under clause xxiv and xxv of Code of Corporate Governance 2012.

April 26,2013

Audit Committee and Board of Directors meeting to consider accounts of the Company for the quarter ended March 31, 2013. Human Resource and Remuneration (HR &R) Committee meeting for review of Human Resource Polices

June 25,2013

Board of Directors Meeting for charge modification from Rs.377,000,000 to Rs.568,330,000 with M/s. Habib Metropolitan Bank Limited

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Company will be held on Saturday the 26th October 2013 at 10:00 a.m. at Pearl Continental Hotel, Dil Kusha Hall, Club Road, Karachi.

1. To confirm the minutes of the Extra-Ordinary General Meeting of the Company held on 12th March 2013.

2. To receive, consider and adopt the Audited Accounts of the Company for the year ended June 30, 2013 together with Directors and Auditors Report thereon.

3. To approve and declare Cash dividend @50% i.e. Rs 5/- per share and issue of Bonus shares @10% in the ratio of one share for every 10 shares held on October 18, 2013.

4. To appoint Auditors, and fix their remuneration.

5. To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD

Karachi : October 03, 2013

ISLAM AHMED
COMPANY SECRETARY

Notes:

1. The share transfer books of the Company will remain closed from October 19, 2013 to October 26, 2013 (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

2013 will be another banner year for the Din Group with the acquisition of our new company, Ihasn Raiwind Mills (Pvt) Limited a 100% own subsidiary of Din Textile Millls Limitd. Ihsan Raiwind Mills is also dedicated to participate that align with the Din Group's operating philosophy and heritage of innovation, competitive market development and entrepreneurial spirit. We will work to toward making our Textile Industry more competitive.

At Din Textiles , we believe in doing the right thing. By doing the right things for the right reasons, we will achieve our goal of being one of the best and most respected companies in the motherland and in the world as well, as measured by our employees, our customers, our communities and our shareholders. Din Textile will be the company where people are proud to work. It will be the company with which customers and suppliers want to partner. And it will be the company that consistently operates with excellence.

Despite our rapid growth and elevation to the leadership position in the industry, the simplicity in Din's flexibility and openness to new market trends and changing technology continue to be our driving force. The core values of simplicity, team work, trust amongest people, customer focus and meeting commitments have given us a unique position and respectability among the industry.

Gearing up for the future and to keep winning in tomorrow's world, we have a well recognized market presence with a strong product portfolio, streamlined and efficient manufacturing capabilities to withstand the winds of change. But we will need to be even more proactive, agile and customer centric. We will need to anticipate the future and be ready with solutions, even before the customer asks for them.

The year serves to remind us of the importance of being prepared for any untoward event. It is only when we are prudently prepared that we can truly face life with calm confidence, ready to adjust to what ever life brings.

There are many levels of preparedness that we should be aware of. We need to be prepared physically, making sure we are fit and healthy and that we have the basic resources to sustain life in emergency situations. We need to be prepared emotionally because during times of crises we cannot afford to panic or be reactive. We need to be prepared mentally which means having the knowledge and skills such as first-aid that could mean the difference between life and death.

"The price of success is hard work, dedication to the job at hand and the determination that whether we win or lose, we have applied the best of ourselves to the task at hand. "

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, 2013.

Economic Environment

The fiscal year 2012-13 started with continuous problems of power and gas shortages along with other internal and external challenges. The energy crisis deepened presenting paradoxical situation. The economy on average grew since 2008-09 at 2.94%. During FY12 and FY13 the power shortage became so severe that it wiped out 2% from our GDP. Per capita income is regarded as one of the key indicators of economic well-being over a period of time. Per Capita Income in dollar terms grew at a nominal rate of 3.4 percent in 2012-13 and increased to $ 1,368 in 2012-13

Agriculture is central to economic growth and development in Pakistan. Being the dominant sector it contributes 21.4 percent to GDP, employs 45 percent of the country's labour force and contributes in the growth of other sectors of the economy. Overall agriculture development strategy revolves to foster private sector-led development with public sector providing enabling environment through policy interventions and play capacity building role to improve agriculture related practices.

During 2012-13, agriculture sector exhibited a growth of 3.3 percent on the back of nominal growth in agriculture related sub sectors, Crops grew at 3.2 percent, Livestock 3.7 percent, Forestry 0.1 percent and fishing 0.7 percent. The agriculture subsector which included important crops, other crops, grew by 2.3 percent and 6.7 percent, cotton ginning declined by 2.9 percent. Important crops accounted for 25.2 percent of agricultural value added and has experienced a growth of 2.3 percent in fiscal year 2012-13 against growth of 7.4 percent in 2011-12. The lower growth in important crops is attributed to decline in production of rice and cotton by 10.0 percent and 4.2 percent, respectively.

Other crops that contributed 12.3 percent value addition in agriculture witnessed a positive growth of 6.7 percent in 2012-13 against negative growth of 7.7 percent during the same period last year. The cotton ginning under new base 2005-06 has been included in agriculture value addition showed a negative growth of 2.9 percent in 2012-13 against the positive growth of 13.8 percent during the same period last year. The Livestock sector which has a 55.4 percent share in the agriculture grew by 3.7 percent in 2012-13. The Fishing sector grew by 0.7 percent as against last year's positive growth of 3.8 percent. Forestry sector posted a nominal growth of 0.1 percent this year as compared to growth of 1.7 percent last year.

On a positive note, inflation fell significantly, and LSM showed signs of recovery. Fiscal year 2012-13 started with single digit inflation and likely to remains during the current financial year, food and non-food inflation as well as whole sale price index, sensitive price index and core inflation remained in single digit. The growth in industrial sector increased on the back of recovery in large scale manufacturing, construction and mining and quarrying. Amid of severe energy crisis, the LSM performed well. The latest data of March FY13 suggests a growth 9.3 % on YoY basis and 4.3 % on average July-March FY 13. If this trend continues it may help in overall improvement in GDP. However, Services sector remained subdued due to decline in growth rates of transport, storage and communication. Thus overall recent growth of GDP (at new base 2005-06) is registered at 3.6 percent in FY13 as compared to 4.4 percent in FY12.

Manufacturing sector having forward and backward linkages with other sectors of the economy is considered as the main source of economic growth. Manufacturing sector accounts 13.2 percent of GDP and employ 13.8 percent of the labor force. The Manufacturing sector is further divided into three sectors namely Large Scale Manufacturing, Small Scale Manufacturing and Slaughtering. Large Scale Manufacturing (LSM) accounts 10.6 percent of GDP followed by Small Scale Manufacturing 1.6 percent and Slaughtering 0.9 percent.

A slight improvement in trade sector has been witnessed as the trade deficit contracted by 2.5 percent on July-April FY13. This improvement was due to 0.15 percent rise in export and 0.9 percent decline in import. During the first ten months of current FY13, exports stood at $20.5 billion as recorded the same in the comparable period of FY12, while imports amounted to $33.0 billion against $33.3 billion during the same period of FY12. Trade deficit has been reduced to US$ 12.5 billion during July-April,FY13 as compared to US$12.9 billion in the comparable period of FY12. During July-April FY13, the worker's remittances stood at $11.6 billion against $10.9 billion last year, showing a growth of 6.4 percent.

Four years after eruption of the global financial crisis, the world economy is still struggling to recover. During 2012-13, global economic growth has weakened further. A growing number of developed economies have fallen into a double dip recession. Those in severe sovereign debt distress moved even deeper into recession, aught in the downward spiraling dynamics from high unemployment, weak aggregate demand compounded by fiscal austerity, high public debt burdens and financial sector fragility. Growth in the major developing countries and economies in transaction has also decelerated notably, reflecting both external vulnerabilities and domestic challenges. Most low-income countries have held up relatively well so far, but now face intensified adverse spillover effects from the slowdown in both developed and major middle income countries. The prospects for the next two years continue to be challenging, loaded with major uncertainties and risks inclined towards the downside.

The EU and the US represent the most important destinations of Pakistan exports and their markets absorb 31 percent and 23 percent of exports. While China represents the third most important destination with an 11.5 percent share. UAE, Afghanistan, Oman and Turkey have recently become important destinations. Therefore, slow down in US and European economies and weak demand have significant impact on Pakistan's export growth in spite of various challenges faced by economy, our trade has shown consistent improvement. Our exports increased by 27 percent in the year 2010-11 and touched a record level of US $ 25.4 billion. There was a slight fall of 4.7 percent in exports during 2011-12, due to external factors like shrinkage in global demand in wake of the global financial crisis and lower prices of cotton in the international market etc. The second Strategic Trade Policy Framework (STPF) for next three-year period, 2012-15 essentially build on the STPF 2009-12 and seeks to identify those aspects of Pakistan's export competitiveness which have been relatively less attended such as focusing on regional trade, promotion of export of services sector, facilitating export industry by overcoming energy crises and many more.

Energy outages hampered economic growth of Pakistan for last few years. Sincerely 2000s, the energy sector (especially its sub sector electricity) received greater attention because of the faster rate of growth in its demand. The crisis has affected every one, thus resolving energy crisis got immediate priority in manifestos of all political parties which competed in the election 2013. There is no doubt that there exists high correlation between growth rate of GDP and that of energy consumption.

Textile Out Look

Textiles is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, processing, made-ups and garments. The sector contributes nearly one-fourth of industrial value-added, provides employment to about 40 percent of industrial labour force, consumes more than 40 percent of banking credit to manufacturing sector and accounts for 8 percent of GDP. Barring seasonal and cyclical fluctuations textile products have maintained an average share of about 60 percent in national exports. However, despite being the 4th largest producer and 3rd largest consumer of cotton globally, Pakistan's comparative advantage is largely pre-empted by low value added exports as reflected in country's 12th rank in world textiles exports. Industry sources attribute improved performance to uninterrupted provision of gas to the textile sector as yarn and fabric exports specifically benefitted from improved energy supply. The recent cut in policy rate would give a signal to market that the earlier cut in the discount rate in December, 2012 have been recognized amid a growth in overall LSM sector and particularly in textile sector.

Domestically Pakistan is facing the problems of shortage of electricity, gas and the deteriorating law and order situation. The unscheduled/scheduled load shedding along with increasing rates of gas and electricity have obstructed the viability of the textile industry as the exporters were unable to meet their commitments. In addition our exports confined to raw materials to the global textile buyers and the same raw material comes back to the domestic market in form of finished value-added textile product. The capacity utilization in textile sector is only 60 percent. There are some positive initiatives like the announcement of duty waiver on 75 products by the EU from November 15, 2012 which provided impetus to textile exports. Furthermore it is expected that if GSP plus status operational in 2014, the exporters would be able to boost the exports to EU particularly in textile. American buyers are also re-establishing links with Pakistan's textile and clothing manufacturers. Industry sources attribute improved performance to uninterrupted provision of gas to the textile sector as yarn and fabric exports specifically benefitted from improved energy supply. The recent cut in policy rate would give a signal to market that the earlier cut in the discount rate in December, 2012 have been recognized amid a growth in overall LSM sector and particularly in textile sector performance.

Textile Industry the textile industry of Pakistan has potential for performing better both in productions as well as in export by virtue of its inherent competitiveness in the international market for its conventional products. However, to sustain its position and to move in high value added products as well as for the increased market share, a large investment in machinery equipment and new technology is essential. The training of workers, improvement in labour productivity, research & development, product diversification and branding are the immediate areas for companies to focus. The spinning sector is the most important segment in the hierarchy of textile production. At present, as per record of Textile Commissioner Organization (TCO), it is comprised of 506 textile units (49 composite units and 457 spinning units) with 9.892 million spindles and 103 thousand rotors in operation with capacity utilization of 91 percent and 60 percent respectively, during July–March,2012-13

The textile industry has called for regionally competitive interest rates, urging the State Bank of Pakistan to bring discount rate down to 8% to counter weak growth and revive fresh, private investment in the economy and to create jobs. Textile sector has borrowed Rs 41 billion from banking sector in the last six months and invested in new machinery. Of the total borrowing of Rs 41 billion, the share of the spinning industry was Rs 36 billion, showing the significant growth in the spinning sector.

The GOP recognizes the cotton and the textile industries as key sectors for Pakistan's economic development. From the beginning of the WTO, the GOP has implemented the Balancing, Modernizing Restructuring (BMR) plan to ensure it would capitalize on a more liberalized trading environment. From 1999 onwards, the industry invested a total of approximately US$ 6.4 billion to establish appropriate infrastructure and modernize its mills and factories. However, since then it has lagged with its competitors, as its industry has failed to diversify and upgrade its production capabilities by using better materials and technologies in the production value chain. In light of this, the GOP is considering a very ambitious five-year program, setting aside funds for research and development, capacity-building and infrastructure development. Under the plan, the GOP is targeting production of 22 million bales (70 percent increase in production), increase exports to 3 million bales, a yarn recovery rate of 90 percent and technological upgrades in facilities. The policy is under consideration, however post and other sectors find that the GOP would be hard-pressed in achieving these goals.

Higher input costs, electricity load shedding and other energy related issues in the country are taking their toll on cotton production as farms rely on the local grid to irrigate their crops, additionally few farmers can afford to use fuel powered pumps due to the prevailing high oil prices. However, the textile sector has been able to overcome energy shortages by generating its own electricity, complemented with the government's policy of prioritizing electricity for the textile industry, indicative of the textile sector's importance in the economy. There continues to be no effective institutional control to follow the national standard for bale weight at 170 kg /bale. During May 2012/13 the weight of the bales produced by Pakistan Cotton Ginneries ranged between 145 to 165 kg. The GOP maintains170 kg (375 lbs).

bale weight in official records and trade transactions. To ensure consistency in this report, bale calculations are based on an average weight of 155 kg and then converted to the international standard of 480 lbs./bale.

Marketing Activities

All indications are that Pakistan's textile industry is on its path to recovery after two difficult years. According to a various reports, two diverse opinions have emerged from textile companies in Pakistan, Bangladesh and India in terms of the profits margins of the textile industry in the three countries of the subcontinent. According the report, on one hand textile manufacturers in India and Bangladesh are of the opinion that their profits margins have declined in the last few months. On the contrary the opinion from Pakistan indicates positive profit margins of the textile industry. This is firmly supported by the export statistics of the first 7 months of the current fiscal year, which indicate an increasing trend in practically all textile categories. The increase in exports of cotton yarn have been most significant with an increase of 32% in value. Other sectors such as fabrics, woven garments, knitted have also shown varying positive results for an average aggregate return of 8%.

Currently Pakistan is facing the problems of shortage of electricity, gas and the deteriorating law and order situation. The unscheduled/scheduled load shedding along with increasing rates of gas and electricity have obstructed the viability of the textile industry as the exporters were unable to meet their commitments. In addition our exports confined to raw materials to the global textile buyers and the same raw material comes back to the domestic market in form of finished value-added textile product. The capacity utilization in textile sector is only 60 percent. There are some positive initiatives like the announcement of duty waiver on 75 products by the EU from November 15, 2012 which provided impetus to textile exports. Furthermore it is expected that if GSP plus status operational in 2014, the exporters would be able to boost the exports to EU particularly in textile. American buyers are also re-establishing links with Pakistan's textile and clothing manufacturers.

The textile industry of Pakistan has potential for performing better both in productions as well as in export by virtue of its inherent competitiveness in the international market for its conventional products. However, to sustain its position and to move in high value added products as well as for the increased market share, a large investment in machinery equipment and new technology is essential. The ancillary textile industry includes cotton spinning, cotton cloth, cotton yarn, cotton fabric, fabric processing, home textiles, towels, hosiery and knitwear and readymade garments. These components are being produced both in the large scale organized sector as well as in the unorganized cottage/small and medium units.

Operational Review

Textiles is the most important manufacturing sector of Pakistan and has the longest production chain, with inherent potential for value addition at each stage of processing, from cotton to ginning, spinning, fabric, processing, made-ups and garments. The sector contributes nearly one-fourth of industrial value-added, provides employment to about 40 percent of industrial labour force, consumes more than 40 percent of banking credit to manufacturing sector.

Spinning sector in Pakistan is the most organized and a large part of it is composite and vertically integrated. This performance is possibly due to a number of reasons including abundant and low price of the raw material i.e. cotton and an increasing demand from China, who is opting out of basic textiles. This opens new doors for Pakistan's value added textile. Spinners such as Din Textiles in province of Punjab who are proactive receive the best prices for their high quality value added yarns including compact, dyed, mélange and fancy yarns. Such textile companies are the models of efficiency with a clear road map to meet the demands of their discerning buyers.

Going forward, the level of cotton imports by China will remain the key determinant of cotton prices. The recent cut in production estimate of China may lead to higher than anticipated imports in near term. This coupled with any probable revision in crop harvest from Pakistan post floods in the province of Punjab (~80% of country's cotton crop) plus start of procurement season may lead to higher prices in near term. However, given the mounting global ending inventory, eventual slowdown in Chinese imports (post release of state's reserves) and better crop from India will limit the upside in cotton prices post end of procurement period. Also, prospects on global economic recovery will continue to play its part in the determination of cotton prices.

Going forward, we expect the sustainability of current momentum in textile exports will remain heavily dependent on implementation of EU GSP plus status. Pakistan is aggressively pursuing preferential trade agreement with its regional trade partners which may unlock further upside in this export oriented sector. While spinning mills will continue to benefit from persistent gas supply and imports from China, we believe the recent surge in cotton cloth and value added segment will also improve the earnings of composite and weaving mills on account of improved sales and steady margins. Also, improvement in gas/electricity supply situation post resolution of circular debt will continue to provide notable support to the textile companies.

During the year under Review, keeping the policy to enhance the wealth of stakeholder and enhanced the product line, your company buy 100% Share of 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. 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 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, such as emergency crisis. During the year Din Textile Mills Limited Produced 22.961 million kgs yarn as compared to 21.943 million kgs in last year there by achieving an average capacity utilization of 85.39% as against 82.13% during the last year. 77,636 out of 81,216 spindles remained operational during the year which attended 95.59% utilization of installed capacity as compare to 77,587 working spindles out of 80,569 spindles having 96.30 % sutilization of installed capacity in last year.

Ihsan Raiwind Mills (Pvt) Ltd. A 100% owned subsidiary acquired in the month of February 2013 and starts their Production mid of March 2013 here we are only provided the owned period data. According to that mill produced 1.306 million Kgs yarn against capacity of producing 1.675 million kgs and achieving 77.96% of capacity utilization such a low efficiency is mainly due to the restarting of production after the closer of mill for 2 months. Our technical team put high effort to restart the mill in such a low time to save the fixed cost and improve the production efficiency of the mill.

Financial Review

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 2012-13 reflect stable performance as it sales revenue and profit before taxation surged to Rs. 8.301 billion (FY 2011-12 Rs. 7.358 billion) and Rs. 834.405 million (FY 2011-12 loss of Rs. 833.895 million) exhibiting growth of 12.81% and 200.06% respectively. These increase primarily driven by best management of working capital, enhancing production capacity,and producing best quality value added product mix.

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 reduced by 8.59% it was Rs. 6.913 billion in year 2012-13 where it was 7.563 billion in year 2011-12. The reduction in cost is mainly due the stability in the cotton rate in local as well as in international market.

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 20.22% in distribution cost, increase of 9.07% in administrative expenses and decrease of 26.31% in financial cost as compare to the figure of previous year. The decrease of finance cost is mainly due to best management of working capital and JIT policy of procurement, decrease in distribution cost is due to the better negotiation in prices of logistic and other means of distribution in spite of increase in oil prices and logistics rates. While increase in administration cost is due to continuous increase in minimum wage rate and inflationary economic conditions.

During the FY 2012-13 the company's cash flow from operation after working capital changes and payment of income tax, finance cost, WPPF and staff retirement benefits shows short fall of Rs. 90.419 million. After adjustment of investment and financing activities of Rs. 92.271 and 481.460 million the company cash and cash equivalent at the end of year shows an amount of overdrawn Rs. 128.331 million.

In view of the stable financial result rendered by the company for the year 2012-13, we are focused on driving forward our financial performance 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 Board of Directors have recommend a final cash dividend of RS. 5 per share i-e 50% amounting to Rs. 101,916.765/=(FY 2011-12 NIL) and the issuance of 10% bonus shares i-e Rs. 1/= per share amounting to Rs. 20,383,353/= (FY 2011-12: NIL). the dividend recommended is subject to the approval of shareholders in the forth coming annual general meeting.

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 281.288 million as cost of finance , contribute to the foreign reserves of the country US$ 29.867 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. 166.607 million as compare to Rs. 63.606 million last year.

Research & Development

We set ourselves challenging goals, because we know that by stretching to meet them we can get further than we normally would. Din Textile believes in incorporating new ideas for enhancement in quality and production with the help of modern technology. Hence, the company ensures higher productivity, which in turn result in higher profitability for stake holders. Our focused and continuous investment in BMR bringing the update technology during the year your company spent Rs. 113.083 million on fixed capital expenditure . We have always taken the challenges seriously by handling those in professional manner. We believe that great, creative things are more likely to happened with the right company culture. There is as emphasis on team achievements and pride in individual accomplishment that contribute to our over all success. The invest portfolio of the company has been realigned as per changing market needs. Our flexible and dynamic corporate strategy strive to enhance customer satisfaction through continuous improvement and value added benefits.

Information Technology

We believed in systems in order to further streamline the easy access to data, seamless communication flows, improve visibility and control, refresher training and centralized project management are essentials to retain a competitive edge in the current business environment. Especially for large, growing organization like Din Textile. We are using local ERP (Wizmen), an enterprise resource planning system, for continual improvement in business process and progress monitoring against key performance indicators (KPI's). Besides ERP, data management project has been initiated to serve as comprehensive knowledge archive to facilitate quick access to available information for the concerned staff.

Health, Safety and Environment

Health and safety of employee, contractors and visitors along with protection of environment associated with companies activities remain the top priority at Din Textile. Din's well define health safety and environment policy plays a key rolls in its decision making process to ensure compliance of statutory requirement and 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 supplier, contractors and suppliers. The company also has a first aid facility for providing emergency treatment.

HR Management and Employment Relations

We strongly believes in investing in its human capital in order to equip them with up to date knowledge and skills to create and sustain a culture of high performance in a competitive business environment. Training continues to be an important factor which supports and build organizational capability for continual innovation and change. It continues to contribute to the development of our human resource, by focusing on technical as well as soft skill area of competence development.

We believe it is vital to organically combine on-the-job training and training courses. We employ various approaches to systematically integrate these two elements in order to generate synergistic effects and foster professionals most effectively, while maintaining communication with each point of contact and each individual employee. At Din's Textile 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.

Our aim and goal of human recourse development is not only employing the right people but placing the people on the right job. That's why Din has prime place in the industry because of an equal opportunity employer.

Corporate Social Responsibility (CSR)

Din's CSR policy is driven by the imperative need to positively touch the lives of its stake holders, with special emphasis on the indigent communication of the society where the company conduct its business. During the past 26 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

Going forward, we expect the sustainability of current momentum in textile will remain heavily dependent on adequate supply of gas/electricity and implementation of EU GSP plus status. Pakistan is aggressively pursuing preferential trade agreement with its regional trade partners which may unlock further upside in this export oriented sector. While spinning mills will continue to benefit from persistent gas supply, we believe the recent surge in cotton cloth and value added segment will also improve the earnings of mills on account of improved sales and steady margins. Also, improvement in gas/electricity supply situation post resolution of circular debt will continue to provide notable support to the textile companies.

The recent increase in electricity tariffs and cost of gas for captive power plants will be absorbed into the margins of manufacturers to most extent. Given intense competition from region's textile exporters, passing down the impact of increased cost of production will erode the competitiveness of Pakistan textile manufacturers. Given nominal increase in cost of natural gas (up by 17%) for captive power, the manufacturers with in house power generation units will enjoy a key competitive edge over their local peers which are completely reliant on national grid (tariffs increased by ~50%) for their electricity requirements. Though a bitter pill to swallow in short run; however, consequent improvement in electricity and gas supplies to the manufacturers post implementation of aforementioned tariff rationalization measures will bode well for the sector. This will certainly improve the operational capacity of the manufacturers and thus allow them to reap the full benefits of upcoming GSP plus status and Pre-Christmas orders. Also, adequate energy supply will also reduce reliance on expensive alternate fuels (priced at 35% higher rate than conventional energy sources) thus adding significantly to the margins.

It is fortunate recent monsoon did a little damage to the standing cotton crop in Sindh and Punjab, Pakistan is expected to produce around 14.50 million bales of cotton during crop season 2013-14 by the end of season in April 2014. The better cotton output would help textile export value addition exports to greater extent as country would get Generalised System of Preferences (GSP) plus status of exports to European Union (EU) nations by 40 percent and would generate significant economic activity in the country. Pakistan is in dire need of enhancing exports to provide some cushion to its sagging economy. The grant of GSP plus status was expected to provide strong impetus to the value-added exports, which has a 50 to 55 percent share in the total value of textile exports.

Cotton Outlook's supply and demand estimates for the 2013-14 season indicate an addition to world stocks of 1,724,000 tonnes, in comparison to the 3,357,000 tonnes added during the current season. The global production forecast for 2013-14 stands at 25 million tonnes, displaying an increase to around 702,000 tonnes, owing principally to higher figures for China and the United States. Consumption has been raised to 23,724,000 tonnes while production in the current 2012-13-season was now placed at 26.14 million tones while consumption has been raised to 23.724 million tonnes.

The global production of cotton will substantially support the global mill use consumption from 2012 through 2020. The share of production in the mill use will over around 97.82 percent and 98.12 percent during the projection period. The demand to supply share will increase from 75.16 percent in 2012 to 86.75 percent in 2020. The estimated global production of cotton in 2020 will reach to a level of 133.93 million bales from the current level of 116.90 million bales. The total global supply will increase by around 45 million bales in 2020 from the current level of 223.79 million bales. The estimated global demand for cotton in mill sector in 2020 will reach to a level of 131.01 million bales from the current level of 106.48 million bales. The total global exports will reach to the level of 44.71 million bales from the current level of 37.73 million bales. The projected figures up to 2020 provide instant support for business decisions. The report would provide significant cues to the prospects of the cotton in the world's most important regions as well.

Our stance on China's cotton policy remains the same despite the fact that China has almost completely filled its storage capacity. Overall we estimate a 7% to 9% YoY increase in exports in FY14 to US$14.1bn with additional upside might come from Pakistan's approval of the E.U's GSP plus status. On the other hand, reversal of China's cotton purchasing policy amid normalizing of Bangladesh's law and order situation may keep the upside in check. Moreover, we believe that the recent electricity tariff hike would not allow the local industry to fully reap benefits of higher volumes and keep the profitability margins under pressure.

Acknowledgement

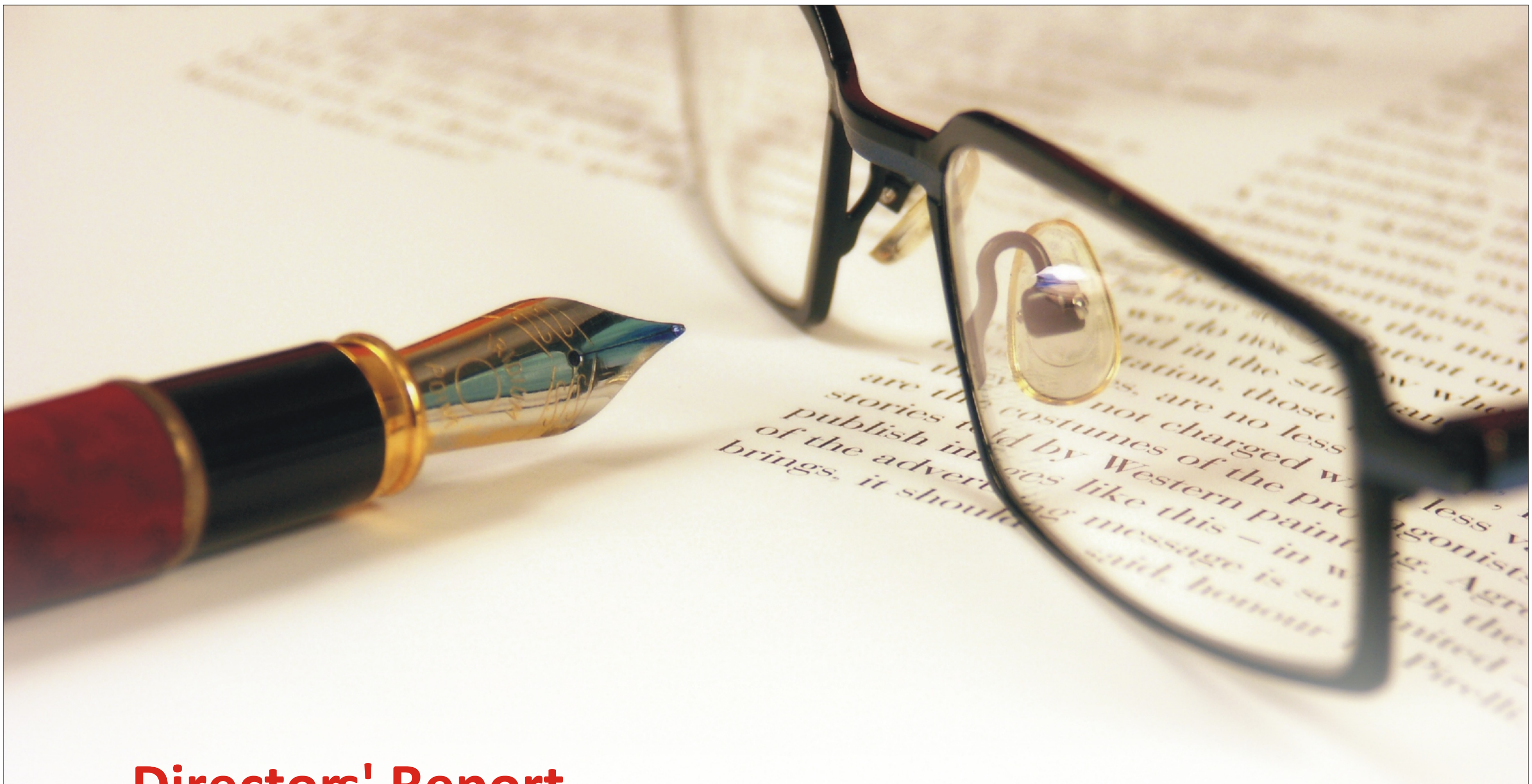
By the way of Final Note. I would like to state that operational and financial performation rendered by Din Textile during the year 2013-14 is reflection of our ability to sustain growth and strengthen business compititive position.

As we move forward to achieve the above stated objective by support of all our stake holders . We commit to spare no effort to undertake new tasks and opportunity paving the way towards a more prosperous future of the company.

At the end I would like to place deepest gratitude to all the shareholders, customers, supplier banker, other business partners and employees of company for their unstinting support has contribute towards the stellar performance of Din Textile Mills Limited.

On behalf of the Board

S.M. Muneer
Chairman



Directors' Report

The directors are pleased to present the 2013 Annual report together with the audited Financial Statements of the company for the year ended June 30, 2013.

Financial Result

		Year ended June 30	
		2013	2012
		..............Rupees in '000'.............	
Profit & Loss Appropriations			
Un-appropriated Profit / (Loss) brought forward		952,377	1,662,630
Profit / (Loss) after Tax		733,651	(669,487)
Dividend for the year 2011 @Rs. 2 per share (year 2010 @Rs. 2 per share)		-	(40,767)
Un-appropriated Profit carried forward		1,686,027	952,377
Earnings / (Loss) Per share	Rupees	35.99	(32.84)

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		
	2013	2012	Inc./ (Dec.)
	..............Rupees in '000'.............		%age
Total Sales Net	8,296,374	7,358,489	12.75
Local Sales Net	1,440,469	4,488,525	(67.91)
Export Sales Net	6,981,337	2,989,025	133.57
Commission & Claims	(125,432)	(119,061)	5.34
Gross Profit / (Loss)	1,387,261	(205,057)	776.52

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	
	2013	**2012**
	..............Rupees in '000'.............	
Sales	8,296,374	7,358,489
Cost of Sales	(6,909,113)	(7,563,546)
Gross profit / (loss)	1,387,261	(205,057)
Distribution cost	(112,634)	(141,184)
Administrative Expenses	(111,767)	(102,471)
Other operating expenses	(45,331)	(1,581)
Finance cost	(298,664)	(405,577)
	(568,396)	(650,812)
Other Operating Income	15,394	21,975
Profit / (Loss) before Tax	834,260	(833,895)

Financial Management

Cash Flow Management

During the year an amount of Rs. 1,368.887 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, in spite of continuous increase in direct costs e.g minimum wages and fuel & power, Rs. 1,950.636 million was utilized in working capital requirements to gain the benefits of stable prices of raw material. That's why company have negative cash generation from Operating activities. At the end of the year 2013 the liquid fund position comprising of cash and cash equivalents amounting to Rs. (128.332) million.

The Company has an effective cash flow management system in Place whereby cash inflows and outflows 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 2013 with current Ratio 1.45 : 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 continuening 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 if Association of the company with the ultimate object of safeguarding the interest if the share holders enhancing the profitability of the company increasing shareholders' wealth and promoting market confidence.

The Directors are pleased to state that:-

Disclosures under Code of Corporate Governance Corporate and Financial Reporting Framework

a)- The Financial statements togather with the notes thereon have been drawn up by the management in confirmity with the Companies Ordinance 1984. These statenments presently fairly the Company's state of affairs, the results of its operation, cash folw and changes in equity

b) Proper books of accounts of the company have been maintained.

c) Appropriate accounting policies have been consistently applied in preparation of financial statement and accounting estimate are based on reasonable and prudent judgment.

d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed.

e) The system of internal control and other such procedure which are in place, are being continuously reviewed by the Internal Audit Function. The process of review will continue and any weakness in control will be removed.

f) There are no significant doubts upon the company's ability to continue as a going concern.

g) There has been no material departure from the Best Practices of Corporate Governance, as detailed in the listing regulations.

h) The key operating and financial data for last six years in summarized form annexed.

i) The outstanding statutory duties, taxes, charges and levies, if any have been fully disclosed in the financial statements.

j) The significant plans and decisions along with futures prospects have been outlined in the Chairman's Review.

Material Changes

There have been no material changes since June 30, 2013 other than mentioned in the audited financial statements of the company for the year ended June 30, 2013 which would effect its financial position at the date.

Board of Directors

The Board comprises of 7 directors all of them were elected in the EOGM held on 12-3-2013. Since constitution of the Board, there has been no change in its composition. 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 nine meetings of the board of directors were held from July 2012 to June 2013.

The attendance of the board member was as follows.

	NAME OF DIRECTORS		NO. OF MEETINGS ATTENDED	Other Details
1	Shaikh Mohammad Muneer	(Non-Executive Director)	7	Retired & Re-ellected on 12-03-2013
2	Shaikh Mohammad Pervez	(Non-Executive Director)	6	Retired & Re-ellected on 12-03-2013
3	Shaikh Mohammad Tanveer	(Executive Director)	9	Retired & Re-ellected on 12-03-2013
4	Mr. Shahzad Naseer	(Executive Director)	6	Retired on 12-03-2013
5	Shaikh Mohammad Naveed	(Executive Director)	6	Retired & Re-ellected on 12-03-2013
6	Mr. Faisal Jawed	(Executive Director)	8	Retired & Re-ellected on 12-03-2013
7	Mr. Farhad Shaikh Mohammad	(Non-Executive Director)	9	Retired & Re-ellected on 12-03-2013
8	Abdul Razzak Tarmuhammad	(Independent / Non-Executive Director)	3	Ellected on 12-03-2013

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 discused. 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. Farhad Shaikh Mohammad has acquired the certification under directors' training program from the institute 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.

Auditors

Statutory Audit for the company for the financial year ended June 30, 2013 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 M/s.' 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 a 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 30,2013 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

Your Company maintained its strong position, with a healthy balance sheet while meeting stakeholders' expectations. The performance of the Company is a strong evidence of the contribution our employees make towards the success of the company in difficult times.

We always appreciate and acknowledge the contribution of our committed employees, devoted customers and continued support received from supplier and contractors. The Board would like to thanks all stake holders for their valuable support and untiring efforts which enables the company to achieves this performance.

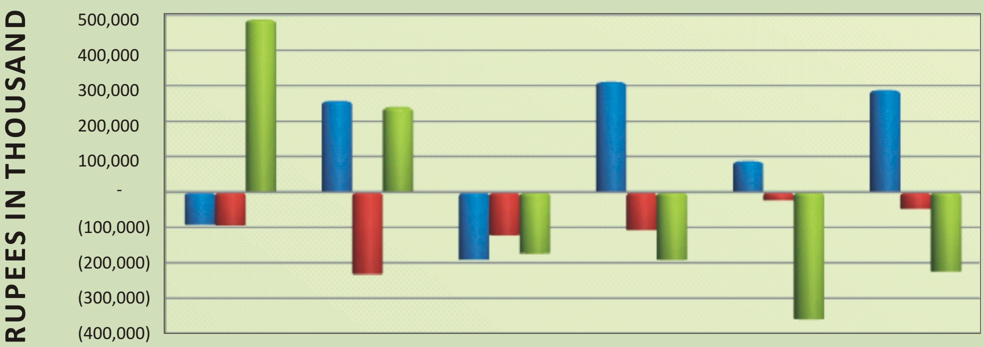
On behalf of the Board

SHAIKH MOHAMMAD TANVEER
Chief Executive

SUMMARY OF CASH FLOW STATEMENT

	Year ended June 30					
	2013	2012	2011	2010	2009	2008
	Rupees in '000'					
Cash Flows from / (Used in)						
Operation activities	(90,419)	254,778	(188,524)	307,799	86,975	285,259
Investing activities	(92,272)	(228,947)	(119,889)	(106,580)	(23,352)	(47,239)
Financing activities	481,461	237,023	(171,114)	(189,116)	(354,138)	(222,019)
Net Cash Flows	**298,770**	**262,854**	**(479,527)**	**12,103**	**(290,515)**	**16,001**
Opening Cash and Cash Equivalents	(427,101)	(689,955)	(210,428)	(1,038,163)	(747,648)	(763,649)
Closing Cash and Cash Equivalents	(128,332)	(427,101)	(689,955)	(1,026,059)	(1,038,163)	(747,648)

SUMMARY OF CASH FLOW STATEMENT



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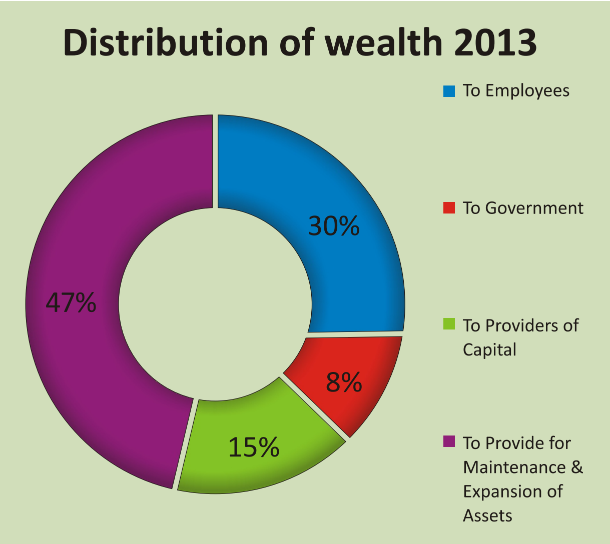
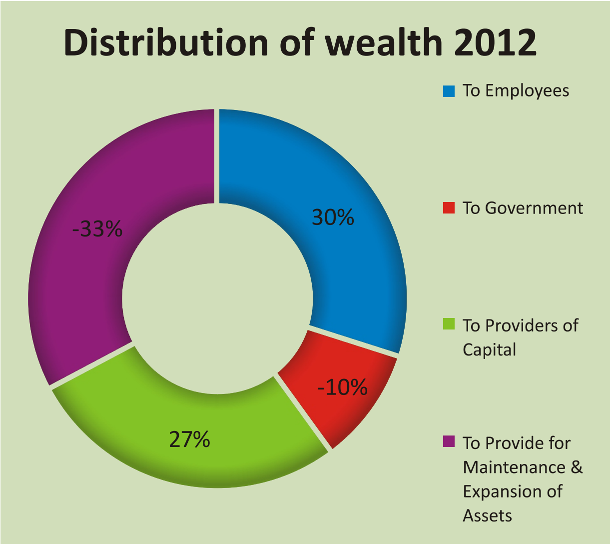
Six Years at a Glance

		YEAR ENDED JUNE 30					
		2013	**2012**	**2011**	**2010**	**2009**	**2008**
Operating Results:							
Sales-net	(Rs 000)	8,296,374	7,358,489	7,574,654	4,599,879	3,641,778	3,038,666
Cost of Sales	(Rs 000)	6,909,113	7,563,546	6,099,469	3,767,900	3,324,878	2,703,555
Gross Profit / (Loss)	(Rs 000)	1,387,261	-205,057	1,475,185	831,979	316,901	335,111
Operating Profit / (Loss)	(Rs 000)	1,117,530	-450,293	1,241,197	623,503	217,619	345,372
Profit / (Loss) Before Tax	(Rs 000)	834,260	-833,895	925,683	414,042	84,893	132,360
Profit/ (Loss) After Tax	(Rs 000)	733,651	-669,487	851,352	359,879	32,547	181,809
Dividends	(Rs 000)	-	-	40,767	37,061	-	2,918
Earning / (Loss) before interest, taxes, depreciation & amortization(EBITDA)	(Rs 000)	1,301,231	-260,612	1,421,686	797,705	414,571	446,699
Per Share Results and Returns:							
Earning / (Loss) per share	(Rupees)	35.99	(32.84)	41.77	17.66	1.76	9.81
Cash Dividend per Share	(Rupees)	-	-	2.00	2.00	-	1.00
Dividend yield ratio	(%)	-	-	7.26	7.43	-	4.20
Dividend payout ratio	(%)	-	-	4.79	10.30	-	1.60
Market Price Per Share at the end of the year (KSE 100 Index)	(Rupees)	61.00	17.00	27.55	26.90	12.91	23.80
Price Earning Ratio(Times)	(Times)	1.69	(0.52)	0.66	1.52	7.35	2.43
Financial Position:							
Reserves	(Rs 000)	2,096,404	1,362,753	2,073,007	1,277,246	917,367	887,738
Current Assets	(Rs 000)	4,507,036	2,511,156	3,975,148	1,734,752	1,423,325	1,224,353
Current Liabilities	(Rs 000)	3,109,746	2,398,881	3,031,932	1,691,536	1,380,077	1,291,938
Net Current Assets / (Liabilities)	(Rs 000)	1,397,290	112,275	943,216	43,216	43,248	-67,585
Property Plant & Equipment	(Rs 000)	1,635,532	1,695,685	1,637,141	1,670,162	1,736,468	1,899,186
Total assets	(Rs 000)	6,341,973	4,361,966	5,625,629	3,417,482	3,166,895	3,128,765
Long Term Debt (except Director Loan)	(Rs 000)	1,059,793	578,332	341,310	262,424	201,539	555,678
Shareholders' equity	(Rs 000)	2,300,238	1,566,587	2,276,840	1,462,549	1,102,670	1,073,041
Capital Employed	(Rs 000)	3,232,227	1,963,085	2,593,697	1,725,947	1,786,818	1,836,827
Share Capital	(Rs 000)	203,834	203,834	203,834	185,303	185,303	185,303
Break up value per share	(Rupees)	112.85	76.86	111.70	78.93	59.51	0.06
Financial Ratio:							
Current ratio	(Times)	1.45	1.05	1.31	1.03	1.03	0.95
Long-Term Debt to Capitalization	(%)	83.87	73.94	62.61	58.61	52.10	74.99
Debt to Total Assets	(%)	19.59	24.76	19.36	38.42	39.60	42.41
Return on equity	(%)	31.89	(42.74)	37.39	24.61	2.95	16.94
Return on capital employed	(%)	22.70	(34.10)	32.82	20.85	1.82	9.90
Quick Acid test ratio	(Times)	0.84	0.53	0.66	0.43	0.58	0.43
Earnings / (Loss) before interest, taxes depreciation & amortization margin (EBITDA)	(%)	15.68	(3.54)	18.77	17.34	11.17	14.40
Dividend cover ratio(%)	(%)	-	-	20.88	9.71	-	62.31
Bonus Share issued(Rupees)	(Rupees)	-	-	-	10	-	-
Debt to Equity Ratio(Times)	(Times)	0.46	0.37	0.15	0.18	0.18	0.52
Profitability Ratios:							
Gross Profit / (Loss) Ratio	(%)	16.72	(2.79)	19.48	18.09	8.70	11.03
Net Profit / (Loss) Margin	(%)	10.06	(11.33)	12.22	9.00	2.33	4.36
Interest Coverage	(Times)	3.79	(1.06)	3.80	2.94	1.60	2.16
No. of days in Receivable	(Days)	69.48	49.88	48.23	43.48	56.22	50.08
No. of days in Payable	(Days)	13.69	13.33	11.13	15.04	17.16	13.31
No. of Days in Inventory	(Days)	86.86	87.79	93.92	66.85	71.06	96.30
Cash Operating Cycle	(Days)	142.64	124.34	131.02	95.28	110.12	133.07
Debtors turnover ratio	(Times)	5.25	7.32	7.57	8.40	6.49	7.29
Creditor Turnover ratio	(Times)	28.12	28.29	36.05	27.24	26.89	28.94
Inventory turnover	(Times)	4.20	4.16	3.89	5.46	5.14	3.79
Fixed Assets Turnover	(Times)	5.07	4.34	4.63	2.75	2.10	1.60
Total Assets Turnove	(Times)	1.31	1.69	1.35	1.35	1.15	0.97
Other Data:							
Depreciation & Amortization	(Rs 000)	168,307	167,706	165,920	170,199	187,217	200,116
Capital Expenditure	(Rs 000)	113,083	232,468	138,516	106,460	28,000	100,767

STATEMENT OF VALUE ADDED

	2013		2012	
WEALTH GENERATED				
Gross Sales Revenue	8,421,806,668		7,477,549,294	
Other Receipts	15,394,311		21,974,752	
Less:				
Material & Services				
Material & Factory cost	6,234,840,215		6,984,819,594	
Administrative & other	34,880,982		25,400,884	
Distribution	112,633,766		141,183,542	
Broker's Commissions	125,432,200		119,060,669	
Value Added	**1,929,413,816**	100	**229,059,357**	100
WEALTH DISTRIBUTED		%age		%age
To Employees				
Salaries & benefits	584,455,022	30.29	489,671,515	213.77
To Government				
Tax	100,609,052	5.21	(164,408,507)	(71.78)
Worker Profit Participation fund	43,908,422	2.28	-	-
Worker Welfare Fund	-	-	-	-
To Providers of Capital				
Dividend to Share Holders	-	-	40,766,706	17.80
Bonus to Share Holders	-	-	-	-
Mark up/Interest on Borrowed Fund	298,664,105	15.48	405,576,503	177.06
To Provide for Maintenance & Expansion of Assets				
Depreciation	168,126,244	8.71	167,706,491	73.22
Profit Retained	733,650,971	38.02	(710,253,351)	(310.07)
	1,929,413,816		**229,059,357**	





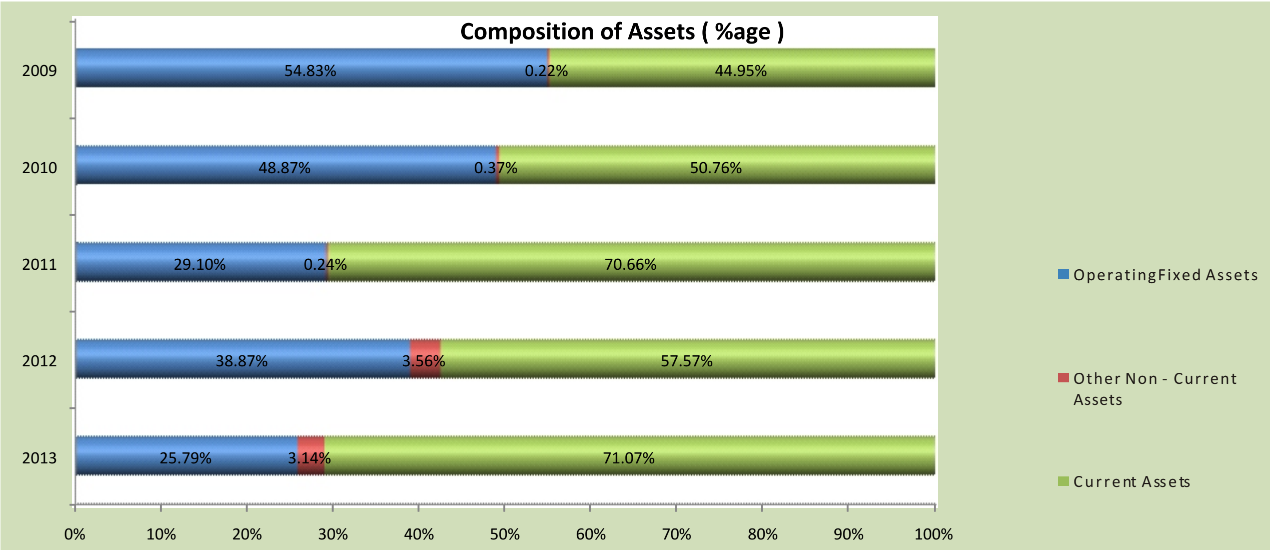
HORIZONTAL ANALYSIS

	2013	Variance vs Last Year Increase/ (Decrease) %	2012	Variance vs Last Year Increase/ (Decrease) %	2011	Variance vs Last Year Increase/ (Decrease) %	2010	Variance vs Last Year Increase/ (Decrease) %	2009
	.... (Rupees in million)...								
Operating Results									
Sales - net	**8,296**	12.75	**7,358**	(2.85)	**7,575**	64.67	**4,600**	26.31	**3,642**
Cost of sales	**(6,909)**	(8.65)	**(7,564)**	24.00	**(6,099)**	61.88	**(3,768)**	13.32	**(3,325)**
Gross profit / (loss)	**1,387**	776.52	**(205)**	(113.90)	**1,475**	77.31	**832**	162.54	**317**
Distribution cost	**113**	(20.22)	**141**	64.79	**86**	(10.49)	**96**	115.19	**44**
Administrative expenses	**112**	9.07	**102**	11.77	**92**	13.45	**81**	84.84	**44**
Other operating expenses	**45**	2766.94	**2**	(97.21)	**57**	77.24	**32**	188.32	**11**
Finance cost	**299**	(26.36)	**406**	22.87	**330**	54.63	**213**	49.84	**142**
Other operating income /(loss)	**15**	(29.95)	**22**	50.82	**15**	264.01	**4**	(58.89)	**10**
Profit / (loss) before taxation	**834**	200.04	**(834)**	(190.08)	**926**	123.57	**414**	387.72	**85**
Provision for taxation	**(101)**	(161.19)	**164**	(321.18)	**(74)**	37.24	**(54)**	3.76	**(52)**
Profit / (loss) for the year	**734**	209.58	**(669)**	(178.64)	**851**	136.57	**360**	1000.80	**33**
Balance Sheet									
NON CURRENT ASSETS									
Property, plant and equipment	**1,636**	(3.55)	**1,696**	3.58	**1,637**	(1.98)	**1,670**	(3.82)	**1,736**
Long term loans and advances	**-**	0.00	**-**	0.00	**-**	(100.00)	**0.37**	(44.40)	**0.67**
Long term deposits	**15**	(2.59)	**16**	16.19	**13**	9.39	**12**	89.67	**6.43**
Long term Investment	**45**	100.00	-	0.00	-	0.00	-	0.00	-
Deffered Taxation Assets	**140**	0.00	**140**	100.00	-	0.00	-	0.00	-
Total Non Current Assets	**1,835**	(0.86)	**1,851**	12.14	**1,650**	(1.92)	**1,683**	(3.49)	**1,744**
Current Assets									
Stores, spare parts and loose tools	**267**	118.79	**122**	(16.52)	**146**	3.94	**141**	33.50	**105**
Stock in trade	**1,636**	45.05	**1,128**	(38.57)	**1,836**	112.34	**865**	67.84	**515**
Trade debts	**1,579**	57.05	**1,006**	0.46	**1,001**	82.69	**548**	(2.33)	**561**
Loans and advances	**755**	963.12	**71**	(91.77)	**863**	857.48	**90**	(53.44)	**194**
Trade deposits and short term prepayments	**6**	6.94	**6**	35.84	**4**	67.20	**2**	18.55	**2**
Other receivables	**42**	1101.85	**4**	2389.21	**0**	(13.56)	**0**	(98.09)	**9**
Tax refunds due from the Government	**167**	65.40	**101**	51.10	**67**	4.38	**64**	175.44	**23**
Cash and bank balances	**54**	(27.44)	**74**	28.69	**58**	134.46	**25**	71.25	**14**
Total current assets	**4,507**	79.48	**2,511**	(36.83)	**3,975**	129.15	**1,735**	21.87	**1,423**
Total assets	**6,342**	45.39	**4,362**	(22.46)	**5,626**	64.61	**3,417**	7.91	**3,167**
CURRENT LIABILITIES									
Trade and other payables	**2,627**	66.65	**1,577**	(23.26)	**2,055**	743.29	**244**	33.84	**182**
Accrued mark up and interest	**81**	27.72	**63**	(26.40)	**86**	93.98	**44**	60.60	**28**
Short term borrowings	**182**	(63.64)	**502**	(32.93)	**748**	(28.83)	**1,051**	(0.17)	**1,053**
Current portion of									
Long term financing	**186**	(16.51)	**223**	71.80	**130**	45.89	**89**	(16.49)	**106**
Long term financing from directors and others	-	0.00	-	0.00	-	0.00	**250**	0.00	-
Liabilities against assets subject to finance lease	**33**	(4.75)	**35**	150.85	**14**	(0.58)	**14**	21.42	**11**
Total Current Liabilities	**3,110**	29.63	**2,399**	(20.88)	**3,032**	79.24	**1,692**	22.57	**1,380**
WORKING CAPITAL	**1,397**	1144.53	**112**	(88.10)	**943**	2082.55	**43**	(0.26)	**43**
TOTAL CAPITAL EMPLOYED	**3,232**	64.65	**1,963**	(24.31)	**2,594**	50.28	**1,726**	(3.41)	**1,787**
NON CURRENT LIABILITIES									
Long term financing	**821**	199.39	**274**	57.73	**174**	21.24	**143**	123.20	**64**
Long term loan from directors and others	-	0.00	-	0.00	-	0.00	-	(100.00)	**500**
Liabilities against assets subject to finance lease	**20**	(57.47)	**47**	94.52	**24**	47.59	**16**	(16.36)	**19**
Deferred liabilities									
Staff retirement benefits - gratuity	**91**	20.73	**75**	16.15	**65**	30.65	**50**	(4.38)	**52**
Deferred taxation	**-**	0.00	-	(100.00)	**54**	0.00	**54**	11.66	**48**
Total Non Current Liabilities	**932**	135.06	**396**	25.13	**317**	20.30	**263**	(61.50)	**684**
Net Worth	**2,300**	46.83	**1,567**	(31.19)	**2,277**	55.68	**1,463**	32.62	**1,103**
Net Worth Represented by:									
Issued, subscribed and paid up capital	**204**	0.00	**204**	0.00	**204**	10.00	**185**	0.00	**185**
Reserves	**2,096**	53.84	**1,363**	(34.26)	**2,073**	62.30	**1,277**	39.20	**918**
	2,300	46.83	**1,567**	(31.19)	**2,277**	55.68	**1,463**	32.61	**1,103**
Total liabilities	**6,342**	45.39	**4,362**	(22.46)	**5,626**	64.61	**3,417**	7.91	**3,167**

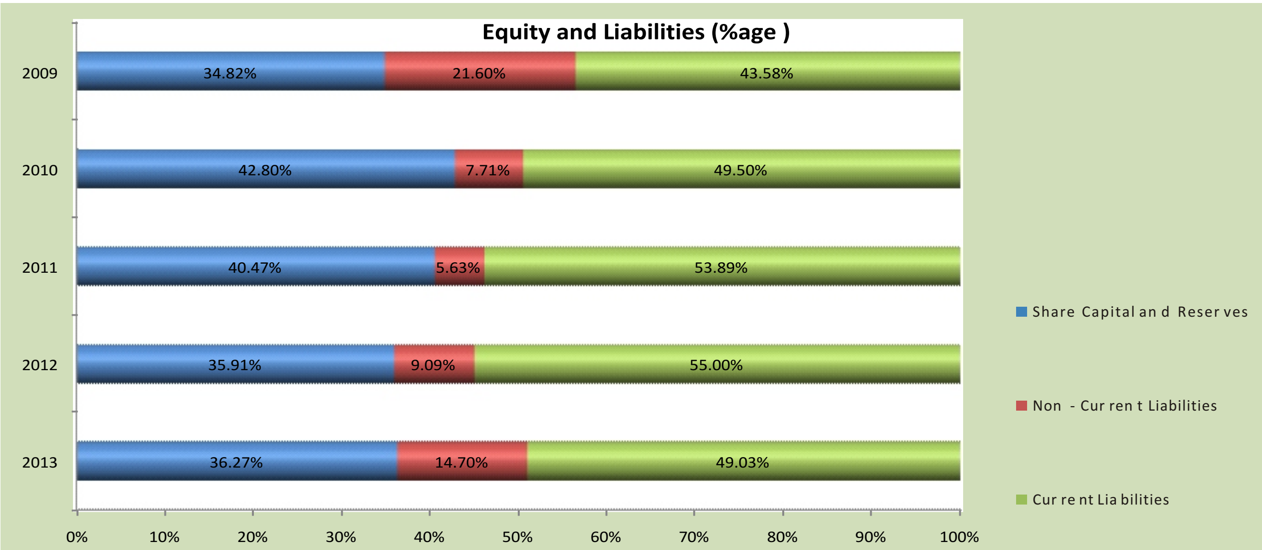
VERTICAL ANALYSIS

	2013	%	2012	%	2011	%	2010	%
	....(Rupees in million)...							
Operating Results								
Sales - net	8,296	100.00	7,358	100.00	7,575	100.00	4,600	100.00
Cost of sales	(6,909)	(83.28)	(7,564)	(102.79)	(6,099)	(80.52)	(3,768)	(81.91)
Gross profit / (loss)	1,387	16.72	(205)	(2.79)	1,475	19.48	832	18.09
Distribution cost	113	1.36	141	1.92	86	1.13	96	2.08
Administrative expenses	112	1.35	102	1.39	92	1.21	81	1.76
Other operating expenses	45	0.55	2	0.02	57	0.75	32	0.69
Finance cost	299	3.60	406	5.51	330	4.36	213	4.64
Other operating income /(loss)	15	0.19	22	0.30	15	0.19	4	0.09
Profit / (loss) before taxation	834	10.06	(834)	(11.33)	926	12.22	414	9.00
Provision for taxation	(101)	(1.21)	164	2.23	(74)	(0.98)	(54)	(1.18)
Profit / (loss) for the year	734	8.84	(669)	(9.10)	851	11.24	360	7.82
Balance Sheet								
NON CURRENT ASSETS								
Property, plant and equipment	1,636	25.79	1,696	38.87	1,637	29.10	1,670	48.87
Long term loans and advances	-	0.00	-	0.00	-	0.00	0	0.01
Long term deposits	15	0.24	16	0.36	13	0.24	12	0.36
Long term Investment	45	0.70	-	0.00	-	0.00	-	0.00
Deffered Taxation Assets	140	2.20	140	3.20	-	0.00	-	0.00
Total non current assets	1,835	28.93	1,851	42.43	1,650	29.34	1,683	49.24
CURRENT ASSETS								
Stores, spare parts and loose tools	267	4.21	122	2.80	146	2.60	141	4.12
Stock in trade	1,636	25.80	1,128	25.86	1,836	32.64	865	25.31
Trade debts	1,579	24.90	1,006	23.05	1,001	17.79	548	16.03
Loans and advances	755	11.91	71	1.63	863	15.34	90	2.64
Trade deposits and short term prepayments	6	0.09	6	0.13	4	0.07	2	0.07
Other receivables	42	0.67	4	0.08	0	0.00	0	0.00
Tax refunds due from the Government	167	2.63	101	2.31	67	1.19	64	1.87
Cash and bank balances	54	0.85	74	1.71	58	1.03	25	0.72
Total current assets	4,507	71.07	2,511	57.57	3,975	70.66	1,735	50.76
Total assets	6,342	100.00	4,362	100.00	5,626	100.00	3,417	100.00
CURRENT LIABILITIES								
Trade and other payables	2,627	41.43	1,577	36.14	2,055	36.52	244	7.13
Accrued mark up and interest	81	1.28	63	1.46	86	1.53	44	1.30
Short term borrowings	182	2.88	502	11.50	748	13.29	1,051	30.75
Current portion of					-			
Long term financing	186	2.93	223	5.10	130	2.30	89	2.60
Long term financing from directors and others	-	0.00	-	0.00	-	0.00	250	7.32
Liabilities against assets subject to finance lease	33	0.52	35	0.80	14	0.25	14	0.41
Total Current Liabilities	3,110	49.03	2,399	55.00	3,032	53.89	1,692	49.50
WORKING CAPITAL	1,397	22.03	112	2.57	943	16.77	43	1.26
TOTAL CAPITAL EMPLOYED	3,232	50.97	1,963	45.00	2,594	46.11	1,726	50.50
NON CURRENT LIABILITIES								
Long term financing	821	12.94	274	6.29	174	3.09	143	4.20
Long term loan from directors and others	-	0.00	-	0.00	-	0.00	-	0.00
Liabilities against assets subject to finance lease	20	0.31	47	1.07	24	0.43	16	0.48
Deferred liabilities					-			
Staff retirement benefits - gratuity	91	1.44	75	1.73	65	1.15	50	1.46
Deferred taxation	-	0.00	-	0.00	54	0.96	54	1.58
Total Non Current Liabilities	932	14.70	396	9.09	317	5.63	263	7.71
Net Worth	2,300	36.27	1,567	35.91	2,277	40.47	1,463	42.80
Net Worth Represented by:								
Issued, subscribed and paid up capital	204	3.21	204	4.67	204	3.62	185	5.42
Reserves	2,096	33.06	1,363	31.24	2,073	36.85	1,277	37.37
	2,300	36.27	1,567	35.91	2,277	40.47	1,463	42.80
Total liabilities	6,342	100.00	4,362	100.00	5,626	100.00	3,417	100.00

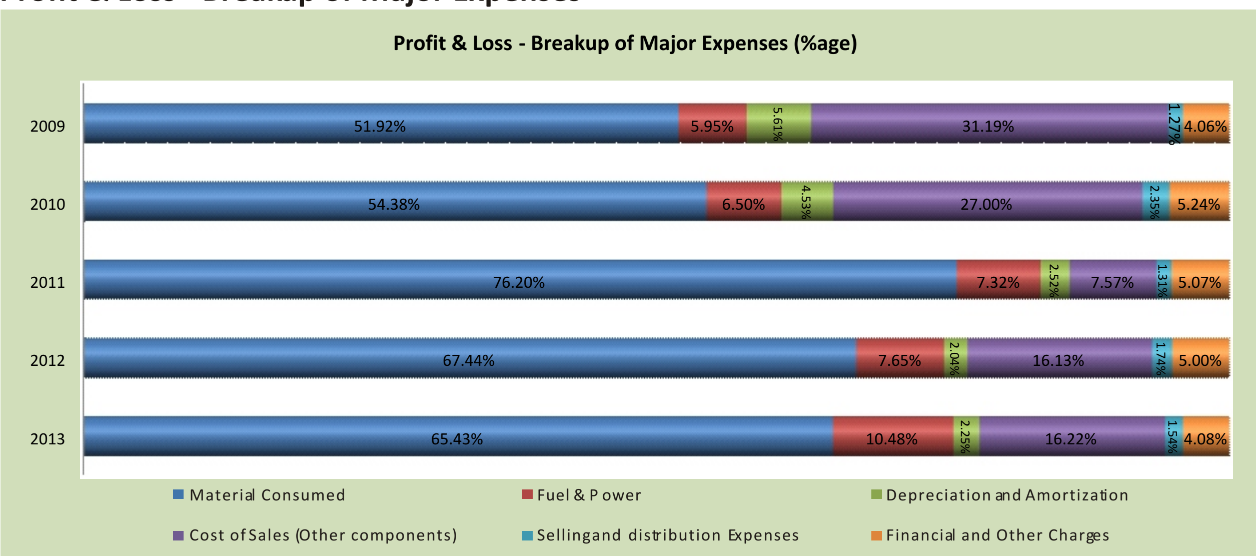
Composition of Assets



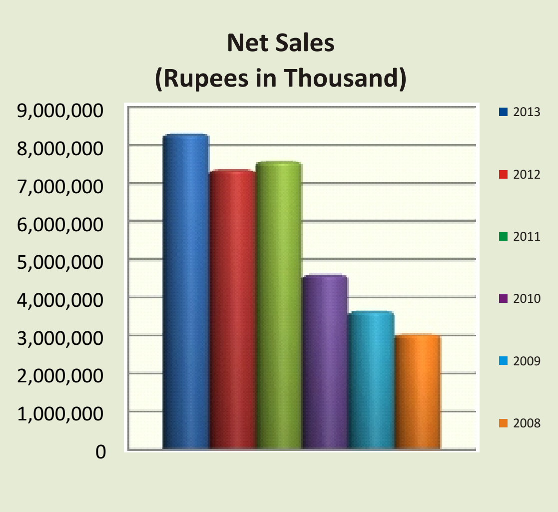
Equity & Liabilities

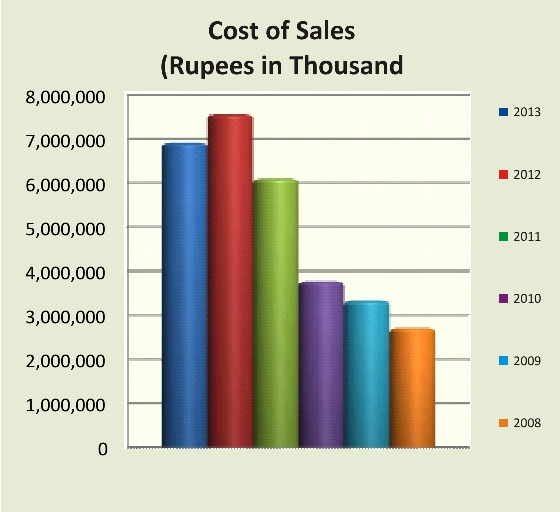


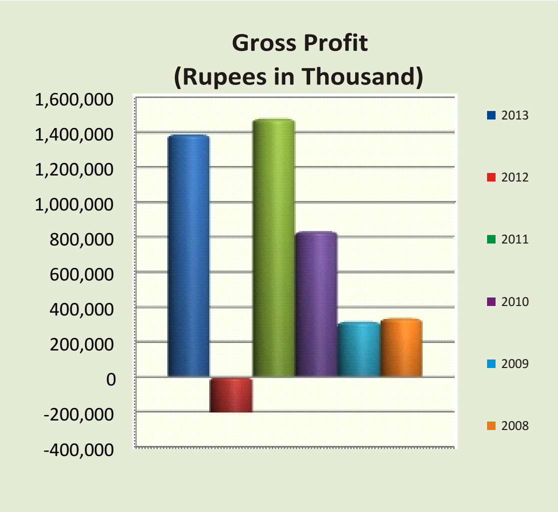
Profit & Loss - Breakup of Major Expenses

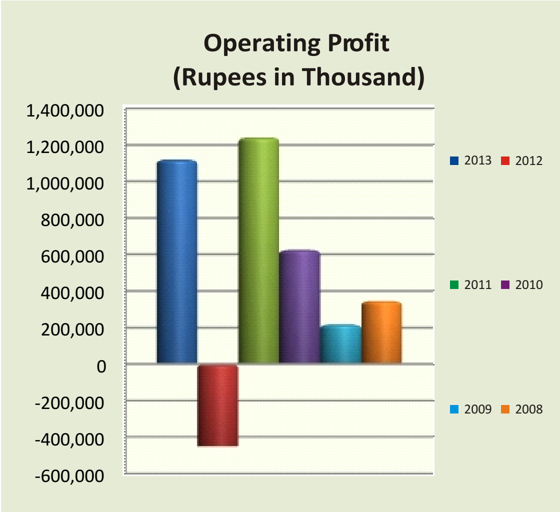


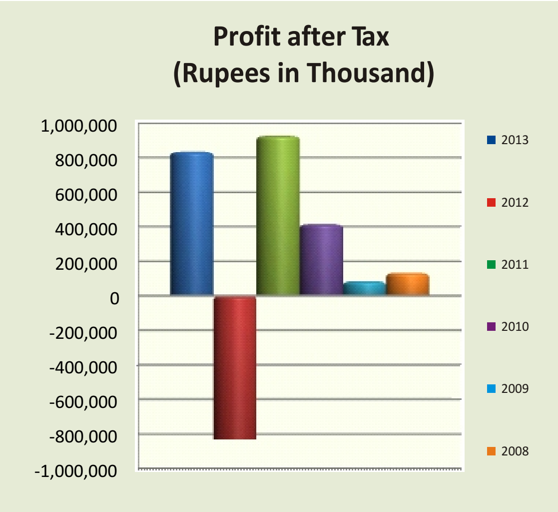
GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE

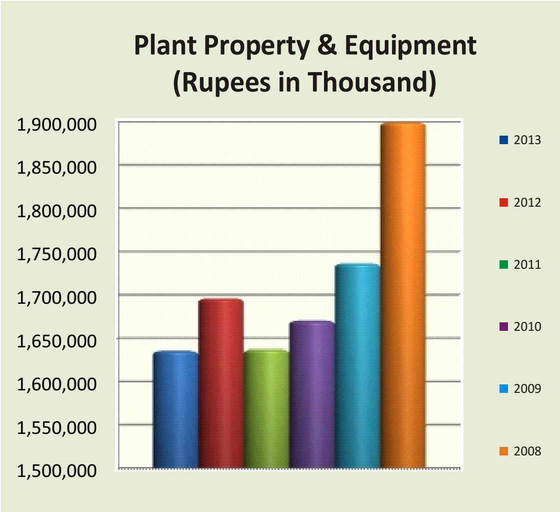












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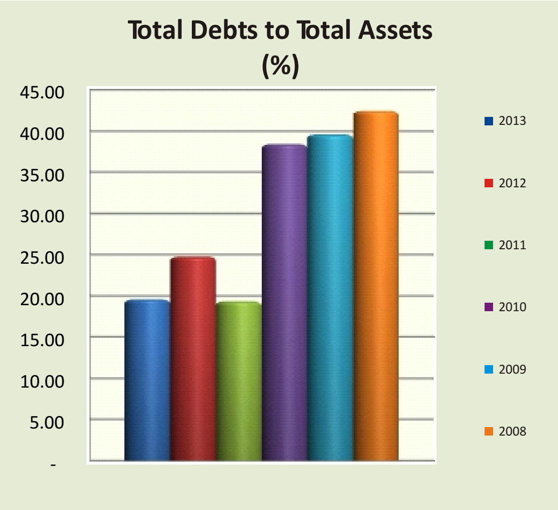

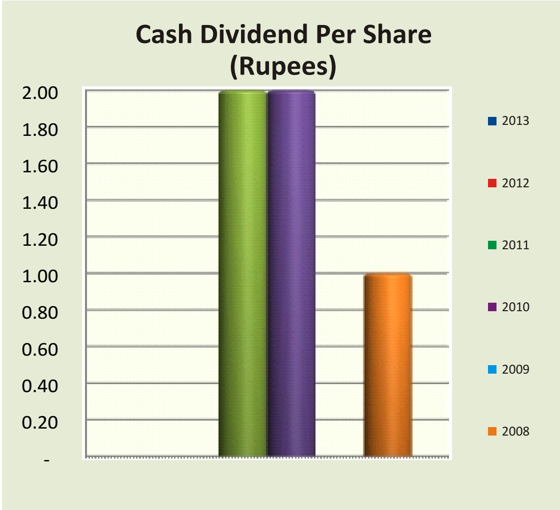

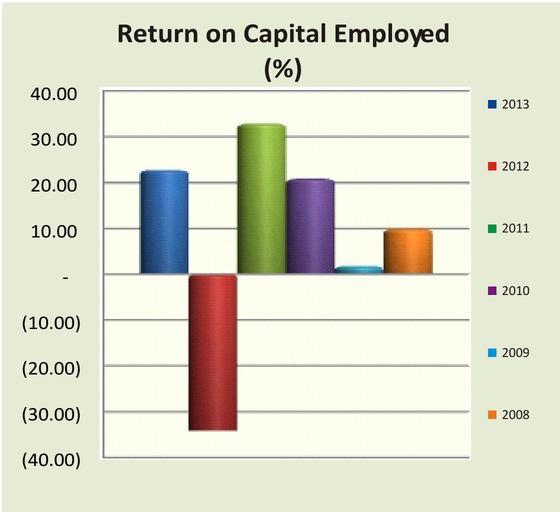

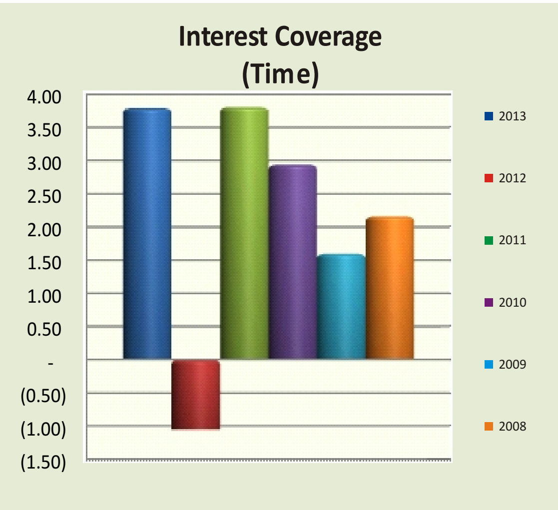

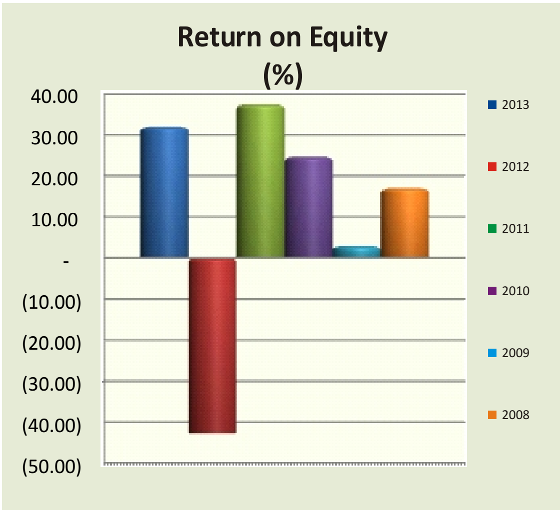

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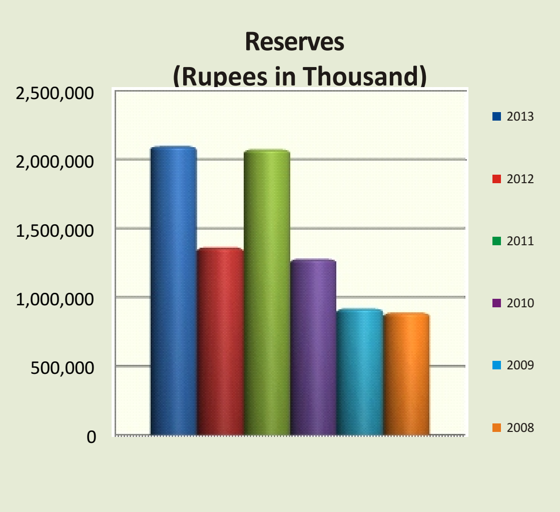
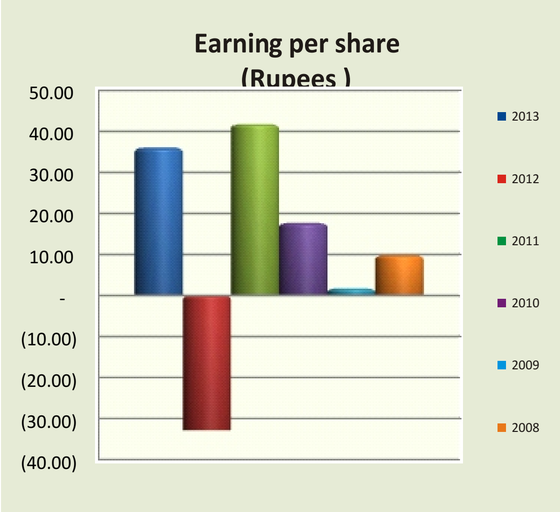
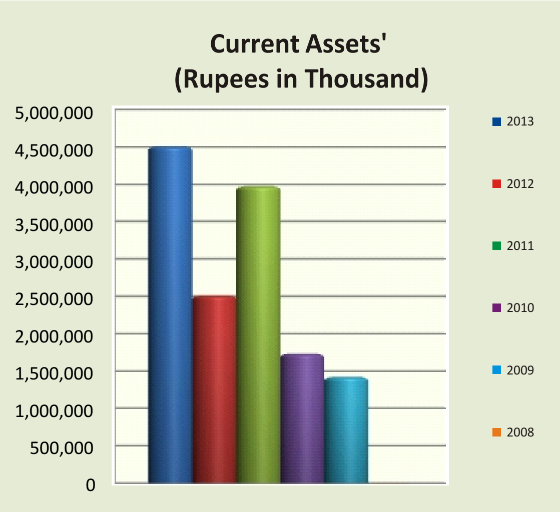
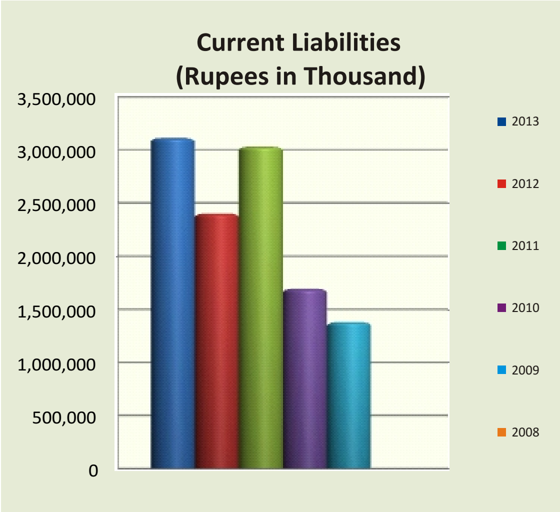
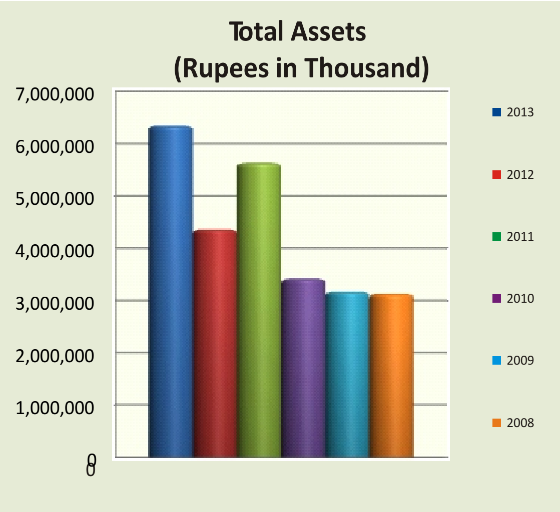
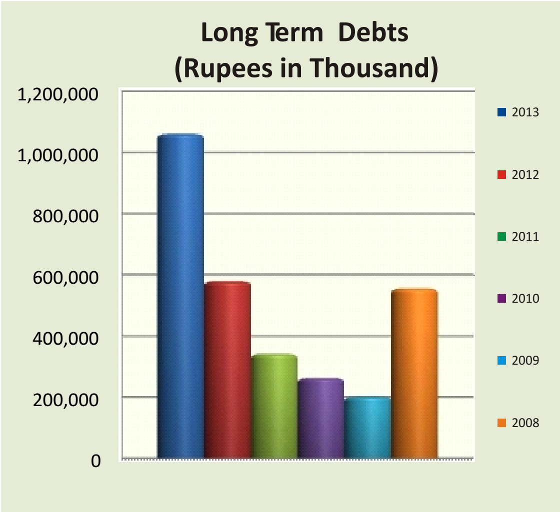




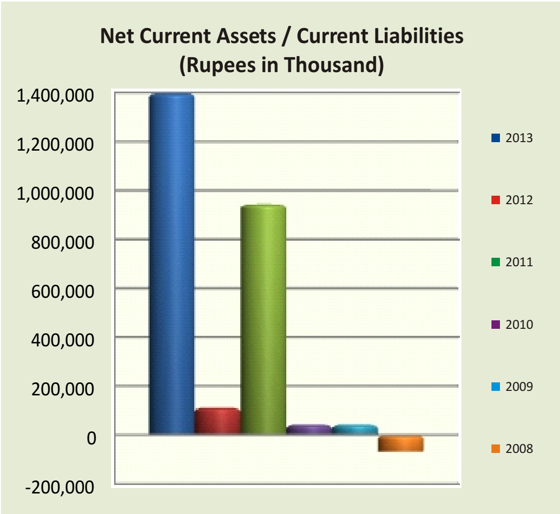


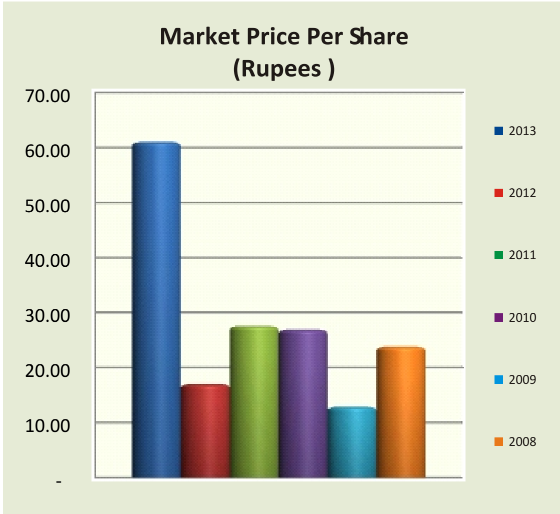


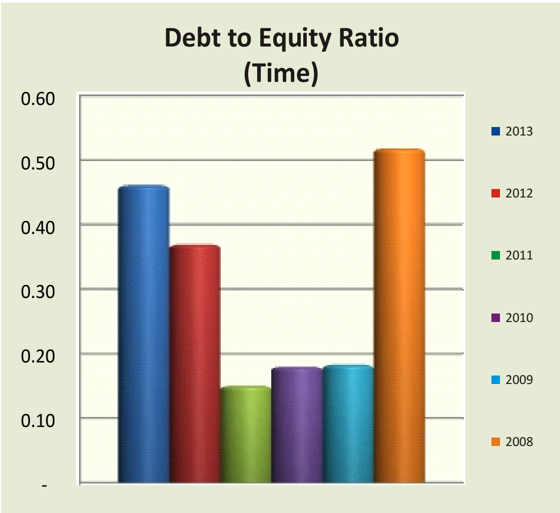


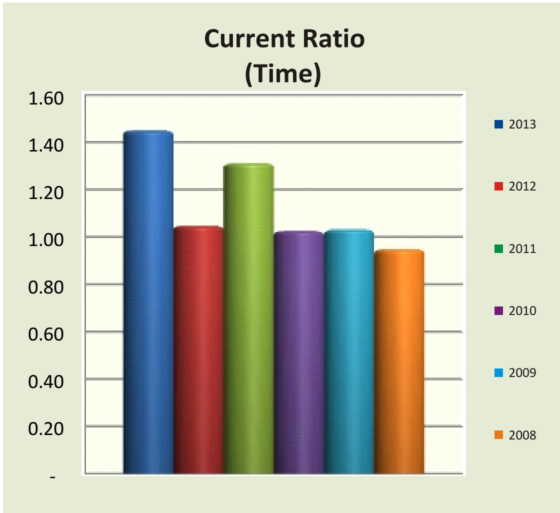


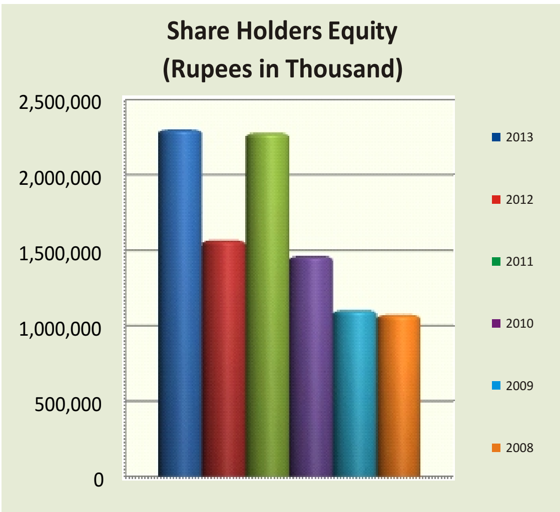
GRAPHICAL ANALYSIS OF SIX YEARS AT A GLANCE











DETAIL OF PATTERN OF SHAREHOLDING

As at June 30, 2013

Category No.	Categories of Shareholders	No. of Shareheld	Category-wise No. Of Folios / CDC Accounts	Category wise Sahreheld	Percentage %
1	**Individuals / General Public**	6,936,697	789	6,936,697	34.03
2	**Others**	1,210,035	20	1,210,035	5.94
3	**Directors, Chief Executive and their Spouse and Minor Children**		9	8,583,263	42.11
	1. Mr. Shaikh Mohammad Muneer	1,670			
	2. Mr. Shaikh Mohammad Pervez	2,306,339			
	3. Mr. Shaikh Mohammad Tanveer	861,720			
	5. Mr. Shaikh Mohammad Naveed	1,723,434			
	6. Mr. Faisal Jawed	858,000			
	7. Mr. Farhad Shaikh Mohammad	855,580			
	8. Mr. Abdul Razzak Tarmuhammad	500			
	8. Mrs. Saeeda Parveen W/o S. M. Muneer	860,040			
	9. Mrs. Ghazala Pervez W/o Mr. S. M. Pervez	1,115,980			
4	Executive	2,585,156	2	2,585,156	12.68
5	**Public Sector Companies and Corporations**	337,346	4	337,346	1.65
6	**Associated Company** Din Leather (Pvt.) Limited	6,600	1	6,600	0.03
7	**Banks, DFIs, Non-banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funs**	35,987	6	35,987	0.18
8	**Mutual Fund**		2	642,209	3.15
	MCBFL-Trustee Namco Balance Fund	97,000			
	Golden Arrow Selected Stock Fund	545,209			
9	**Foreign Investors**		1	46,060	0.23
	Habib Bank AG Zurich, Zurich, Switzerland	46,060			
	Total	20,383,353	834	20,383,353	100

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

Total Paid-up Capital of the Company	**20,383,353 Shares**
5% of the Paid-up Capital of the Company	**1,019,168 Shares**

Name(s) of Share-holders(s)	Description	No. of Shares Held	Percentage %
Shaikh Mohammad Pervez	Falls In Category # 03	**2,306,339**	**11.31**
Shahzad Naseer	Falls In Category # 01	**1,723,436**	**8.46**
Shaikh Mohammad Naveed	Falls In Category # 03	**1,723,434**	**8.46**
Ghazala Pervez	Falls In Category # 03	**1,115,980**	**5.47**

PATTERN OF SHAREHOLDING
As at June 30, 2013

NO. OF SHARE HOLDERS	SHAREHOLDING SLABS			TOTAL SHARES HELD
172	1	to	100	3,349
207	101	to	500	42,167
304	501	to	1,000	201,235
91	1,001	to	5,000	198,086
20	5,001	to	10,000	138,903
8	10,001	to	15,000	97,272
1	15,001	to	20,000	17,500
2	30,001	to	35,000	64,188
2	35,001	to	40,000	80,000
1	40,001	to	45,000	44,031
4	45,001	to	50,000	196,060
1	95,001	to	100,000	97,000
1	120,001	to	125,000	120,010
1	235,001	to	240,000	239,500
1	330,001	to	335,000	330,200
1	545,001	to	550,000	545,209
1	750,001	to	755,000	752,000
7	855,001	to	860,000	5,998,003
4	860,001	to	865,000	3,445,200
1	900,001	to	905,000	904,251
1	1,115,001	to	1,120,000	1,115,980
2	1,720,001	to	1,25,000	3,446,870
1	2,305,001	to	2,310,000	2,306,339
834				**20,383,353**

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
The Leading Edge Alliance
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 statement of compliance with the best practices contained in the Code of Corporate Governance for the year ended June 30, 2013 prepared by the Board of Directors of **Din Textile Mills Limited** to comply with the 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. A review is limited primarily to inquiries of the ompany'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 control 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.

Further, Sub- Regulation (x) of Listing Regulation No. 35 of Karachi and Lahore Stock Exchanges requires the company to place before the Board of Directors for their consideration and approval 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before 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 status of the company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2013.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

KARACHI
Date: October 03, 2013

Statement of Compliance with the Code of Corporate Governance
Year Ended June 30, 2013

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 Mohammad 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 NBFI 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 nine 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, majority 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).

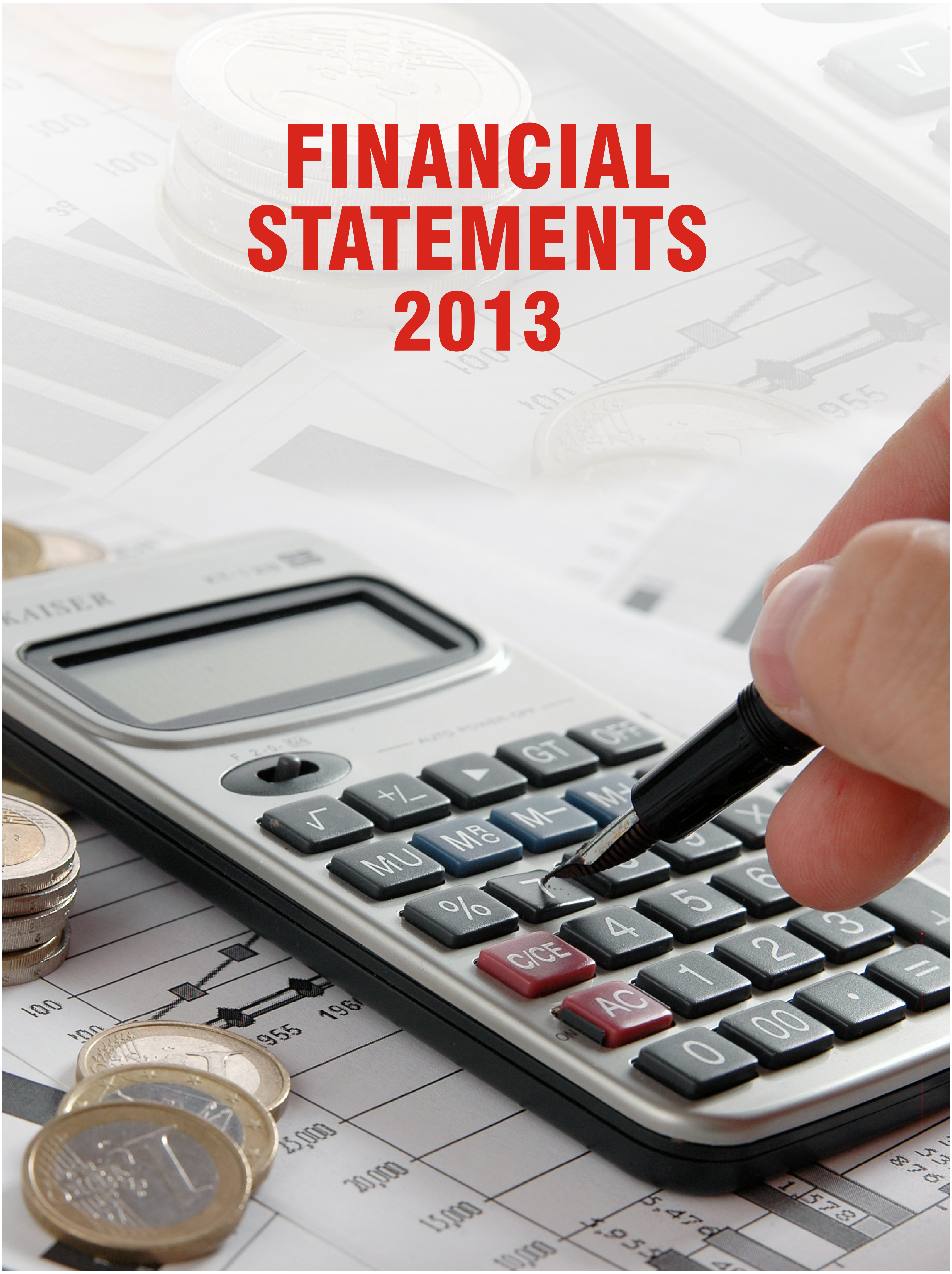
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).

23. We confirm that all other material principals contained in the Code have been complied with.

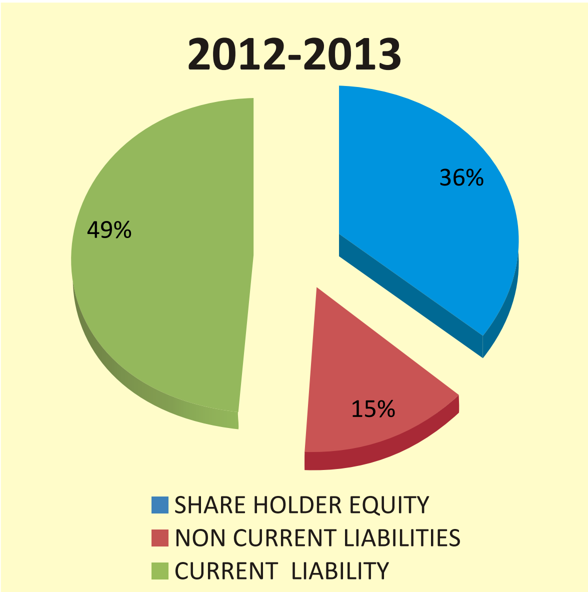
KARACHI
Date: October 03, 2013

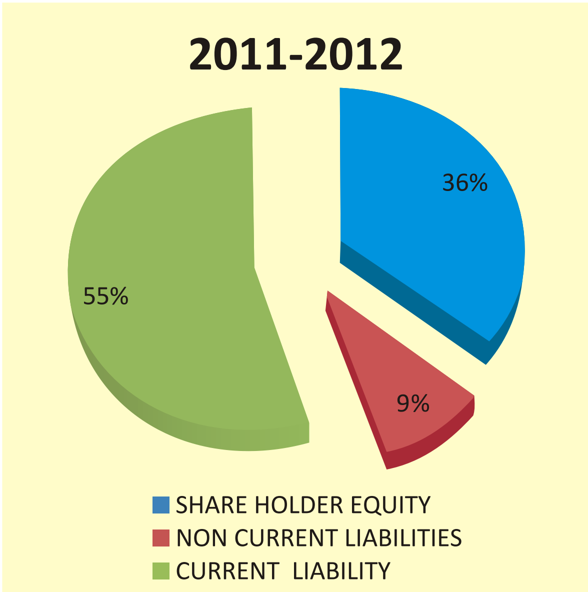
SHAIKH MOHAMMAD TANVEER
Chief Executive

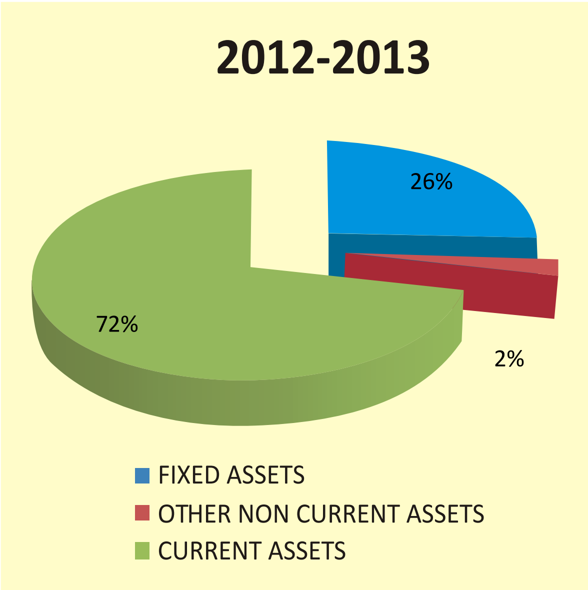
FINANCIAL STATEMENTS 2013

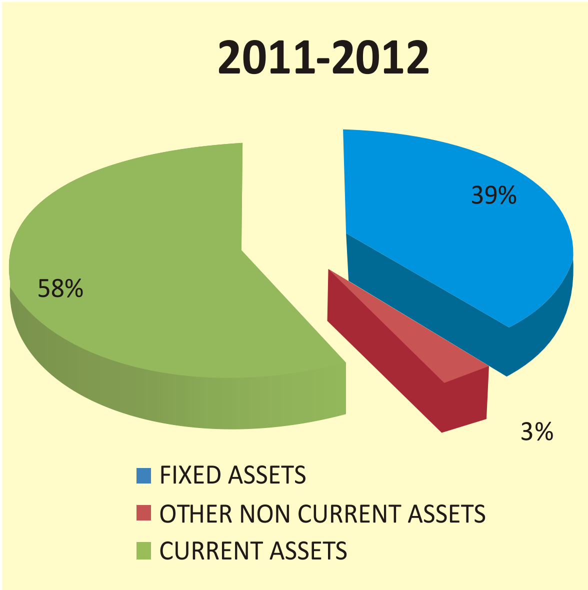


GRAPHICAL ANALYSIS
OF BALANCE SHEET









Member of

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

Illinois, USA

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed Balance Sheet of **Din Textile Mills Limited** as at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

(a) in our opinion, proper books of accounts have been kept by the company as required by the Companies Ordinance, 1984;

(b) in our opinion;

(i) the Balance Sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
(ii) the expenditure incurred during the year was for the purpose of the company's business; and
(iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

KARACHI
Date: October 03, 2013

Balance Sheet
As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	1,635,532,442	1,695,684,894
Long term deposits	6	15,098,546	15,500,421
Long term Investment	7	44,681,513	-
Deferred taxation Assets	22	139,624,618	139,624,618
		1,834,937,119	1,850,809,933
CURRENT ASSETS			
Stores, spare parts and loose tools	8	267,027,925	122,047,663
Stock in trade	9	1,636,247,300	1,128,025,413
Trade debts	10	1,579,248,118	1,005,597,204
Loans and advances	11	755,277,681	71,043,597
Trade deposits and short term pre payments	12	5,981,925	5,593,725
Other receivables	13	42,365,216	3,524,992
Tax refunds due from the Government	14	166,887,670	100,898,885
Cash and bank balances	15	54,000,408	74,424,222
		4,507,036,243	2,511,155,701
CURRENT LIABILITIES			
Trade and other payables	16	2,627,435,359	1,576,584,767
Accrued mark up and interest	17	81,063,091	63,468,672
Short term borrowings	18	182,332,140	501,525,710
Current portion of			
Long term financing	19	185,825,808	222,562,722
Liabilities against assets subject to finance lease	20	33,089,866	34,738,895
		3,109,746,264	2,398,880,766
WORKING CAPITAL		1,397,289,979	112,274,935
TOTAL CAPITAL EMPLOYED		3,232,227,098	1,963,084,868
NON CURRENT LIABILITIES			
Long term financing	19	820,966,696	274,215,217
Liabilities against assets subject to finance lease	20	19,910,511	46,815,381
Deferred liabilities			
Staff retirement benefits - gratuity	21	91,112,217	75,467,567
		931,989,424	396,498,165
CONTINGENCIES AND COMMITMENTS	23		
NET WORTH		**2,300,237,674**	**1,566,586,703**
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Net Worth Represented by:			
Issued, subscribed and paid up capital	24	203,833,530	203,833,530
Reserves	25	2,096,404,144	1,362,753,173
		2,300,237,674	**1,566,586,703**

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales - net	26	8,296,374,468	7,358,488,625
Cost of sales	27	(6,909,113,158)	(7,563,546,119)
Gross Profit /(Loss)		1,387,261,310	(205,057,494)
Distribution cost	28	112,633,766	141,183,542
Administrative expenses	29	111,767,075	102,471,216
Other operating expenses	30	45,330,652	1,581,149
Finance cost	31	298,664,105	405,576,503
		568,395,598	650,812,410
		818,865,712	(855,869,904)
Other income	32	15,394,311	21,974,752
Profit / (Loss) before taxation		834,260,023	(833,895,152)
Provision for taxation	33	(100, 609,052)	164,408,507
Profit / (Loss) for the year		733,650,971	(669,486,645)
Earnings / (Loss) per share - basic and diluted	34	35.99	(32.84)

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Statement of Comprehensive Income
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Profit / (Loss) for the year		733,650,971	(669,486,645)
Other comprehensive income for the year		-	-
Total comprehensive Income / (Loss) for the year		733,650,971	(669,486,645)

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Cash Flow Statement
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (Loss) before taxation		834,260,023	(833,895,152)
Adjustments for:			
Depreciation		168,307,025	167,706,491
Staff retirement benefits - gratuity		38,908,200	33,047,781
Provision for doubtful debts		-	(20,837,781)
Workers' profit participation fund		43,908,422	-
Finance cost		298,664,105	405,576,503
Loss on disposal of property, plant and equipment		(15,160,255)	(929,380)
		534,627,497	584,563,614
Profit / (Loss) before working capital changes		1,368,887,520	(249,331,538)
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(144,980,262)	24,147,556
Stock in trade		(508,221,887)	708,343,129
Trade debts		(573,650,914)	16,205,357
Loans and advances		(684,234,084)	791,711,578
Trade deposits and short term prepayments		(708,750)	(10,000)
Other receivables		(38,840,224)	(3,383,381)
		(1,950,636,121)	1,537,014,239
Increase / (Decrease)in current liabilities			
Trade and other payables		962,286,069	(429,490,044)
Cash generated from operations		380,537,468	858,192,657
Finance cost paid		(281,069,686)	(427,998,583)
Taxes paid		(166,607,346)	(63,606,836)
Dividend paid		(15,903)	(40,382,716)
Workers' profit participation fund paid		-	(48,874,280)
Staff retirement benefits - gratuity paid		(23,263,550)	(22,552,281)
Net cash (used) in / generated from operating activities		(90,419,017)	254,777,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		20,089,068	7,147,069
Fixed capital expenditure		(113,083,386)	(232,467,725)
Long term deposits		722,425	(3,626,288)
Net cash used in investing activities		(92,271,893)	(228,946,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		510,014,565	193,384,182
Liabilities against asset subject to finance lease		(28,553,899)	43,638,393
Net cash generated from / (used) in financing activities		481,460,666	237,022,575
Net increase in cash and cash equivalents		298,769,756	262,853,592
Cash and cash equivalents at the beginning of the year		(427,101,488)	(689,955,080)
Cash and cash equivalents at the end of the year		(128,331,732)	(427,101,488)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	15	54,000,408	74,424,222
Short term borrowings	18	(182,332,140)	(501,525,710)
		(128,331,732)	(427,101,488)

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Statement of Changes in Equity
For the year ended June 30, 2013

Particulars	Share capital	Reserves				Total
		Capital	Revenue			
		Merger reserve	General	Unappropriated profit	Sub total	
	Rupees					
Balance as at June 30, 2011	203,833,530	10,376,660	400,000,000	1,662,629,864	2,073,006,524	2,276,840,054
Total comprehensive loss for the year	-	-	-	(669,486,645)	(669,486,645)	(669,486,645)
Dividend for the year ended June 30, 2011 @ Rs.2/- per share	-	-	-	(40,766,706)	(40,766,706)	(40,766,706)
Balance as at June 30, 2012	203,833,530	10,376,660	400,000,000	952,376,513	1,362,753,173	1,566,586,703
Total comprehensive income for the year	-	-	-	733,650,971	733,650,971	733,650,971
Balance as at June 30, 2013	203,833,530	10,376,660	400,000,000	1,686,027,484	2,096,404,144	2,300,237,674

The annexed notes from 1 to 43 form an integral part of these financial statements.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

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 Sind, 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, 2013. 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 2,472,500 per month payable quarterly in advance.

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 1, 2012:

¤ IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'Income taxes ? recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

¤ Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the company.

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

Following are the amendments that are applicable for accounting periods beginning on or after January 1, 2012:

¤ IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). 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 and with the change unrecognized actuarial losses amounting to Rs. 8.576 million at 30 June 2013 would need to be recognized in other comprehensive income in next financial year.

¤ IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). 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 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no major 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 2013). 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.

¤ 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.

¤ Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). 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.

¤ 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.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). 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.

- 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.

- Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013. The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, it clarifies that the ‘third statement of financial position’, when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of ‘property, plant and equipment’ in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

  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.

2.3.3 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.

- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by

- identifying the concept of control as the determining 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, 2013, 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', 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', 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.

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, 2012 are considered not to be relevant or to have any significant impact on the company's financial reporting and operations.

3 BASIS OF MEASUREMENT

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

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

3.1 Provision for taxation

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

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

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

3.4 Property, plant and equipment

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

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

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

Depreciation

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

Derecognition

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

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

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

Financial charges

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

Depreciation

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

Deferred income

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

4.2.2 Operating lease

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

4.3 Capital work in progress

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

4.4 Long term deposits

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

4.5 Investments

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

4.5.1 Investment in subsidiary and associated companies

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

4.5.2 Investment - available for sale

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

At subsequent reporting dates, these investments are remeasured at fair value (quoted market price), unless fair value cannot be reliably measured. The 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
Intransit	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, 2013 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.11 Taxation

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

4.11.1 Current

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

4.11.2 Deferred

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

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

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

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

4.12 Trade and other payables

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

4.13 Provisions

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

4.14 Borrowings and borrowing costs

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

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

4.15 Revenue recognition

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

4.16 Foreign currencies

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

4.17 Financial instruments

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

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

4.18 Offsetting of financial assets and liabilities

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

4.19 Impairment

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

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

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

4.20 Related party transactions

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

4.21 Government grants

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

4.22 Research and development cost

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

4.23 Dividend

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2013 Rupees	2012 Rupees
Operating fixed assets	5.1	1,620,275,300	1,565,851,018
Capital work in progress - at cost	5.2	15,257,142	129,833,876
		1,635,532,442	1,695,684,894

5.1 Operating fixed assets

2013

	Cost as at July 01, 2012	Additions / (deletions)	Transfers / adjustments	Cost as at June 30 2013	Accumulated depreciation as at July 01, 2012	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	-	-	51,847,900	-	-	-	-	51,847,900	0%
	-	(2,525,000)	-	-	-	-	-	-	-	-
Building on freehold land	447,931,004	4,789,568	-	448,827,501	273,274,381	17,488,536	-	287,328,117	161,499,384	10%
	-	(3,893,071)	-	-	-	(3,434,800)	-	-	-	-
Plant and machinery	2,679,961,805	167,135,024	24,161,785	2,867,383,614	1,531,198,463	128,050,218	4,470,937	1,660,266,779	1,207,116,835	10%
	-	(3,875,000)	-	-	-	(3,452,839)	-	-	-	-
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	5,811,239	28,867,405	19,467,507	1,457,922	3,704,160	16,669,546	12,197,859	20%
	-	(9,483,424)	-	-	-	(7,960,043)	-	-	-	
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	

2012

	Cost as at July 01, 2011	Additions / (deletions)	Transfers / adjustments	Cost as at June 30 2012	Accumulated depreciation as at July 01, 2011	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Annual depreciation rate %
	Rupees									
Owned Assets										
Freehold land	54,372,900	-	-	54,372,900	-	-	-	-	54,372,900	-
Building on freehold land	447,813,513	117,491	-	447,931,004	253,876,260	19,398,121	-	273,274,381	174,656,623	10%
Plant and machinery	2,683,816,054	14,605,272	-	2,679,961,805	1,419,567,176	126,998,411	-	1,531,198,463	1,148,763,342	10%
	-	(18,459,521)	-	-	-	(15,367,124)	-	-	-	-
Electric installation	117,219,380	4,998,419	-	122,186,192	64,013,152	5,543,156	-	69,541,098	52,645,094	10%
	-	(31,607)	-	-	-	(15,210)	-	-	-	-
Tools and equipment	42,758,423	185,250	-	41,249,673	23,147,113	1,895,615	-	24,254,339	16,995,334	10%
	-	(1,694,000)	-	-	-	(788,389)	-	-	-	-
Furniture and fixture	9,260,878	762,559	-	10,009,437	4,819,531	485,835	-	5,299,362	4,710,075	10%
	-	(14,000)	-	-	-	(6,004)	-	-	-	-
Office equipment	4,075,318	1,695,610	-	5,571,928	2,117,942	244,432	-	2,313,986	3,257,942	10%
	-	(199,000)	-	-	-	(48,388)	-	-	-	-
Computers	9,949,222	3,572,561	-	11,911,345	7,555,015	1,126,129	-	8,281,684	3,629,661	30%
	-	(1,610,438)	-	-	-	(399,460)	-	-	-	-
Vehicles	28,977,615	(4,011,321)	-	24,966,294	21,180,159	1,464,971	-	19,467,507	5,498,787	20%
	-	-	-	-	-	(3,177,623)	-	-	-	-
Leased Assets										
Plant and machinery	25,098,726	82,431,152	-	107,529,878	5,851,264	8,953,603	-	14,804,867	92,725,011	10%
Vehicles	9,916,240	3,354,578	-	13,270,818	3,078,351	1,596,218	-	4,674,569	8,596,249	20%
30-Jun-12	3,433,258,269	111,722,892 (26,019,887)	-	3,518,961,274	1,805,205,963	167,706,491 (19,802,198)	-	1,953,110,256	1,565,851,018	

5.1.1 Depreciation for the year has been allocated as under.

	Note	2013 Rupees	2012 Rupees
Cost of sales	27.1	164,974,426	165,819,995
Administrative expenses	29	3,151,818	1,886,496
Income from power generation	32.1	180,781	-
		168,307,025	167,706,491

	2013 Rupees	2012 Rupees

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

	2013	2012
Building - civil works	15,257,142	19,621,677
Plant and machinery	-	92,126,315
Electric Installation	-	18,085,884
	15,257,142	129,833,876

The movement in Capital work in progress is as follows.

	2013	2012
Balance at the beginning of the year	129,833,876	9,089,043
Additions during the year		
Building - civil works	5,011,458	12,879,170
Plant and machinery	380,969	89,779,779
Electric installation	4,839,000	18,085,884
	10,231,427	120,744,833
Transfer to operating fixed assets		
Building - civil works	9,375,993	-
Plant and machinery	92,507,284	-
Electric installation	22,924,884	-
	124,808,161	-
Balance at the end of the year	15,257,142	129,833,876

5.3 **Disposal of property, plant and equipment**

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Gain) / Loss	Mode of disposal
		Rupees					
Vehicles							
Suzuki Baleno	Muhammad Akram	813,830	644,580	169,250	200,000	(30,750)	Negotiation
Suzuki Cultus	Asad Kamal Aslam	708,151	563,508	144,643	150,000	(5,357)	Negotiation
Suzuki Cultus	Tariq Khan Jadoon	604,000	480,631	123,369	123,369	-	Negotiation
Suzuki Cultus	Khalid Mehmood	604,100	480,710	123,390	123,390	-	Negotiation
Suzuki Cultus	Khalid Mehmood	604,100	480,710	123,390	123,390	-	Negotiation
Toyota Corolla	M. Moosa Appan	983,715	787,727	195,988	195,988	-	Negotiation
Suzuki Cultus	Babar Jahangir	600,850	489,543	111,307	130,000	(18,693)	Negotiation
Suzuki Cultus	Asad Kamal Aslam	622,600	454,629	167,971	190,000	(22,029)	Negotiation
Toyota Corolla	Shaikh Mohammad Naseer	1,201,478	1,084,965	116,513	220,000	(103,487)	Negotiation
Toyota Corolla	Saeeda Muneer	1,240,600	1,052,622	187,978	350,000	(162,022)	Negotiation
Mercedeze	Shaikh Mohammad Naveed	1,500,000	1,440,418	59,582	150,000	(90,418)	Negotiation
	Sub total	9,483,424	7,960,043	1,523,381	1,956,137	(432,756)	
Plant and machinery	Noshad Textile Machinery	3,875,000	3,452,839	422,161	387,931	34,230	Negotiation
	Sub total	3,875,000	3,452,839	422,161	387,931	34,230	
Freehold land	Jalal Alaf Khan	2,525,000	-	2,525,000	15,006,111	(12,481,111)	Negotiation
Building on freehold land		3,893,071	3,434,800	458,271	2,738,889	(2,280,618)	Negotiation
	Sub total	6,418,071	3,434,800	2,983,271	17,745,000	(14,761,729)	
	Grand total	19,776,495	14,847,682	4,928,813	20,089,068	(15,160,255)	

5.4 **Gain on disposable property, plant and equipment**

	Note	2013 Rupees	2012 Rupees
Cost		19,776,495	26,019,887
Less : Accumulated depreciation		(14,847,682)	(19,802,198)
		4,928,813	6,217,689
Sale proceeds		(20,089,068)	(7,147,069)
(Gain) / Loss on disposal of property, plant and equipment	30 & 32	(15,160,255)	(929,380)
(Gain) on disposal of property, plant and equipment	32	(15,194,485)	(1,122,529)
Loss on disposal of property, plant and equipment	30	34,230	193,149

	Note	2013 Rupees	2012 Rupees

6 **LONG TERM DEPOSITS**

Security deposits		10,691,308	10,691,308
Electricity - WAPDA		4,369,738	4,771,613
Leasing company		37,500	37,500
Others			
		15,098,546	15,500,421

7 **LONG TERM INVESTMENT**

Investment in Subsidiary company - at cost

Ihsan Raiwind Mills (Pvt) Limited			
27,018,000 (June 30, 2012: Nil) ordinary shares of Rs. 10 each. Equity Interest Held 100%		44,681,513	-
Break up value on the basis of audited accounts for the year ended June 30, 2013 Rs.(2.41) (June 30, 2012 Rs. 12.46) per share.			
		44,681,513	-

7.1 During the year the company has acquired the entire share capital of Ihsan Raiwind Mills (Pvt) Limited. The investment has been accounted for at cost in these separate financial statements in accordance with the International Accounting Standard (IAS), 27 "Separate Financial statements".

	Note	2013 Rupees	2012 Rupees

8 **STORES, SPARE PARTS AND LOOSE TOOLS**

At Mills

Stores - at mills		91,404,057	49,922,728
Stores - in transit		45,271,317	-
Spare parts		130,274,635	72,048,185
Loose tools		77,916	76,750
		267,027,925	122,047,663

9 **STOCK IN TRADE**

Raw material in hand	9.1	1,281,481,445	891,469,908
Raw material in transit		67,422,813	-
Work in process		109,537,025	97,569,632
Finished goods	9.2	172,566,693	131,161,980
Waste		5,239,324	7,823,893
		1,636,247,300	1,128,025,413

9.1 Raw material amounted to Rs. Nil (June 30, 2012 : Rs. 273,377,892) are stated at their net realizable value aggregating Rs. Nil (June 30, 2012 : Rs. 241,124,819). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. Nil (June 30, 2012 : Rs. 32,253,073).

9.2 Finished goods amounting to Rs. 5,177,560 (June 30, 2012 : Rs. 36,357,998) are stated at their net realizable value aggregating Rs. 4,968,866 (June 30, 2012 : Rs. 29,445,679). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 208,694 (June 30, 2012 : Rs. 6,912,319).

	Note	2013 Rupees	2012 Rupees

10 TRADE DEBTS

	Note	2013 Rupees	2012 Rupees
Considered good			
Secured		812,845,011	693,140,827
Unsecured	10.2	766,403,107	312,456,377
		1,579,248,118	1,005,597,204
Considered Doubtful		-	-
		1,579,248,118	1,005,597,204
Provision for Doubtful debts	10.1	-	-
		1,579,248,118	1,005,597,204

10.1 The movement in the provision during the year is as follows:

	2013 Rupees	2012 Rupees
Balance as at July 01,	-	20,837,781
Add: Provision made in the year	-	-
	-	20,837,781
Less: Provision reversed in the year	-	(20,837,781)
Balance as at June 30,	-	-

10.2 The amount includes following balances receivable from related parties

	2013 Rupees	2012 Rupees
Ihsan Raiwind Mills (Pvt) Limited - Subsidiary Company	351,620,302	-
Din Farm Products (Pvt.) Limited - Associated Company	1,047,418	-
	352,667,720	-

11 LOANS AND ADVANCES

	Note	2013 Rupees	2012 Rupees
Unsecured - Considered good			
Advance to subsidiary company	11.1	653,201,406	-
Advance against wages		4,599,895	3,971,199
Advances to suppliers		71,996,524	23,399,823
Secured - Considered good			
Advance against letter of credit		25,479,856	43,672,575
		755,277,681	71,043,597

11.1 The amount represents funds provided to the subsidiary company to meet working capital requirements of subsidiary company. The amount is unsecured, interest free and receivable in the next accounting period.

	Note	2013 Rupees	2012 Rupees

12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

	2013 Rupees	2012 Rupees
Security deposits		
Leasing companies	1,145,325	1,465,875
Others	1,127,850	1,117,850
Prepayments	3,708,750	3,010,000
	5,981,925	5,593,725

13 OTHER RECEIVABLES

	2013 Rupees	2012 Rupees
Export rebate	54,034	31,992
Insurance Claim Receivable	31,720	3,493,000
Cotton claims receivable	42,279,462	-
	42,365,216	3,524,992

14 TAX REFUND DUE GOVERNMENT

	2013 Rupees	2012 Rupees
Advance Income Tax		
Opening balance	48,656,015	23,166,161
Paid/ Adjusted during the year -Net	122,650,150	54,673,487
Less Provision for the year	(100,609,052)	(29,183,633)
	70,679,113	48,656,015
Sales tax	96,190,557	52,242,870
	166,887,670	100,898,885

	Note	2013 Rupees	2012 Rupees
15 CASH AND BANK BALANCES			
Cash with banks			
In current accounts	15.1	51,862,923	72,272,014
In dividend accounts	15.2	2,121,731	2,137,634
In savings account	15.3	15,754	14,574
		54,000,408	74,424,222

15.1 It includes balance with associated company (MCB Bank Limited) of Rs. 17,079,060 (June 30, 2012 : Rs. 1,975,745).
15.2 It represents balance with associated company (MCB Bank Limited) of Rs. 1,326,282 (June 30, 2012 : Rs. 1,335,667).
15.3 It represents balance with associated company (MCB Bank Limited) and carries mark up at the rate of **5.00 to 7.00** (June 30, 2012 : 5.00 to 7.00) percent per annum.

	Note	2013 Rupees	2012 Rupees
16 TRADE AND OTHER PAYABLES			
Creditors		223,705,580	192,026,794
Murahaba	16.1	2,158,621,293	1,245,661,170
Accrued liabilities		118,375,000	111,434,975
Advances from customers		14,779,557	3,696,404
Retention money		-	376,018
Excise duty on loans	16.2	4,429,581	4,429,581
Sales tax claim payable	16.3	14,759,965	14,759,965
Workers' profit participation fund	16.5	44,253,270	344,848
Unclaimed dividend		3,829,600	3,845,503
Withholding tax payable		-	9,509
Other Payabale	16.4	44,681,513	-
		2,627,435,359	1,576,584,767

16.1 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 18.1. Mark up ranges from 8.84 to 12.34 (June 30, 2012 : 11.60 to 14.19) percent per annum. These facilities are expiring on various dates from August 2013 to December 2013.

16.2 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.

16.3 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.

16.4 It represents amount payable to previous shareholders of Ihsan Raiwind Mills (Pvt) Limited against purchase of entire share capital.

	Note	2013 Rupees	2012 Rupees
16.5 Workers' profit participation fund			
Opening balance		344,848	48,874,280
Interest on fund utilized in company's business		-	344,848
		344,848	49,219,128
Paid during the year		-	(48,874,280)
		344,848	344,848
Allocation for the year		43,908,422	-
Closing balance		44,253,270	344,848

16.3.1 Interest on Workers' profit participation fund has been provided at the rate of 0% (June 30, 2012 : 15.5%)

	Note	2013 Rupees	2012 Rupees

17 ACCRUED MARK UP AND INTEREST

Mark up / interest accrued on secured loans		
Long term financing	10,191,699	8,938,892
Short term borrowings	69,583,884	51,988,641
Finance lease	1,287,508	2,541,139
	81,063,091	63,468,672

18 SHORT TERM BORROWINGS

Secured - from banking companies

Running finance	182,332,140	251,525,710
Money market loan	-	250,000,000
	182,332,140	501,525,710

18.1 Total credit limits available for short term bank borrowings are Rs. 7,085 million (June 30, 2012 : 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, 2012 : 11.56 to 14.94) percent per annum. Average effective interest rate computes to 10.64 (June 30, 2012 : 14.00) percent per annum. These facilities are expiring on various dates from July 2013 to April 2014.

	Note	2013 Rupees	2012 Rupees

19 LONG TERM FINANCING

Secured - from banking companies and financial institutions

	Note	2013	2012
Pak Oman Investment Company Limited	19.1	26,291,217	46,625,039
Standard Chartered Bank	19.2	35,846,000	69,048,900
Habib Metropolian Bank Ltd	19.3	174,327,287	222,750,000
Meezan Bank Ltd	19.4	770,328,000	158,354,000
		1,006,792,504	496,777,939
Less : Current portion		(185,825,808)	(222,562,722)
		820,966,696	274,215,217

	Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
19.1	Pak Oman Investment Company	SBP-LTFF	9,150,000	6.50%	04 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	9,150,000	6.50%	04 Semi Annual	06-Jun-15	
		SBP-LTFF	3,050,000	6.50%	04 Semi Annual	30-Jun-15	
		SBP-LTFF	4,941,217	6.75%	05 Semi Annual	22-Aug-15	
		SBP-LTFF	-	SBP refinance rate + 1%	Loan repaid in the year	10-May-13	Demand promissory note and first pari passu charge by way of hypothecation of Rs.54.667 million over present and future plant and machinery of the company inclusive of 25% margin.
		Term Finance	-	6 Month Kibor + 2%	Loan repaid in the year	10-May-13	
		Total	26,291,217				
19.2	Standard Chartered Bank	Term Finance	-	9.20%	Loan repaid in the year	23-Dec-12	Specific charge of Rs.50 million over specific plant and machinery of the company
		LTFF	500,000	SBP refinance rate + 1.5%	01 Semi Annual	6-Dec-13	First specific charge of 6.5 million on company's plantand machinery
		Term Finance	500,000	3 Month Kibor +1%	01 Semi Annual	6-Dec-13	
		LTFF	15,874,000	SBP refinance rate + 1.5%	03 Semi Annual	15-Sep-14	Demand promissory note and first charge on company's specific plant and machinery of Rs. 125 million
		Term Finance	15,874,000	6 Month Kibor +1%	03 Semi Annual	15-Sep-14	
		LTFF	1,549,000	SBP refinance rate + 1.5%	03 Semi Annual	20-Dec-14	
		Term Finance	1,549,000	6 Month Kibor +1%	03 Semi Annual	20-Dec-14	
		Total	35,846,000				

19.3	Habib Metropolitan Bank Ltd	Diminishing Musharika	96,250,000	3 Month Kibor + 1%	07 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	45,500,000	3 Month Kibor + 1%	07 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	32,577,287	3 Month Kibor + 1%	12 Quarterly	Aug-16	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
		Total	174,327,287				
19.4	Meezan Bank Lt	Diminishing Musharika	38,750,000	6 Month Kibor + 0.55%	01 Semi Annual	1-Sep-13	The Loan is secured against first specific charge of Rs. 193.750 million over fixed assets with 20% margin
		Diminishing Musharika	31,578,000	6 Month Kibor + 0.55%	03 Semi Annual	30-Sep-13	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. 879.305 million over fixed assets with 20% margin
		Total	770,328,000				

20 LIABILITIES AGAINSTASSETS SUBJECT TO FINANCE LEASE

	2013			2012		
	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	37,212,419	4,122,553	33,089,866	43,099,120	8,360,225	34,738,895
Later than one year but not later than five years	21,217,605	1,307,094	19,910,511	51,963,797	5,148,416	46,815,381
	58,430,024	5,429,647	53,000,377	95,062,917	13,508,641	81,554,276

20.1 The total lease rentals due under the lease agreements aggregate Rs. 58.430 million (June 30, 2012 : Rs. 95.063 million) and are payable in equal monthly / semi annually installments under various lease agreements, latest by 2016. 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 9.96 t0 14.00 (June 30, 2012 : 10.00 to 15.69) 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. 5.314 million (June 30, 2012 : Rs. 6.096 million) and demand promissory note. The estimated residual value of assets acquired on finance lease is Rs. 5.314 million (June 30, 2012 : Rs. 6.096 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 2 respectively.

		Note	2013 Rupees	2012 Rupees
21	**STAFF RETIREMENT BENEFITS - GRATUITY**			
	Movement in the net liability recognized in the balance sheet			
21.1	Opening net liability		75,467,567	64,972,067
	Expense for the year	21.2	38,908,200	33,047,781
			114,375,767	98,019,848
	Benefits paid during the year		(23,263,550)	(22,552,281)
	Closing net liability		91,112,217	75,467,567
21.2	**Expense recognized in the income statement**			
	Current service cost		31,408,164	22,964,524
	Interest cost		6,488,171	7,952,610
	Actuarial loss recognized		1,011,865	2,130,647
			38,908,200	33,047,781

21.3 Movement in the present value of defined benefit obligation

Present value of defined benefit obligation	92,091,058	89,408,343
Current service cost	31,408,164	22,964,524
Interest cost	6,488,171	7,952,610
Actuarial loss / (gain)	(7,035,391)	(5,682,138)
Benefits paid	(23,263,550)	(22,552,281)
	99,688,452	92,091,058

21.4 Historical information

	2013	2012	2011	2010	2009
Present value of defined benefit obligation	99,688,452	92,091,058	89,408,343	62,977,987	62,835,084
Experience adjustments on plan liabilities	7,035,391	5,682,138	(12,148,958)	(3,047,302)	237,696

	2013 Rupees	2012 Rupees
21.5 Reconciliation		
Present value of defined benefit obligation	99,688,452	92,091,058
Unrecognized actuarial loss	(8,576,235)	(16,623,491)
	91,112,217	75,467,567

21.6 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

	2013	2012
21.7 Principal actuarial assumption		
Following are a few important actuarial assumption used in the valuation.		
Discount rate	10.5%	13%
Expected rate of increase in salary	10.0%	10%

21.8 Expected gratuity expense for the year ending June 30, 2014 works out to Rs. **40,311,306**.

	2013 Rupees	2012 Rupees
22 DEFERRED TAXATION		
The deferred taxation liability / (asset) comprises of following temporary differences.		
Taxable temporary differences (deferred tax liabilities)		
Accelerated tax depreciation allowance	90,205,866	90,205,866
Deductible temporary differences (deferred tax assets)		
Staff retirement benefits - gratuity	(9,111,620)	(9,111,620)
Provision for doubtful debts	-	-
Unused tax credits - unabsorbed depreciation	(220,718,864)	(220,718,864)
	(139,624,618)	(139,624,618)

22.1 In view of applicability of presumptive tax regime, deferred tax assets has been worked out after taking effect of income covered under presumptive tax regime. During the year net deferred tax assets amounted to Rs. 159,524,891 has arised. The increase in the amount of deferred tax asset has not been recognized because proportion of export sales for the year exceeds the thresholds of 80 percent of total sales, therefore, the assessment of the company for the period will be finalized under final tax regime under section 169 of the income tax ordinance 2001.

23 CONTINGENCIES AND COMMITMENTS

23.1 The Company has issued post dated cheques amounting to Rs. 77,474 million (June 30, 2012: Rs. 54.437 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.

	2013 Rupees	2012 Rupees
23.2 **Contingencies**		
Bills discounted with recourse	53,301,795	392,420,154
Bank guarantees issued in the ordinary course of business	159,060,401	139,240,401
23.3 **Commitments**		
Letters of credit for capital expenditure	140,495,338	-
Letters of credit for raw material	506,926,003	263,623,889
Letters of credit for stores and spares	40,858,250	11,940,841

24 **ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

2013 Number of shares	2012 Number of shares		2013 Rupees	2012 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
4,941,419	4,941,419	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	49,414,190	49,414,190
20,383,353	20,383,353		203,833,530	203,833,530

24.1 Associated company (Din Leather (Pvt.) Limited) held 6,600 (June 30, 2012 : 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.

	Note	2013 Rupees	2012 Rupees
25 **RESERVES**			
Capital			
Merger reserve	25.1	10,376,660	10,376,660
Revenue			
General		400,000,000	400,000,000
Unappropriated profit		1,686,027,484	952,376,513
		2,096,404,144	1,362,753,173

25.1 This represents book difference of capital under scheme of arrangement for amalgamation with Din Power Limited in the year 2001.

	Note	2013 Rupees	2012 Rupees
26 **SALES - NET**			
Export	26.1	2,799,717,284	2,739,840,729
Yarn - Direct export		4,059,385,140	109,571,527
Yarn - Indirect export		122,169,928	139,267,869
Waste and others		64,897	344,643
Rebate		6,981,337,249	2,989,024,768
Total export sales			
Local			
Yarn		993,689,729	4,086,629,507
Raw Material		339,971,314	284,811,737
Waste and others		106,808,376	117,083,282
Total local sales		1,440,469,419	4,488,524,526
		8,421,806,668	7,477,549,294
Sales Tax		45,186,522	3,201,147
		8,466,993,190	7,480,750,441
Less			
Commission and claims		(125,432,200)	(119,060,669)
Sales Tax		(45,186,522)	(3,201,147)
		8,296,374,468	7,358,488,625

26.1 This includes net exchange gain / (loss) amounting to Rs.43,663,869 (June 30, 2012 : Rs.44,741,398).

	Note	2013 Rupees	2012 Rupees
27 COST OF SALES			
Cost of goods manufactured	27.1	6,947,933,302	7,358,383,642
Finished goods			
Opening stock		138,985,873	344,148,350
Closing stock		(177,806,017)	(138,985,873)
		6,909,113,158	7,563,546,119

27.1 Cost of goods manufactured

	Note	2013 Rupees	2012 Rupees
Raw material consumed	27.1.1	4,789,907,534	5,469,372,504
Cost of raw material sold		338,558,571	411,637,984
Packing material consumed		107,017,117	96,604,436
Stores and spares consumed		182,383,330	108,368,651
Salaries, wages and other benefits	27.1.2	509,298,517	412,906,530
Fuel and power		767,060,718	620,077,732
Insurance		19,096,820	14,260,583
Repairs and maintenance		32,724,850	20,565,688
Depreciation	5.1.1	164,974,426	165,819,995
Vehicle running and maintenance		6,755,435	6,438,618
Books and periodicals		1,581,453	780,023
Postage and telephone		529,570	510,369
Travelling and conveyance		2,453,388	2,145,851
Legal and professional		40,000	-
Contract / license fee	27.1.3	28,003,750	25,800,000
Rent, rates and taxes		3,013,770	2,521,191
Other overheads		6,501,446	4,669,262
		6,959,900,695	7,362,479,417
Work in process			
Opening stock		97,569,632	93,473,857
Closing stock		(109,537,025)	(97,569,632)
		(11,967,393)	(4,095,775)
		6,947,933,302	7,358,383,642

27.1.1 Raw material consumed

	2013 Rupees	2012 Rupees
Opening stock	891,469,908	1,398,746,335
Purchases	5,339,099,365	5,242,102,112
	6,230,569,273	6,640,848,447
Closing stock	(1,281,481,445)	(891,469,908)
	4,949,087,828	5,749,378,539
Dyeing charges	179,378,277	131,631,949
Cost of raw material sold	(338,558,571)	(411,637,984)
	4,789,907,534	5,469,372,504

27.1.2 Salaries, wages & other benefits includes Rs. 35,945,911 (June 30, 2012 : Rs. 31,641,261) in respect of staff retirement benefits.

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

	Note	2013 Rupees	2012 Rupees
28 DISTRIBUTION COST			
Ocean freight		62,353,840	60,022,860
Air freight		5,522,102	26,931,559
Local freight		27,859,000	36,745,678
Clearing and forwarding		6,531,798	7,670,950
Export development surcharge		7,076,937	6,543,827
Others		2,651,725	3,140,503
Travelling expense		638,364	128,165
		112,633,766	141,183,542

	Note	2013 Rupees	2012 Rupees

29 **ADMINISTRATIVE EXPENSES**

	Note	2013 Rupees	2012 Rupees
Directors' remuneration	35	28,544,400	38,059,200
Staff salaries and other benefits	29.1	46,612,105	38,705,785
Travelling and conveyance		2,744,923	3,925,776
Vehicle running and maintenance		1,984,297	2,914,808
Rent, rates and taxes		58,910	37,406
Electricity, gas and water		261,455	857,022
Printing and stationery		1,118,584	789,135
Fees, subscription and periodicals		4,046,674	2,370,765
Legal and professional		3,679,864	789,000
Repairs and maintenance		5,762,655	1,307,222
Postage and telephone		6,085,560	6,258,035
Entertainment		1,194,928	740,925
Advertisement		390,073	21,600
Depreciation	5.1.1	3,151,818	1,886,496
Others		6,130,829	3,808,041
		111,767,075	102,471,216

29.1 Staff salaries and other benefits includes Rs. 2,962,289 (June 30, 2012 : Rs. 1,406,521) in respect of staff retirement benefits.

30 **OTHER OPERATING EXPENSES**

	Note	2013 Rupees	2012 Rupees
Workers' profit participation fund	16.5	43,908,422	-
Loss on sale of property, plant and equipment	5.4	34,230	193,149
Auditors' remuneration	30.2	1,288,000	1,188,000
Donation	30.1	100,000	200,000
		45,330,652	1,581,149

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

30.2 **Auditors' remuneration**

		2013 Rupees	2012 Rupees
Audit fee		1,100,000	1,000,000
Half yearly review fee		88,000	88,000
Tax services		100,000	100,000
		1,288,000	1,188,000

31 **FINANCE COST**

	Note	2013 Rupees	2012 Rupees
Mark up / interest on			
Long term financing		50,530,640	50,192,187
Liabilities against assets subject to finance lease		6,963,495	10,854,650
Short term borrowings		219,690,597	321,711,233
Workers' profit participation fund	16.5	-	344,848
Bank charges and commission		21,479,373	22,473,585
		298,664,105	405,576,503

32 **OTHER INCOME**

	Note	2013 Rupees	2012 Rupees
From financial assets			
Gain on translation of foreign currency account		1,377	10,670
Profit on savings account		2,393	3,772
Income from power generation	32.1	196,056	-
Reversal of provision for doubtful debts		-	20,837,781
From other than financial assets			
Gain on sale of property, plant and equipment	5.4	15,194,485	1,122,529
		15,394,311	21,974,752

	Note	2013 Rupees	2012 Rupees

32.1 **Income from power generation**

	Note	2013 Rupees	2012 Rupees
Sales		4,946,229	-
Cost of electricty product:			
Stores and spares consumed		176,706	-
Salaries, wages and other benefits		224,106	-
Fuel and power		3,764,920	-
Insurance		13,945	-
Repairs and maintenance		55,170	-
Depreciation	5.1.1	180,781	-
Vehicle running and maintenance		8,202	-
Rent, rates and taxes		1,391	-
Finance cost		219,025	-
Other overheads		105,927	-
		4,750,173	-
		196,056	-

33 **TAXATION**

	2013 Rupees	2012 Rupees
Provision / reversal for taxation		
Taxation:		
Current	82,535,382	29,610,690
Prior	1,388,470	(427,057)
Workers welfare fund:		
Current year	16,685,200	-
Deferred	-	(193,592,140)
	100,609,052	(164,408,507)

33.1 Tax expense for year is calculated under section 169 as proportion of export sales for the year has exceeds the thresholds of 80 percent of total sales, therefore, the assessment of the company for the year will be finalized under final tax regime under section 169 of the income tax ordinance 2001.

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

34 **(LOSS)/EARNINGS PER SHARE**

Basic earnings / (loss) per share

		2013 Rupees	2012 Rupees
Profit / (Loss)for the year	Rupees	733,650,971	(669,486,645)
Weighted average number of ordinary shares outstanding during the year	Numbers	20,383,353	20,383,353
Earnings / (Loss) per share - basic	Rupees	35.99	(32.84)

34.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2013 and June 30, 2012.

35 **REMUNERATION TO DIRECTORSAND EXECUTIVES**

	2013			2012		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees			Rupees		
Managerial remuneration	2,162,460	23,787,060	44,631,264	-	34,599,360	35,246,761
Medical allowances	216,240	2,378,640	4,463,073	-	3,459,840	3,524,676
					-	-
	2,378,700	26,165,700	49,094,337	-	38,059,200	38,771,437
Number of persons	1	3	31	-	4	19

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

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

36 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

36.1 Credit risk
36.2 Liquidity risk
36.3 Market risk

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

36.1 Credit risk

36.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits and short term prepayments and cash and bank balances. Out of total financial assets of Rs. 2,346.133 million (June 30, 2012 : Rs. 1,101.599 million), financial assets which are subject to credit risk aggregate to Rs. 2,292.132 million (June 30, 2012 : Rs. 1,027.174 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.

	2013 Rupees	2012 Rupees
Long term deposits	15,098,546	15,500,421
Trade debts	1,579,248,118	1,005,597,204
Loans and advances	653,201,406	-
Trade deposits and short term prepayments	2,273,175	2,583,725
Other receivables	42,311,182	3,493,000
Cash and bank balances	54,000,408	74,424,222
	2,346,132,835	1,101,598,572

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

	2013 Rupees	2012 Rupees
Domestic	766,403,107	312,456,377
Export	812,845,011	693,140,827
	1,579,248,118	1,005,597,204

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

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

	2013 Rupees	2012 Rupees
Yarn	1,194,150,267	986,184,980
Services	20,431,750	3,579,811
Waste	12,574,505	13,388,054
Others	352,091,596	2,444,359
	1,579,248,118	1,005,597,204

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

	Gross debtors	
	2013	2012
	Rupees	
Not past due	970,096,014	743,110,658
Past due 0 - 30 days	387,116,332	223,384,698
Past due 31 - 90 days	177,924,821	34,227,592
Past due 90 days - 1 year	44,014,841	4,874,256
More than one year	96,110	-
	1,579,248,118	1,005,597,204

36.2 **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.

	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	2,563,892,543	2,563,892,543	2,563,892,543	-	-	-
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	-	-	-
	3,887,080,655	4,178,026,581	3,028,466,231	138,005,446	1,011,554,904	-

	2012					
	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	496,777,939	644,190,385	105,174,041	141,701,202	397,315,142	-
Finance lease	81,554,276	95,062,917	21,884,898	21,214,222	51,963,797	-
Trade and other payables	1,557,050,373	1,557,050,373	1,557,050,373	-	-	-
Accrued mark up and interest	63,468,672	63,468,672	63,468,672	-	-	-
Short term borrowings	501,525,710	536,632,510	536,632,510	-	-	-
	2,700,376,970	2,896,404,857	2,284,210,494	162,915,424	449,278,939	-

36.2.1 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.

36.3 **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.

36.3.1 **Currency risk**

Exposure to currency risk

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

	US Dollar	Euro	Others	Rupees
Trade debts 2013	8,158,417	55,829	-	812,845,011
Trade debts 2012	7,355,363	27,187	-	693,140,827

The following significant exchange rates applied during the year:

	Average Rates		Reporting Date Rates	
	2013	2012	2013	2012
US Dollar to Rupee	96.28	89.83	98.75	93.80
Euro to Rupee	123.49	121.30	128.99	117.99

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.

	2013 Rupees	2012 Rupees
US Dollar	(40,282,184)	(34,496,652)
Euro	(360,069)	(160,390)

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

36.3.2 **Interest rate risk**

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

	2012 Rupees	2011 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	44,214,217	81,295,603
Variable rate instruments		
Financial assets	15,754	14,574
Financial liabilities	3,356,532,097	2,244,223,492

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, 2012:

	Profit & Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2013	(33,565,321)	33,565,321	-	-
Cash flow sensitivity - variable rate instruments 2012	(22,442,235)	22,442,235	-	-

36.4 **Fair value of financial assets and liabilities**

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

	2013 Rupees	2012 Rupees
36.5 Off balance sheet items		
Bills discounted with recourse	53,301,795	392,420,154
Bank guarantees issued in ordinary course of business	159,060,401	139,240,401
Letters of credit for capital expenditure	140,495,338	-
Letters of credit for raw material	506,926,003	263,623,889
Letters of credit for stores and spares	40,858,250	11,940,841

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

37 **CAPITAL RISK MANAGEMENT**

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

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

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

		2013	2012
Borrowings	Rupees	1,189,124,644	998,303,649
Total equity	Rupees	2,300,237,674	1,566,586,703
Total capital employed	Rupees	3,489,362,318	2,564,890,352
Gearing ratio	Percentage	34.08	38.92

38 **PLANT CAPACITY AND PRODUCTION**

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

		2013	2012
Total number of spindles installed	38.1	81,216	80,569
Total number of spindles worked		77,636	77,587
Number of shifts per day		3	3
Installed capacity converted into 20/1 count (Kgs.)		26,886,931	26,718,219
Actual production converted into 20/1 count (Kgs.)		22,961,392	21,943,754
Number of employees		2,545	2,480

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

38.1 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 Pheru), and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles.

39 **TRANSACTION WITH RELATED PARTIES**

		2013 Rupees	2012 Rupees
Transactions with related parties	**Relationship**		
MCB Bank Limited	Associated company		
Deposits		304,934,651	210,284,224
Withdrawals		289,839,540	221,300,357
Din Farm Products (Pvt.) Ltd.	Associated company		
Sale of Electricity		4,946,229	-
Directors and relatives	Associated persons		
Sale of fixed assets		720,000	-
Ihsan Raiwind Mills (Pvt) Ltd	Subsidiary company		
Sales		348,352,429	-
Purchase		5,550,153	-
Advance		653,201,406	-
Salaries and other short term employee benefits	Key management personnel	77,638,737	76,830,637
Staff retirement benefits	Key management personnel	9,092,012	4,813,056
Balances Outstanding at the year end	**Relationship**		
MCB Bank Limited	Associated company	18,421,096	3,325,985
Din Farm Products (Pvt.) Ltd.	Associated company	1,047,418	-
Ihsan Raiwind Mills (Pvt) Ltd.	Subsidiary company	1,004,821,827	-

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.

40 **NON ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE**

The board of Directors have proposed cash dividend for the year ended June 30, 2013 of Rs 5 per share i-e (50%) amounting to Rs.101,916,765/- (2012 : Nil) and bonus share issue Rs 1 per share i-e (10%) amounting to Rs. 20,383,353/(2012 : Nil), at their meeting held on October 03, 2013 for approval of the members at the Annual General Meeting to be held on October 26, 2013. These financial statements do not reflect this impact.

41 **CORRESPONDING FIGURES**

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. However, no significant reclassifications were made in these financial statements.

42 **GENERAL**

Figures have been rounded off to the nearest rupees.

43 **DATE OF AUTHORIZATION FOR ISSUE**

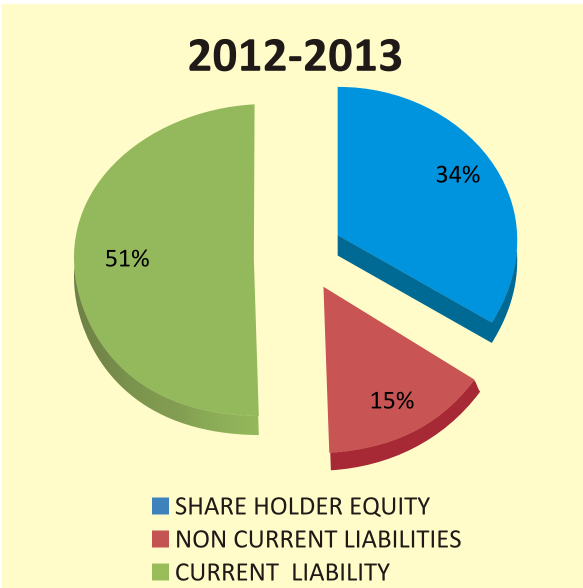
These financial statements have been authorized for issue on **October 03, 2013** by the board of directors of the company.

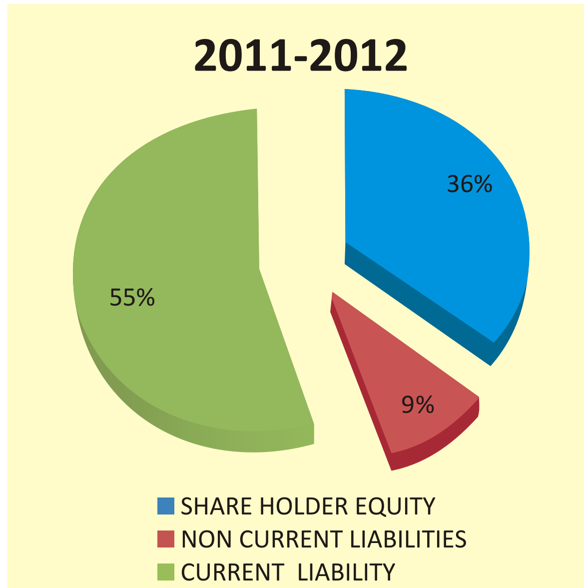
SHAIKH MOHAMMAD MUNEER Chairman	SHAIKH MOHAMMAD TANVEER Chief Executive

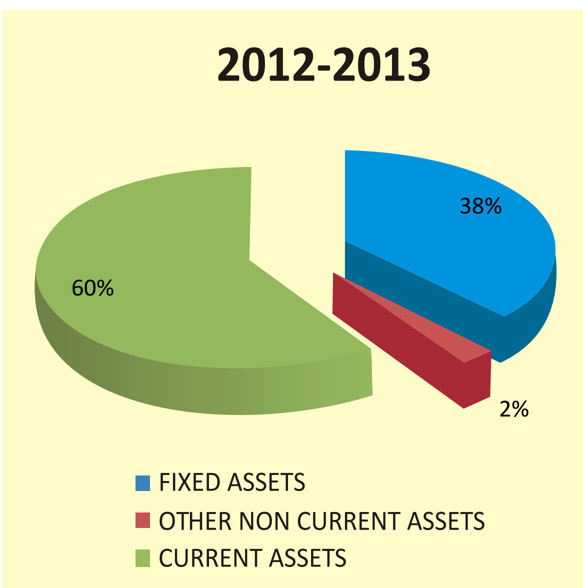
Consolidated Annual Audited Financial Statements

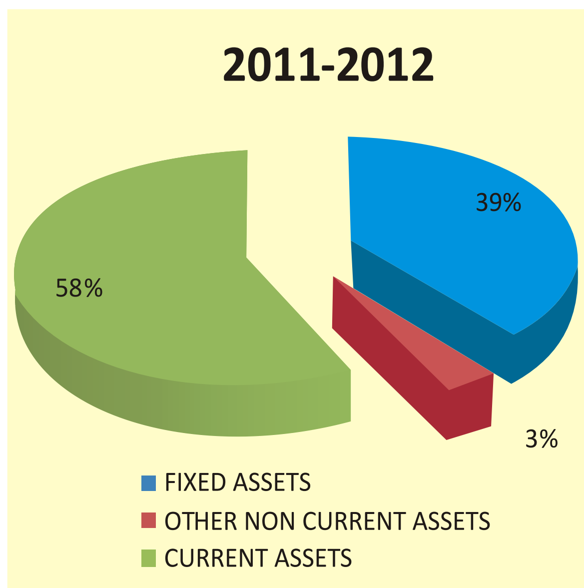
for the year ended June 30, 2013

GRAPHICAL ANALYSIS
OF CONSOLIDATED BALANCE SHEET









Consolidated Directors' Report

The Directors of Din Textile Mills Limited have pleasure in presenting their report togather with audited consolidated financial statements of the group for the year ended June 30, 2013 the Group comprises of Din Textile Mills Limited and its, Wholly owned subsidiary company Ihsan Raiwind Mills (private) Limited.

Group Financial Result

		Year ended June 30	
		2013	**2012**
		..............Rupees in '000'.............	
Profit & Loss Appropriations			
Un-appropriated Profit brought forward		952,377	1,662,630
Profit / (Loss) after Tax		639,047	(669,487)
Dividend for the year 2011 @Rs. 2 per share (year 2010 @Rs. 2 per share)		-	(40,767)
Un-appropriated Profit carried forward		1,591,424	952,377
Earning / (Loss) Per share	Rupees	31.35	(32.84)

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		
	2013	**2012**	Increase /(Decrease) %age
	..............Rupees in '000'.............		
Total Sales Net	8,307,373	7,358,489	12.90
Local Sales Net	1,455,724	4,488,524	(66.68)
Export Sales Net	6,978,714	2,989,025	133.48
Commission & Claims	(127,065)	(119,061)	6.72
Gross Profit / (Loss)	1,296,385	(205,057)	732.21

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	
	2013	**2012**
	.............Rupees in '000'.............	
Sales	8,307,373	7,358,489
Cost of Sales	(7,010,988)	(7,563,546)
Gross profit / (loss)	1,296,385	(205,057)
Distribution cost	(112,645)	(141,184)
Administrative Expenses	(112,569)	(102,471)
Other operating expenses	(48,199)	(1,581)
Finance cost	(307,066)	(405,577)
	(580,479)	(650,812)
Other Income	15,868	21,975
Profit / (Loss) before Tax	731,774	(833,895)

Financial Management

Cash flow Management

During the year an amount of Rs. 1,296.936 million was Generated from group operating activities after taking the effect of changes of working capital, inspite of hyperinflation effects which caused to increase in Direct cost, fuel & power and distribution cost, Rs. 1.154 billion was utilized for better management of working capital requirements. At the end of the year 2013 the liquid fund position comprising of cash and cash equivalents amounting to Rs. (105.625) million.

The group 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 2013 with current Ratio 1.17 : 1.00

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 biases and relevant rates are to be determined as per the comparable un controlled price methods.

Future Plans

Board of Director in their meeting held on 26-04-2013 has approved the draft scheme of Merger of Its 100%

own Subsidiary Ihsan Raiwind Mills (pvt) Ltd. with Din Textile Mills Ltd. subject to the approval of Honorable High Court of Sindh with or witout modification. Din textile Mills Ltd. is in process to do make a petition / application to the Honorable High Court of Sindh

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.

Acknowledgment

Your Company maintained its strong position, with a healthy balance sheet while meeting stakeholders' expectations. The performance of the Company is a strong evidence of the contributionour employees make towards the success of the Company in difficult times. We always appreciate and acknowledge the contribution of our committed employees, devoted customers and continued support received from supplier and contractors. The Board would like to thanks all stakeholders for their valuable support and untiring efforts which enables the Company to achieves this performance.

On behalf of the Board

SHAIKH MOHAMMAD TANVEER
Chief Executive

MUSHTAQ & CO.

CHARTERED ACCOUNTANTS

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

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

Email Address: mushtaq_vohra@hotmail.com

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AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Din Textile Mills Limited** (the holding company) and its subsidiary company (together referred to as group) as at 30 June 2013 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinions on the financial statements of **Din Textile Mills Limited** and its subsidiary company. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standards on Auditing and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of **Din Textile Mills Limited** and its subsidiary company as at 30 June 2013 and the results of their operations for the year then ended.

MUSHTAQ & COMPANY
Chartered Accountants
Engagement Partner:
Mushtaq Ahmed Vohra
FCA

KARACHI
Date: October 03, 2013

Consolidated Balance Sheet
As at June 30, 2013

	Note	2013 Rupees	2012 Rupees
NON CURRENT ASSETS			
Property, plant and equipment	5	2,413,941,674	1,695,684,894
Long term deposits	6	17,089,929	15,500,421
Intangibles	7	16,042,530	-
Deferred taxation Assets	23	139,624,618	139,624,618
		2,586,698,751	1,850,809,933
CURRENT ASSETS			
Stores, spare parts and loose tools	8	286,131,041	122,047,663
Stock in trade	9	1,713,101,683	1,128,025,413
Trade debts	10	1,356,977,184	1,005,597,204
Loans and advances	11	112,169,888	71,043,597
Trade deposits and short term prepayments	12	5,981,925	5,593,725
Other receivables	13	43,172,071	3,524,992
Other financial assets	14	86,615	-
Tax refunds due from Government	15	194,953,589	100,898,885
Cash and bank balances	16	76,706,642	74,424,222
		3,789,280,638	2,511,155,701
CURRENT LIABILITIES			
Trade and other payables	17	2,745,075,165	1,576,584,767
Accrued mark up / interest	18	84,658,466	63,468,672
Short term borrowings	19	182,332,140	501,525,710
Current portion of			
Long term financing	20	185,825,808	222,562,722
Liabilities against assets subject to finance lease	21	33,089,866	34,738,895
		3,230,981,445	2,398,880,766
WORKING CAPITAL		558,299,193	112,274,935
TOTAL CAPITAL EMPLOYED		3,144,997,944	1,963,084,868
NON CURRENT LIABILITIES			
Long term financing	20	820,966,696	274,215,217
Liabilities against assets subject to finance lease	21	19,910,511	46,815,381
Deferred liabilities			
Staff retirement benefits - gratuity	22	98,487,119	75,467,567
		939,364,326	396,498,165
CONTINGENCIES AND COMMITMENTS	24		
NET WORTH		2,205,633,618	1,566,586,703
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized capital			
50,000,000 (2012: 50,000,000) ordinary shares of Rs. 10 each		500,000,000	500,000,000
Net Worth Represented by:			
Issued, subscribed and paid up capital	25	203,833,530	203,833,530
Reserves	26	2,001,800,088	1,362,753,173
		2,205,633,618	1,566,586,703

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Consolidated Profit and Loss Account

For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Sales - net	27	8,307,372,938	7,358,488,625
Cost of sales	28	(7,010,988,031)	(7,563,546,119)
Gross Profit /(Loss)		1,296,384,907	(205,057,494)
Distribution cost	29	112,645,132	141,183,542
Administrative expenses	30	112,568,813	102,471,216
Other operating expenses	31	48,198,665	1,581,149
Finance cost	32	307,066,153	405,576,503
		580,478,763	650,812,410
		715,906,144	(855,869,904)
Other income	33	15,868,081	21,974,752
Profit / (Loss) before taxation		731,774,225	(833,895,152)
Provision for taxation	34	(92,746,845)	164,408,507
Profit / (Loss) for the year		639,027,380	(669,486,645)
Earnings / (Loss) per share - basic and diluted	35	31.35	(32.84)

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Consolidated Statement of Comprehensive Income
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
Profit / (loss) for the year		639,027,380	(669,486,645)
Other comprehensive income for the year			
Items that can be reclassified to profit and loss accounts			
Un realized gain / (loss) on available for sale investments		19,535	-
Total comprehensive Income / (loss) for the year		639,046,915	(669,486,645)

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Consolidated Cash Flows Statement
For the year ended June 30, 2013

	Note	2013 Rupees	2012 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before taxation		731,774,225	(833,895,152)
Adjustments for:			
Depreciation		188,470,963	167,706,491
Staff retirement benefits - gratuity		40,877,115	33,047,781
Provision for doubtful debts		-	(20,837,781)
Workers' profit participation fund		43,908,422	-
Finance cost		307,066,153	405,576,503
Gain on disposal of property, plant and equipment		(15,160,255)	(929,380)
		565,162,398	584,563,614
Profit / (loss) before working capital changes		1,296,936,623	(249,331,538)
(Increase) / decrease in current assets			
Stores, spare parts and loose tools		(158,673,792)	24,147,556
Stock in trade		(585,076,270)	708,343,129
Trade debts		(339,175,048)	16,205,357
Loans and advances		(35,586,704)	791,711,578
Trade deposits and short term prepayments		1,354,867	(10,000)
Other receivables		(36,933,580)	(3,383,381)
		(1,154,090,527)	1,537,014,239
(Decrease) / increase in current liabilities			
Trade and other payables		812,587,328	(429,490,044)
Cash generated from operations		955,433,424	858,192,657
Finance cost paid		(314,331,879)	(427,998,583)
Taxes paid		(178,009,739)	(63,606,836)
Dividend paid		(15,903)	(40,382,716)
Workers' profit participation fund paid		-	(48,874,280)
Staff retirement benefits - gratuity paid		(23,263,550)	(22,552,281)
Net cash (used) in / generated from operating activities		439,812,353	254,777,961
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		20,089,068	7,147,069
Fixed capital expenditure		(171,280,641)	(232,467,725)
Long term deposits		722,425	(3,626,288)
Net cash used in investing activities		(150,469,148)	(228,946,944)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing		278,707,199	193,384,182
Liabilities against asset subject to finance lease		(28,553,899)	43,638,393
Net cash generated from / (used) in financing activities		250,153,300	237,022,575
Net increase in cash and cash equivalents		539,496,505	262,853,592
Cash and cash equivalents at the beginning of the year		(427,101,488)	(689,955,080)
Cash and cash equivalents of subsidiary acquired in the year		(218,020,515)	-
Cash and cash equivalents at the end of the year		(105,625,498)	(427,101,488)
CASH AND CASH EQUIVALENTS			
Cash and bank balances	16	76,706,642	74,424,222
Short term borrowings	19	(182,332,140)	(501,525,710)
		(105,625,498)	(427,101,488)

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Consolidated Statement of Changes in Equity

For the year ended June 30, 2013

Particulars	Share capital	Reserves					Total
		Capital	Revenue				
		Merger reserve	General	Un realized gain / (loss) on remeasurement of available for sale investment	Unappropriated profit	Sub total	
	Rupees						
Balance as at June 30, 2011	203,833,530	10,376,660	400,000,000	-	1,662,629,864	2,073,006,524	2,276,840,054
Total comprehensive loss for the year	-	-	-	-	(669,486,645)	(669,486,645)	(669,486,645)
Dividend for the year ended June 30, 2011 @ Rs.2/- per share	-	-	-	-	(40,766,706)	(40,766,706)	(40,766,706)
Balance as at June 30, 2012	203,833,530	10,376,660	400,000,000	-	952,376,513	1,362,753,173	1,566,586,703
Total comprehensive income for the year	-	-	-	19,535	639,027,380	639,046,915	639,046,915
Balance as at June 30, 2013	203,833,530	10,376,660	400,000,000	19,535	1,591,403,893	2,001,800,088	2,205,633,618

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MOHAMMAD TANVEER
Chief Executive

Notes to and Forming Part of the Consolidated Financial Statements
For the year ended June 30, 2013

1 LEGAL STATUS AND NATURE OF BUSINESS

The group consists of;

DIN TEXTILE MILLS LIMITED (THE holding company)

1.1 Din Textile Mills Limited, the holding 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 holding 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 holding 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, 2013. 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 2,472,500 per month payable quarterly in advance.

1.4 IHSAN RAIWIND MILLS (PVT) LIMITED (subsidiary company)

The subsidiary company was incorporated in Pakistan on February 28, 2001 as a private limited group under the Companies Ordinance, 1984. During the year the entire share capital was acquired by the holding company. The company became a subsidiary in the group with effect from March 15, 2013. The financial results of the subsidiary are incorporated in these consolidated financial statements since the date it became the part of the group. The company is engaged in the manufacturing, sale and trading of yarn and textile products. Registered Office of the group is situated at 35-A/1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan with effect form March 15, 2013. Previously it was situated at F-207, Textile Avenue, of polytechnic site Karachi. The production facility is located at Dars Road, Off Raiwind Road, Bachuki Mujha District, Kasur in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 consolidated financial statements are presented in Pak Rupees, which is the group'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 1, 2012:

- IAS 12, 'Income Taxes' (Amendments). These are applicable on accounting periods beginning on or after January 01, 2012. IAS 12, 'Income taxes', currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40, 'Investment Property'. This amendment therefore introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, ' Income taxes ? recovery of revalued non-depreciable assets', will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

- Presentation of Items of Other Comprehensive Income (Amendments to IAS 1) - (effective for annual periods beginning on or after 1 July 2012). The amendments require that an entity present separately the items of other comprehensive income that would be reclassified to profit or loss in the future if certain conditions are met from those that would never be reclassified to profit or loss. The amendments do not address which items are presented in other comprehensive income or which items need to be reclassified. The requirements of other IFRSs continue to apply in this regard. The amendments have no impact on financial statements of the group.

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

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

- IAS 19 Employee Benefits (amended 2011) - (effective for annual periods beginning on or after 1 January 2013). 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 ecognized in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The group's policy was to account for actuarial gains and losses using the corridor method and with the change unrecognized actuarial losses amounting to Rs. 9.297 million at 30 June 2013 would need to be recognized in other comprehensive income in next financial year.

- IAS 27 Separate Financial Statements (2011) - (effective for annual periods beginning on or after 1 January 2013). 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 2013. IAS 27 (2011) carries forward the existing accounting and disclosure requirements for separate financial statements, with some minor clarifications. The amendments have no major impact on financial statements of the group.

- IAS 28 Investments in Associates and Joint Ventures (2011) - (effective for annual periods beginning on or after 1 January 2013). 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 group.

- 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.

- Offsetting Financial Assets and Financial Liabilities (Amendments to IFRS 7) – (effective for annual periods beginning on or after 1 January 2013). 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.

- 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 inovated 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 group.

- 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 group.

- IFRIC 20 - Stripping cost in the production phase of a surface mining (effective for annual periods beginning on or after 1 January 2013). 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 group.

- 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 group.

- Annual Improvements 2009-2011 (effective for annual periods beginning on or after 1 January 2013. The new cycle of improvements contains amendments to the following standards, with consequential amendments to other standards and interpretations.

- IAS 1 Presentation of Financial Statements is amended to clarify that only one comparative period – which is the preceding period – is required for a complete set of financial statements. If an entity presents additional comparative information, then that additional information need not be in the form of a complete set of financial statements. However, such information should be accompanied by related notes and should be in accordance with IFRS. Furthermore, It clarifies that the 'third statement of financial position', when required, is only required if the effect of restatement is material to statement of financial position.

- IAS 16 Property, Plant and Equipment is amended to clarify the accounting of spare parts, stand-by equipment and servicing equipment. The definition of 'property, plant and equipment in IAS 16 is now considered in determining whether these items should be accounted for under that standard. If these items do not meet the definition, then they are accounted for using IAS 2 Inventories.

- IAS 32 Financial Instruments: Presentation - is amended to clarify that IAS 12 Income Taxes applies to the accounting for income taxes relating to distributions to holders of an equity instrument and transaction costs of an equity transaction. The amendment removes a perceived inconsistency between IAS 32 and IAS 12.

- IAS 34 Interim Financial Reporting is amended to align the disclosure requirements for segment assets and segment liabilities in interim financial reports with those in IFRS 8 Operating Segments. IAS 34 now requires the disclosure of a measure of total assets and liabilities for a particular reportable segment. In addition, such disclosure is only required when the amount is regularly provided to the chief operating decision maker and there has been a material change from the amount disclosed in the last annual financial statements for that reportable segment.

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

2.3.3 Standards, interpretations issued by the IASB that are applicable to the group 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 group'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 group does not have any such liabilities.

- IFRS 10, 'Consolidated Financial Statements', applicable from January 01, 2013, build on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent group. 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, 2013, 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', 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', 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.

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

The other new standards, amendments and interpretations that are mandatory for accounting periods beginning on or after July 1, 2012 are considered not to be relevant or to have any significant impact on the group's financial reporting and operations.

3 BASIS OF MEASUREMENT

These consolidated 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 group'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 group takes into account the current income tax law and decisions taken by the appellate authorities. Instances where the group's view differs from the view taken by the income tax department at the assessment stage and where the group 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 group 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 Basis of consolidation

The consolidated financial statements include the financial statements of the holding company and its subsidiary company.

Subsidiaries are those entities in which the holding company directly or indirectly controls, beneficially owns or holds more than 50 percent of its voting securities or otherwise has power to elect and appoint more than 50 percent of its directors.

The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date control ceases. The accounting policies of the subsidiary are changed when necessary to align them with those adopted by the Group. The assets and liabilities of the subsidiary are consolidated on line-by-line basis except subsidiaries classified as held for sale and the carrying amount of the investment in subsidiaries is eliminated against the subsidiary's share capital and pre-acquisition reserves. All intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions are eliminated in full in preparing the consolidated financial statements.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the holding company reports in the consolidated financial statements provisional amounts for the items for which the accounting is incomplete. During the measurement period, the holding company retrospectively adjusts the provisional amounts recognised at the acquisition date to reflect the new information obtained about facts and circumstances that existed as of the acquisition date and, if known, would have affected the measurement of the amounts recognised as of that date. During the measurement period, the holding company also recognises additional assets or liabilities if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities as of that date. The measurement period ends as soon as the holding company receives the information it was seeking about facts and circumstances that existed as of the acquisition date or learns that more information is not obtainable. However, the measurement period does not exceed one year from the acquisition date.

4.2 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 group and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to income during the period in which they are incurred.

Depreciation

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

Derecognition

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

4.3 Accounting for leases and assets subject to finance lease

4.3.1 Finance lease

Recognition

Leases where the group 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.

4.3.2 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.

4.4 Capital work in progress

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

4.5 Long term deposits

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

4.6 Intangible assets

Intangible assets acquired by the Group are stated at cost less accumulated amortization and impairment losses, if any.

4.6.1 Subsequent expenditure

Subsequent expenditure on capitalized intangible assets is capitalized only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure is expensed as incurred.

4.6.2 Amortization

Amortization is charged to the income statement on a straight line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Amortization on additions to intangible assets is charged from the month in which an item is acquired or capitalized while no amortization is charged for the month in

Which the item is disposed off.

4.6.3 Impairment

All intangible assets with an indefinite useful life are systematically tested for impairment at each balance sheet date. Where the carrying amount of assets exceeds its estimated recoverable amount it is written down immediately to its recoverable amount.

4.7 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.

4.7.1 Investment in associated companies

Entities in which the Group has significant influence but not control and which are neither subsidiaries nor joint ventures of the members of the Group are associates and are accounted for under the equity method of accounting (equity accounted investees).

These investments are initially recognized at cost. The consolidated financial statements include the associates' share of profit or loss and movements in other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date it ceases. Share of post acquisition profit and loss of associates is recognized in the profit and loss account. Distributions received from associates reduce the carrying amount of investment. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that investment (including any long-term interests that, in substance, form part of the Group's net investment in the associate) is reduced to nil and the recognition of further losses is discontinued.

The carrying amount of investments in associates is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the recoverable amount of the investments is estimated which is higher of its value in use and its fair value less costs to sell. An impairment loss is recognized if the carrying amount exceeds its recoverable amount and is charged to profit and loss account. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount but limited to the extent of initial cost of the investments. A reversal of impairment loss is recognized in the profit and loss account.

4.7.2 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 group 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 group 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.

4.8 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.

4.9 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.

4.9.1 Raw material

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

4.9.2 Work in process Raw material cost plus appropriate manufacturing overheads

4.9.3 Finished goods Raw material cost plus appropriate manufacturing overheads

4.9.3 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.

4.10 Trade debts and other receivables

Trade debts originated by the group 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.

4.11 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.

4.12 Staff retirement benefits

Defined benefit plan

The group 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, 2013 using the Projected Unit Credit Method.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10 percent of present value of defined benefit obligation or 10 percent of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.13 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.

4.13.1 Current

Provision for current taxation is based on taxability of certain income streams of the group 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.

4.13.2 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.

4.14 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 group.

4.15 Provisions

A provision is recognized in the balance sheet when the group 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.

4.16 Borrowings and borrowing costs

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

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

4.17 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.

4.18 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.

4.19 Financial instruments

Financial assets and financial liabilities are recognized when the group becomes a party to the contractual provisions of the instrument and derecognized when the group 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.

4.20 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 group 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.

4.21 Impairment

At each balance sheet date, the group 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.

4.22 Related party transactions

All transactions with related parties are carried out by the group 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.

4.23 Government grants

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

4.24 Research and development cost

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

4.25 Dividend

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

5 PROPERTY, PLANT AND EQUIPMENT

	Note	2013 Rupees	2012 Rupees
Operating fixed assets	5.1	2,377,243,538	1,565,851,018
Capital work in progress - at cost	5.2	36,698,136	129,833,876
		2,413,941,674	1,695,684,894

5.1 Operating fixed assets

	2013											
	Cost as at July 01, 2012	Assets of Subsidiary on Acquisition	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2013	Accumulated depreciation as at July 01, 2012	Depreciation on Subsidiary's asset on acquisition	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	122,456,250	-	-	174,304,150	-	-	-	-	-	174,304,150	0%
	-	-	(2,525,000)	-	-	-	-	-	-	-	-	
Building on freehold land	447,931,004	157,315,849	7,247,124	-	608,600,906	273,274,381	62,236,143	20,509,630	-	352,585,354	256,015,552	10%
	-	-	(3,893,071)	-	-	-	-	(3,434,800)	-	-	-	
Plant and machinery	2,679,961,805	753,889,550	200,000,024	24,161,785	3,654,138,164	1,531,198,463	251,596,943	144,462,054	4,470,937	1,928,275,558	1,725,862,606	10%
	-	-	(3,875,000)	-	-	-	-	(3,452,839)	-	-	-	
Electric installation	122,186,192	23,331,792	27,118,281	-	172,636,265	69,541,098	11,093,591	6,073,651	-	86,708,340	85,927,925	10%
Tools and equipment	41,249,673	19,534,170	890,530	-	61,674,373	24,254,339	12,608,029	1,983,231	-	38,845,599	22,828,774	10%
Furniture and fixture	10,009,437	1,397,425	8,385,097	-	19,791,959	5,299,362	771,897	794,113	-	6,865,372	12,926,587	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	1,179,166	4,287,271	-	17,377,782	8,281,684	421,685	1,987,810	-	10,691,179	6,686,603	30%
Vehicles	24,966,294	-	7,573,296	5,811,239	28,867,405	19,467,507	-	1,457,922	3,704,160	16,669,546	12,197,859	20%
	-	-	(9,483,424)				-	(7,960,043)	-	-	-	
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	1,079,104,202	264,416,381 (19,776,495)	29,973,024 (29,973,024)	4,842,705,362	1,953,110,256	338,728,287	188,470,963 (14,847,682)	8,175,097 (8,175,097)	2,465,461,824 -	2,377,243,538	

	2013											
	Cost as at July 01, 2012	Assets of Subsidiary on Acquisition	Additions / (deletions)	Transfers / adjustments	Cost as at June 30, 2012	Accumulated depreciation as at July 01, 2012	Depreciation on Subsidiary's asset on acquisition	Depreciation charge / (deletion) for the year	Transfers / adjustments	Accumulated depreciation as at June 30, 2012	Book value as at June 30, 2012	Annual depreciation rate %
	Rupees											
Owned Assets												
Freehold land	54,372,900	-		-	54,372,900	-	-		-	-	54,372,900	
Building on freehold land	447,813,513	-	117,491	-	447,931,004	253,876,260	-	19,398,121	-	273,274,381	174,656,623	10%
Plant and machinery	2,683,816,054	-	14,605,272	-	2,679,961,805	1,419,567,176	-	126,998,411	-	1,531,198,463	1,148,763,342	10%
	-	-	(18,459,521)	-		-	-	(15,367,124)	-	-	-	
Electric installation	117,219,380	-	4,998,419	-	122,186,192	64,013,152	-	5,543,156	-	69,541,098	52,645,094	10%
	-	-	(31,607)	-			-	(15,210)	-	-	-	
Tools and equipment	42,758,423	-	185,250	-	41,249,673	23,147,113	-	1,895,615	-	24,254,339	16,995,334	10%
	-	-	(1,694,000)	-			-	(788,389)	-	-	-	
Furniture and fixture	9,260,878	-	762,559	-	10,009,437	4,819,531	-	485,835	-	5,299,362	4,710,075	10%
	-	-	(14,000)	-	-	-	-	(6,004)	-	-	-	
Office equipment	4,075,318	-	1,695,610	-	5,571,928	2,117,942	-	244,432	-	2,313,986	3,257,942	10%
	-	-	(199,000)	-	-	-	-	(48,388)	-	-	-	
Computers	9,949,222	-	3,572,561	-	11,911,345	7,555,015	-	1,126,129	-	8,281,684	3,629,661	30%
	-	-	(1,610,438)	-	-	-	-	(399,460)	-	-	-	
Vehicles	28,977,615	-	-	-	24,966,294	21,180,159	-	1,464,971	-	19,467,507	5,498,787	20%
	-	-	(4,011,321)	-	-	-	-	(3,177,623)	-	-	-	
Leased Assets												
Plant and machinery	25,098,726	-	82,431,152	-	107,529,878	5,851,264	-	8,953,603	-	14,804,867	92,725,011	10%
Vehicles	9,916,240	-	3,354,578	-	13,270,818	3,078,351	-	1,596,218	-	4,674,569	8,596,249	20%
30-Jun-12	3,433,258,269	-	111,722,892 (26,019,887)	-	3,518,961,274	1,805,205,963	-	167,706,491 (19,802,198)	-	1,953,110,256	1,565,851,018	

5.1.1 Depreciation for the year has been allocated as under.

	Note	2013 Rupees	2012 Rupees
Cost of sales	28.1	185,118,752	165,819,995
Administrative expenses	30	3,171,430	1,886,496
Income from power generation		180,781	-
		188,470,963	167,706,491

	2013 Rupees	2012 Rupees
5.2 Capital work in progress - at cost		
Building - civil works	17,405,206	19,621,677
Plant and machinery	19,292,930	92,126,315
Electric Installation	-	18,085,884
	36,698,136	129,833,876
The movement in Capital work in progress is as follows.		
Balance at the beginning of the year	129,833,876	9,089,043
Additions during the year		
Building - civil works	7,159,522	12,879,170
Plant and machinery	19,673,899	89,779,779
Electric installation	4,839,000	18,085,884
Transfer to operating fixed assets	31,672,421	120,744,833
Building - civil works	9,375,993	-
Plant and machinery	92,507,284	-
Electric installation	22,924,884	-
	124,808,161	-
Balance at the end of the year	36,698,136	129,833,876

5.3 **Disposal of property, plant and equipment**

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	(Gain) / Loss	Mode of disposal
		Rupees					
Vehicles							
Suzuki Baleno	Muhammad Akram	813,830	644,580	169,250	200,000	(30,750)	Negotiation
Suzuki Cultus	Asad Kamal Aslam	708,151	563,508	144,643	150,000	(5,357)	Negotiation
Suzuki Cultus	Tariq Khan Jadoon	604,000	480,631	123,369	123,369	-	Negotiation
Suzuki Cultus	Khalid Mehmood	604,100	480,710	123,390	123,390	-	Negotiation
Suzuki Cultus	Khalid Mehmood	604,100	480,710	123,390	123,390	-	Negotiation
Toyota Corolla	M. Moosa Appan	983,715	787,727	195,988	195,988	-	Negotiation
Suzuki Cultus	Babar Jahangir	600,850	489,543	111,307	130,000	(18,693)	Negotiation
Suzuki Cultus	Asad Kamal Aslam	622,600	454,629	167,971	190,000	(22,029)	Negotiation
Toyota Corolla	Shaikh Mohammad Naseer	1,201,478	1,084,965	116,513	220,000	(103,487)	Negotiation
Toyota Corolla	Saeeda Muneer	1,240,600	1,052,622	187,978	350,000	(162,022)	Negotiation
Mercedeze	Shaikh Mohammad Naveed	1,500,000	1,440,418	59,582	150,000	(90,418)	Negotiation
	Sub total	9,483,424	7,960,043	1,523,381	1,956,137	(432,756)	
Plant and machinery	Noshad Textile Machinery	3,875,000	3,452,839	422,161	387,931	34,230	Negotiation
	Sub total	3,875,000	3,452,839	422,161	387,931	34,230	
Freehold land	Jalal Alaf Khan	2,525,000	-	2,525,000	15,006,111	(12,481,111)	Negotiation
Building on freehold land		3,893,071	3,434,800	458,271	2,738,889	(2,280,618)	Negotiation
	Sub total	6,418,071	3,434,800	2,983,271	17,745,000	(14,761,729)	
	Grand total	19,776,495	14,847,682	4,928,813	20,089,068	(15,160,255)	

	Note	2013 Rupees	2012 Rupees
5.4 Gain on disposable property, plant and equipment			
Cost		19,776,495	26,019,887
Less : Accumulated depreciation		(14,847,682)	(19,802,198)
		4,928,813	6,217,689
Sale proceeds		(20,089,068)	(7,147,069)
(Gain) / Loss on disposal of property, plant and equipment	31 & 33	(15,160,255)	(929,380)
(Gain) on disposal of property, plant and equipment	33	(15,194,485)	(1,122,529)
Loss on disposal of property, plant and equipment	31	34,230	193,149

-

	2013 Rupees	2012 Rupees

6 **LONG TERM DEPOSITS**

	2013 Rupees	2012 Rupees
Security deposits	12,682,691	10,691,308
Electricity - WAPDA	4,369,738	4,771,613
Leasing company	37,500	37,500
Others		
	17,089,929	15,500,421

7 **Intangibles**

	2013 Rupees	2012 Rupees
Goodwill	16,042,530	-
	16,042,530	-

7.1 This represents excess of the amount paid by the holding company over fair value of net assets of Ihsan Raiwind Mills (Private) Limited on its acquisition. The recoverable amount of goodwill was tested for impairment by allocating the amount of goodwill to respective assets on which it arose, based on value in use in accordance with 'IAS-36 Impairment of Assets'.Based on the calculations no impairment is required to be accounted for against the carrying amount of goodwill.

8 **STORES, SPARE PARTS AND LOOSE TOOLS**

	Note	2013 Rupees	2012 Rupees
Stores - at mills		96,486,311	49,922,728
Stores - in transit		45,271,317	-
Spare parts		144,239,093	72,048,185
Loose tools		134,320	76,750
		286,131,041	122,047,663

9 **STOCK IN TRADE**

	Note	2013 Rupees	2012 Rupees
Raw material In hand	9.1	1,304,150,149	891,469,908
Raw material In transit		67,422,813	-
Work in process		125,137,934	97,569,632
Finished goods	9.2	211,107,717	131,161,980
Waste		5,283,070	7,823,893
		1,713,101,683	1,128,025,413

9.1 Raw material amounted to Rs. Nil (June 30, 2012 : Rs. 273,377,892) are stated at their net realizable value aggregating Rs. Nil (June 30, 2012 : Rs. 241,124,819). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. Nil (June 30, 2012 : Rs. 32,253,073).

9.2 Finished goods amounting to Rs. 30,880,756 (June 30, 2012 : Rs. 36,357,998) are stated at their net realizable value aggregating Rs. 29,630,817 (June 30, 2012 : Rs. 29,445,679). The amount charged to profit and loss in respect of stocks written down to their net realizable value is Rs. 1,249,939 (June 30, 2012 : Rs. 6,912,319).

10 **TRADE DEBTS**

	Note	2013 Rupees	2012 Rupees
Considered good			
Secured		812,845,011	693,140,827
Unsecured	10.2	544,132,173	312,456,377
		1,356,977,184	1,005,597,204
		-	-
Considered Doubtful		1,356,977,184	1,005,597,204
Provision for Doubtful debts	10.1	-	-
		1,356,977,184	1,005,597,204

10.1 The movement in the provision during the year is as follows:

	2013 Rupees	2012 Rupees
Balance as at July 01,	-	20,837,781
Add: Provision made in the year	-	-
	-	20,837,781
Less: Provision reversed in the year	-	(20,837,781)
Balance as at June 30,	-	-

10.2 The amount includes following balances receivable from related parties

	2013 Rupees	2012 Rupees
Din Farm Products (Pvt.) Limited - Associated Company	1,047,418	-

	Note	2013 Rupees	2012 Rupees
11 LOANS AND ADVANCES			
Unsecured - Considered good			
Advance against wages		4,752,395	3,971,199
Advances to suppliers		81,937,637	23,399,823
Secured - Considered good			
Advance against letter of credit		25,479,856	43,672,575
		112,169,888	71,043,597
12 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Security deposits			
Leasing companies		1,145,325	1,465,875
Others		1,127,850	1,117,850
Prepayments		3,708,750	3,010,000
		5,981,925	5,593,725
13 OTHER RECEIVABLES			
Export rebate		84,890	31,992
Insurance Claim Receivable		594,220	3,493,000
Cotton claims receivable		42,279,462	-
Others		213,499	-
		43,172,071	3,524,992
14 OTHER FINANCIAL ASSETS			
Available for sale investments - in quoted companies			
PICIC Energy Fund 5000 (June 30, 2012: 5000) ordinary shares of Rupees 10 each Market value Rs. 64,100 (June 30, 2012 : Rs. 38,950)		50,000	-
Fatima Fertilizer Company Limited 500 (2012: 500) ordinary shares of Rupees 10 each Market value Rs. 12,415 (June 30, 2012 : Rs. 12,335)		6,750	-
Agritech Limited 500 (2012: 500) ordinary shares of Rupees 10 each Market value Rs. 5,790 (June 30, 2012 : Rs. 6,270)		15,025	-
Wateen Telecom Limited 1000 (2012: 1000) ordinary shares of Rupees 10 each Market value Rs. 4,310 (June 30, 2012 : Rs. 2,000)		10,000	-
		81,775	-
Fair value adjustments		4,840	-
		86,615	-
15 TAX REFUND DUE FROM GOVERNMENT			
Advance Income Tax			
Opening balance		48,656,015	23,166,161
Paid/ adjusted during the year -Net		138,045,436	54,673,487
Less Provision for the year		(102,257,784)	(29,183,633)
		84,443,667	48,656,015
Sales tax		108,881,345	52,242,870
Advance excise duty		1,628,577	-
		194,953,589	100,898,885
16 CASH AND BANK BALANCES			
Cash with banks			
In current accounts	16.1	74,569,157	72,272,014
In dividend accounts	16.2	2,121,731	2,137,634
In savings account	16.3	15,754	14,574
		76,706,642	74,424,222

16.1 It includes balance with associated company (MCB Bank Limited) of Rs. 17,079,060 (June 30, 2012 : Rs. 1,975,745).
16.2 It represents balance with associated company (MCB Bank Limited) of Rs. 1,326,282 (June 30, 2012 : Rs. 1,335,667).
16.3 It represents balance with associated company (MCB Bank Limited) and carries mark up at the rate of 5.00 to 7.00 (June 30, 2012 : 5.00 to 7.00) percent per annum.

	Note	2013 Rupees	2012 Rupees

17 **TRADE AND OTHER PAYABLES**

	Note	2013 Rupees	2012 Rupees
Creditors		278,398,508	192,026,794
Murabaha	17.1	2,158,621,293	1,245,661,170
Accrued liabilities		148,363,638	111,434,975
Advances from customers		46,660,084	3,696,404
Retention money		-	376,018
Excise duty on loans	17.2	4,429,581	4,429,581
Sales tax claim payable	17.3	14,759,965	14,759,965
Workers' profit participation fund	17.5	44,253,270	344,848
Unclaimed dividend		3,829,600	3,845,503
Withholding tax payable		-	9,509
Other Payable	17.4	45,759,226	-
		2,745,075,165	1,576,584,767

17.1 These facilities are secured against first pari passu hypothecation and floating charge over the holding company's stocks, book debts and receivables, of the holding company. Overall limits for these facilities are disclosed in note 19.1. Mark up ranges from 8.84 to 12.34 (June 30, 2012 : 11.60 to 14.19) percent per annum. These facilities are expiring on various dates from August 2013 to December 2013.

17.2 The holding 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.

17.3 The holding 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.

17.4 It represents an amount of Rs. 44,681,513 payable to previous shareholders of Ihsan Raiwind Mills (Pvt) Limited against purchase of entire share capital.

	2013 Rupees	2012 Rupees
17.5 Workers' profit participation fund		
Opening balance	344,848	48,874,280
Interest on fund utilized in company's business	-	344,848
	344,848	49,219,128
Paid during the year	-	(48,874,280)
	344,848	344,848
Allocation for the year	43,908,422	-
Closing balance	44,253,270	344,848

17.5.1 Interest on Workers' profit participation fund has been provided at the rate of 0% (June 30, 2012 : 15.5%)

18 **ACCRUED MARK UP AND INTEREST**

	2013 Rupees	2012 Rupees
Mark up / interest accrued on secured loans		
Long term financing	11,321,921	8,938,892
Short term borrowings	72,049,037	51,988,641
Finance lease	1,287,508	2,541,139
	84,658,466	63,468,672

19 **SHORT TERM BORROWINGS**

	2013 Rupees	2012 Rupees
Secured - from banking companies		
Running finance	182,332,140	251,525,710
Money market loan	-	250,000,000
	182,332,140	501,525,710

19.1 Total credit limits available for short term bank borrowings are Rs. 7,085 million (June 30, 2012 : Rs. 7,085 million). These borrowings were secured against first pari passu hypothecation and floating charge over holding company's stocks, book debts, movables, receivables, and lien on export / import documents of the holding company. Mark up ranges from 9.19 to 13.29 (June 30, 2012 : 11.56 to 14.94) percent per annum. Average effective interest rate computes to 10.64 (June 30, 2012 : 14.00) percent per annum. These facilities are expiring on various dates from July 2013 to April 2014.

	Note	2013 Rupees	2012 Rupees

20 LONG TERM FINANCING

Secured - from banking companies and financial institutions

	Note	2013 Rupees	2012 Rupees
Pak Oman Investment Company Limited	20.1	26,291,217	46,625,039
Standard Chartered Bank	20.2	35,846,000	69,048,900
Habib Metropolitan Bank Ltd	20.3	174,327,287	222,750,000
Meezan Bank Ltd	20.4	770,328,000	158,354,000
		1,006,792,504	496,777,939
Less : Current portion		(185,825,808)	(222,562,722)
		820,966,696	274,215,217

	Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
20.1	Pak Oman Investment Company	SBP-LTFF	9,150,000	6.50%	04 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	9,150,000	6.50%	04 Semi Annual	06-Jun-15	
		SBP-LTFF	3,050,000	6.50%	04 Semi Annual	30-Jun-15	
		SBP-LTFF	4,941,217	6.75%	05 Semi Annual	22-Aug-15	
		SBP-LTFF	-	SBP refinance rate + 1%	Loan repaid in the year	10-May-13	Demand promissory note and first pari passu charge by way of hypothecation of Rs.54.667 million over present and future plant and machinery of the company inclusive of 25% margin.
		Term Finance	-	6 Month Kibor + 2%	Loan repaid in the year	10-May-13	
		Total	26,291,217				
20.2	Standard Chartered Bank	Term Finance	-	9.20%	Loan repaid in the year	23-Dec-12	Specific charge of Rs.50 million over specific plant and machinery of the company
		LTFF	500,000	SBP refinance rate + 1.5%	01 Semi Annual	6-Dec-13	First specific charge of 6.5 million on company's plantand machinery
		Term Finance	500,000	3 Month Kibor +1%	01 Semi Annual	6-Dec-13	
		LTFF	15,874,000	SBP refinance rate + 1.5%	03 Semi Annual	15-Sep-14	Demand promissory note and first charge on company's specific plant and machinery of Rs. 125 million
		Term Finance	15,874,000	6 Month Kibor +1%	03 Semi Annual	15-Sep-14	
		LTFF	1,549,000	SBP refinance rate + 1.5%	03 Semi Annual	20-Dec-14	
		Term Finance	1,549,000	6 Month Kibor +1%	03 Semi Annual	20-Dec-14	
		Total	35,846,000				
20.3	Habib Metropolitan Bank Ltd	Diminishing Musharika	96,250,000	3 Month Kibor + 1%	07 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	45,500,000	3 Month Kibor + 1%	07 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	32,577,287	3 Month Kibor + 1%	12 Quarterly	Aug-16	The Loan is secured against first charge on the musharika asset and promissory note covering the sales price of the asset
		Total	174,327,287				
20.4	Meezan Bank Ltd	Diminishing Musharika	38,750,000	6 Month Kibor + 0.55%	01 Semi Annual	1-Sep-13	The Loan is secured against first specific charge of Rs. 193.750 million over fixed assets with 20% margin
		Diminishing Musharika	31,578,000	6 Month Kibor + 0.55%	03 Semi Annual	30-Sep-13	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. 879.305 million over fixed assets with 20% margin
		Total	770,328,000				

21 LIABILITIES AGAINSTASSETS SUBJECT TO FINANCE LEASE

	2013			2012		
	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	37,212,419	4,122,553	33,089,866	43,099,120	8,360,225	34,738,895
Later than one year but not later than five years	21,217,605	1,307,094	19,910,511	51,963,797	5,148,416	46,815,381
	58,430,024	5,429,647	53,000,377	95,062,917	13,508,641	81,554,276

21.1 The total lease rentals due under the lease agreements aggregate Rs. 58.430 million (June 30, 2012 : Rs. 95.063 million) and are payable in equal monthly / semi annually installments under various lease agreements, latest by 2016. 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 9.96 t0 14.00 (June 30, 2012 : 10.00 to 15.69) 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. 5.314 million (June 30, 2012 : Rs. 6.096 million) and demand promissory note. The estimated residual value of assets acquired on finance lease is Rs. 5.314 million (June 30, 2012 : Rs. 6.096 million). The holding 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 2 respectively.

	Note	2013 Rupees	2012 Rupees

22 STAFF RETIREMENT BENEFITS - GRATUITY

Movement in the net liability recognized in the balance sheet

	Note	2013 Rupees	2012 Rupees
22.1 Opening net liability		80,873,554	64,972,067
Expense for the year	22.2	40,877,115	33,047,781
		121,750,669	98,019,848
Benefits paid during the year		(23,263,550)	(22,552,281)
Closing net liability		98,487,119	75,467,567

22.2 Expense recognized in the income statement

	2013 Rupees	2012 Rupees
Current service cost	33,143,297	22,964,524
Interest cost	6,490,884	7,952,610
Actuarial loss recognized	1,242,934	2,130,647
	40,877,115	33,047,781

22.3 Movement in the present value of defined benefit obligation

	2013 Rupees	2012 Rupees
Present value of defined benefit obligation	92,091,058	89,408,343
Current service cost	33,143,297	22,964,524
Interest cost	6,490,884	7,952,610
Actuarial loss / (gain)	(7,035,391)	(5,682,138)
Benefits paid	(23,263,550)	(22,552,281)
	101,426,298	92,091,058

22.4 Historical information

	2013	2012	2011	2010	2009
Present value of defined benefit obligation	101,426,298	92,091,058	89,408,343	62,977,987	62,835,084
Experience adjustments on plan liabilities	7,035,391	5,682,138	(12,148,958)	(3,047,302)	237,696

22.5 Reconciliation

	2013 Rupees	2012 Rupees
Present value of defined benefit obligation	101,426,298	92,091,058
Unrecognized actuarial loss	(2,939,179)	(16,623,491)
	98,487,119	75,467,567

22.6 General description

The scheme provides for terminal benefits for all of its permanent employees who attain the minimum qualifying period. Annual charges is made using the actuarial technique of Projected Unit Credit Method.

	2013	2012
22.7 Principal actuarial assumption		
Following are a few important actuarial assumption used in the valuation.		
Discount rate	10.5%	13%
Expected rate of increase in salary	10.0%	10%

22.8 Expected gratuity expense for the year ending June 30, 2014 works out to Rs. **40,311,306**.

	Note	2013 Rupees	2012 Rupees
23 DEFERRED TAXATION			
Opening balance		(139,624,618)	53,967,522
Deferred taxation on acquisition of subsidiary		7,689,306	
Arised / (adjusted) in the year	21.1	(7,689,306)	(193,592,140)
Closing balance		(139,624,618)	(139,624,618)
The deferred taxation liability / (asset) comprises of following temporary differences.			
Taxable temporary differences (deferred tax liabilities)			
Accelerated tax depreciation allowance		198,093,493	90,205,866
Deductible temporary differences (deferred tax assets)			
Staff retirement benefits - gratuity		(10,644,550)	(9,111,620)
Provision for doubtful debts		-	-
Unused tax credits - unabsorbed depreciation		(350,224,621)	(220,718,864)
		(162,775,678)	(139,624,618)

23.1 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. 162,775,678 has arised.The adjustment is made up till the reversal of th existing deferred tax liability. The increase in the amount of deferred tax asset has not been recognized because proportion of export sales for the year exceeds the thresholds of 80 percent of total sales, therefore, the assessment of the company for the period will be finalized under final tax regime under section 169 of the income tax ordinance 2001.

24 CONTINGENCIES AND COMMITMENTS

24.1 The holding company has issued post dated cheques amounting to Rs. 77,474 million (June 30, 2012: Rs. 54.437 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.

	2013	2012
24.2 Contingencies		
Bills discounted with recourse	53,301,795	392,420,154
Bank guarantees issued in the ordinary course of business	159,060,401	139,240,401
24.3 Commitments		
Letters of credit for capital expenditure	140,495,338	-
Letters of credit for raw material	506,926,003	263,623,889
Letters of credit for stores and spares	40,858,250	11,940,841

25 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2013	2012		2013	2012
Number of shares			Rupees	Rupees
13,479,600	13,479,600	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	134,796,000	134,796,000
1,962,334	1,962,334	Ordinary shares of Rs. 10 each allotted for consideration of amalgamation of power plant	19,623,340	19,623,340
4,941,419	4,941,419	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	49,414,190	49,414,190
20,383,353	20,383,353		203,833,530	203,833,530

25.1 Associated company (Din Leather (Pvt.) Limited) held 6,600 (June 30, 2012 : 6,600) ordinary shares of the company.

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

	Note	2013 Rupees	2012 Rupees
26 RESERVES			
Capital			
Merger reserve	26.1	10,376,660	10,376,660
Revenue			
General		400,000,000	400,000,000
Unappropriated profit		1,591,423,428	952,376,513
		2,001,800,088	1,362,753,173

26.1 This represents book difference of capital under scheme of arrangement for amalgamation of the holding company with Din Power Limited in the year 2001.

	Note	2013 Rupees	2012 Rupees
27 SALES - NET			
Export			
Yarn - Direct export	27.1	2,799,717,284	2,739,840,729
Yarn - Indirect export		4,056,761,801	109,571,527
Waste and others		122,169,928	139,267,869
Rebate		64,897	344,643
Total export sales		6,978,713,910	2,989,024,768
Local			
Yarn		1,328,566,860	4,086,629,507
Raw Material		16,343,434	284,811,737
Waste and others		110,814,106	117,083,282
Total local sales		1,455,724,400	4,488,524,526
		8,434,438,310	7,477,549,294
Sales Tax		52,086,425	3,201,147
		8,486,524,735	7,480,750,441
Less			
Commission and claims		(127,065,372)	(119,060,669)
Sales Tax		(52,086,425)	(3,201,147)
		8,307,372,938	7,358,488,625

27.1 This includes net exchange gain / (loss) amounting to Rs.44,562,196 (June 30, 2012 : Rs.44,741,398).

	Note	2013 Rupees	2012 Rupees

28 **COST OF SALES**

	Note	2013 Rupees	2012 Rupees
Cost of goods manufactured	28.1	7,088,392,945	7,358,383,642
Finished goods			
Opening stock		138,985,873	344,148,350
Closing stock		(216,390,787)	(138,985,873)
		7,010,988,031	7,563,546,119

28.1 **Cost of goods manufactured**

	Note	2013 Rupees	2012 Rupees
Raw material consumed	28.1.1	4,771,849,034	5,469,372,504
Cost of raw material sold		338,558,571	411,637,984
Packing material consumed		112,913,349	96,604,436
Stores and spares consumed		226,284,957	108,368,651
Salaries, wages and other benefits	28.1.2	545,727,821	412,906,530
Fuel and power		823,163,619	620,077,732
Insurance		20,598,565	14,260,583
Repairs and maintenance		41,145,833	20,565,688
Depreciation	5.1.1	185,118,752	165,819,995
Vehicle running and maintenance		6,755,435	6,438,618
Books and periodicals		1,581,453	780,023
Postage and telephone		529,570	510,369
Travelling and conveyance		2,453,388	2,145,851
Legal and professional		40,000	-
Contract / license fee	28.1.3	28,003,750	25,800,000
Rent, rates and taxes		3,016,552	2,521,191
Other overheads		8,220,598	4,669,262
		7,115,961,247	7,362,479,417
Work in process			
Opening stock		97,569,632	93,473,857
Closing stock		(125,137,934)	(97,569,632)
		(27,568,302)	(4,095,775)
		7,088,392,945	7,358,383,642

28.1.1 **Raw material consumed**

	2013 Rupees	2012 Rupees
Opening stock	891,469,908	1,398,746,335
Purchases	5,343,709,569	5,242,102,112
	6,235,179,477	6,640,848,447
Closing stock	(1,304,150,149)	(891,469,908)
	4,931,029,328	5,749,378,539
Dyeing charges	179,378,277	131,631,949
Cost of raw material sold	(338,558,571)	(411,637,984)
	4,771,849,034	5,469,372,504

28.1.2 Salaries, wages & other benefits includes Rs. 41,546,074 (June 30, 2012 : Rs. 31,641,261) in respect of staff retirement benefits.

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

29 **DISTRIBUTION COST**

	2013 Rupees	2012 Rupees
Ocean freight	62,353,840	60,022,860
Air freight	5,522,102	26,931,559
Local freight	27,859,000	36,745,678
Clearing and forwarding	6,531,798	7,670,950
Export development surcharge	7,088,303	6,543,827
Others	2,651,725	3,140,503
Travelling expense	638,364	128,165
	112,645,132	141,183,542

		Note	2013 Rupees	2012 Rupees
30	**ADMINISTRATIVE EXPENSES**			
	Directors' remuneration	36	28,544,400	38,059,200
	Staff salaries and other benefits	30.1	46,772,052	38,705,785
	Travelling and conveyance		2,744,923	3,925,776
	Vehicle running and maintenance		1,984,297	2,914,808
	Rent, rates and taxes		58,910	37,406
	Electricity, gas and water		261,455	857,022
	Printing and stationery		1,121,524	789,135
	Fees, subscription and periodicals		4,126,917	2,370,765
	Legal and professional		3,679,864	789,000
	Repairs and maintenance		5,769,655	1,307,222
	Postage and telephone		6,087,140	6,258,035
	Entertainment		1,194,928	740,925
	Advertisement		390,073	21,600
	Depreciation	5.1.1	3,171,430	1,886,496
	Others		6,661,245	3,808,041
			112,568,813	102,471,216

30.1 Staff salaries and other benefits includes Rs. 4,112,693 (June 30, 2012 : Rs. 1,406,521) in respect of staff retirement benefits.

		Note	2013 Rupees	2012 Rupees
31	**OTHER OPERATING EXPENSES**			
	Workers' profit participation fund	17.5	43,908,422	-
	Loss on sale of property, plant and equipment	5.4	34,230	193,149
	Auditors' remuneration	31.2	1,938,000	1,188,000
	Donation	31.1	100,000	200,000
	Exchange loss on foreign currency translation		2,218,013	
			48,198,665	1,581,149

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

		Note	2013 Rupees	2012 Rupees
	31.2 Auditors' remuneration			
	Audit fee		1,750,000	1,000,000
	Half yearly review fee		88,000	88,000
	Tax services		100,000	100,000
			1,938,000	1,188,000
32	**FINANCE COST**			
	Mark up / interest on			
	Long term financing		54,386,998	50,192,187
	Liabilities against assets subject to finance lease		6,963,495	10,854,650
	Short term borrowings		223,546,968	321,711,233
	Workers' profit participation fund	17.5	-	344,848
	Bank charges and commission		22,168,692	22,473,585
			307,066,153	405,576,503
33	**OTHER INCOME**			
	From financial assets			
	Gain on translation of foreign currency account		1,377	10,670
	Profit on savings account		2,393	3,772
	Income from power generation	33.1	196,056	-
	Dividend income		900	
	Reversal of provision for doubtful debts		-	20,837,781
	From other than financial assets			
	Gain on sale of property, plant and equipment	5.4	15,194,485	1,122,529
	Others		472,870	
			15,868,081	21,974,752

	Note	2013 Rupees	2012 Rupees

33.1 Income from power generation

	Note	2013 Rupees	2012 Rupees
Sales		4,946,229	-
Cost of electricty product:			
Stores and spares consumed		176,706	-
Salaries, wages and other benefits		224,106	-
Fuel and power		3,764,920	-
Insurance		13,945	-
Repairs and maintenance		55,170	-
Depreciation	5.1.1	180,781	-
Vehicle running and maintenance		8,202	-
Rent, rates and taxes		1,391	-
Finance cost		219,025	-
Other overheads		105,927	-
		4,750,173	-
		196,056	-

34 TAXATION

	2013 Rupees	2012 Rupees
Provision / reversal for taxation		
Taxation:		
Current	82,362,481	29,610,690
Prior	1,388,470	(427,057)
Workers welfare fund:		
Current year	16,685,200	-
Deferred	(7,689,306)	(193,592,140)
	92,746,845	(164,408,507)

34.1 Tax expense for the year is calculated under section 169 as proportion of export sales for the year has exceeds the thresholds of 80 percent of total sales, therefore, the assessment of the company for the year will be finalized under final tax regime under section 169 of the income tax ordinance 2001.

34.2 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.

35 EARNINGS / (LOSS) PER SHARE

		2013	2012
Basic earnings / (loss) per share			
Profit / (loss) for the year	Rupees	639,027,380	(669,486,645)
Weighted average number of ordinary shares outstanding during the year	Numbers	20,383,353	20,383,353
Earnings / (loss) per share - basic	Rupees	31.35	(32.84)

35.1 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2013 and June 30, 2012.

36 REMUNERATION TO DIRECTORS AND EXECUTIVES

	2013			2012		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees			Rupees		
Managerial remuneration	2,162,460	23,787,060	45,452,296	-	34,599,360	35,246,761
Medical allowances	216,240	2,378,640	4,463,073	-	3,459,840	3,524,676
					-	-
	2,378,700	26,165,700	49,915,369	-	38,059,200	38,771,437
	1	3	34	1	4	19

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

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

37 FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

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

37.1 Credit risk
37.2 Liquidity risk
37.3 Market risk

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

37.1 Credit risk

37.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the group 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. 1,496.134 million (June 30, 2012 : Rs. 1,101.599 million), financial assets which are subject to credit risk aggregate to Rs. 1,419.427 million (June 30, 2012 : Rs. 1,027.174 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.

	2013 Rupees	2012 Rupees
Long term deposits	17,089,929	15,500,421
Trade debts	1,356,977,184	1,005,597,204
Trade deposits and short term prepayments	2,273,175	2,583,725
Other receivables	43,087,181	3,493,000
Cash and bank balances	76,706,642	74,424,222
	1,496,134,111	1,101,598,572

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

	2013 Rupees	2012 Rupees
Domestic	544,132,173	312,456,377
Export	812,845,011	693,140,827
	1,356,977,184	1,005,597,204

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

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

	2013 Rupees	2012 Rupees
Yarn	1,323,499,635	986,184,980
Services	20,431,750	3,579,811
Waste	12,574,505	13,388,054
Others	471,294	2,444,359
	1,356,977,184	1,005,597,204

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

	Gross debtors	
	2013	2012
	Rupees	
Not past due	1,082,308,513	743,110,658
Past due 0 - 30 days	44,568,796	223,384,698
Past due 31 - 90 days	180,602,255	34,227,592
Past due 90 days - 1 year	44,171,484	4,874,256
More than one year	5,326,136	-
	1,356,977,184	1,005,597,204

37.2 **Liquidity risk**

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group'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.

	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	2,681,632,349	2,681,632,349	2,681,632,349	-	-	-
Accrued mark up / interest	84,658,466	84,658,466	84,658,466	-	-	-
Short term borrowings	182,332,140	202,388,675	202,388,675	-	-	-
	4,008,415,836	4,299,361,762	3,149,801,412	138,005,446	1,011,554,904	-

	2012					
	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	496,777,939	644,190,385	105,174,041	141,701,202	397,315,142	-
Finance lease	81,554,276	95,062,917	21,884,898	21,214,222	51,963,797	-
Trade and other payables	1,557,050,373	1,557,050,373	1,557,050,373	-	-	-
Accrued mark up / interest	63,468,672	63,468,672	63,468,672	-	-	-
Short term borrowings	501,525,710	536,632,510	536,632,510	-	-	-
	2,700,376,970	2,896,404,857	2,284,210,494	162,915,424	449,278,939	-

37.2.1 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.

37.3 **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 group is exposed to currency risk and interest rate risk only.

37.3.1 **Currency risk**

Exposure to currency risk

The group 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 group's exposure to foreign currency risk is as follows:

	US Dollar	Euro	Others	Rupees
Trade debts 2013	8,158,417	55,829	-	812,845,011
Trade debts 2012	7,355,363	27,187	-	693,140,827

The following significant exchange rates applied during the year.

	Average Rates		Reporting Date Rates	
	2013	2012	2013	2012
US Dollar to Rupee	96.28	89.83	98.75	93.80
Euro to Rupee	123.49	121.30	128.99	117.99

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.

	2013 Rupees	2012 Rupees
US Dollar	(40,282,184)	(34,496,652)
Euro	(360,069)	(160,390)

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

37.3.2 **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 group's interest bearing financial instrument is as follows:

	2013 Rupees	2012 Rupees
Fixed rate instruments		
Financial assets	-	-
Financial liabilities	44,214,217	81,295,603
Variable rate instruments		
Financial assets	15,754	14,574
Financial liabilities	3,356,532,097	2,244,223,492

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, 2012:

	Profit & Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2013	(33,565,321)	33,565,321	-	-
Cash flow sensitivity - variable rate instruments 2012	(22,442,235)	22,442,235	-	-

37.4 **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.

	2013 Rupees	2012 Rupees
37.5 Off balance sheet items		
Bills discounted with recourse	53,301,795	392,420,154
Bank guarantees issued in ordinary course of business	159,060,401	139,240,401
Letters of credit for capital expenditure	140,495,338	-
Letters of credit for raw material	506,926,003	263,623,889
Letters of credit for stores and spares	40,858,250	11,940,841

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

38 **CAPITAL RISK MANAGEMENT**

The group'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, long term financing from directors and others and short term borrowings. Total capital employed includes total equity as shown in the balance sheet plus borrowings.

		2013	2012
Borrowings	Rupees	1,189,124,644	998,303,649
Total equity	Rupees	2,205,746,355	1,566,586,703
Total capital employed	Rupees	3,394,870,999	2,564,890,352
Gearing ratio	Percentage	35.03	38.92

39 **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.

		2013	2012
Total number of spindles installed	39.1	98,304	80,569
Total number of spindles worked		84,815	77,587
Number of shifts per day		3	3
Installed capacity converted into 20/1 count (Kgs.)		31,903,520	26,718,219
Actual production converted into 20/1 count (Kgs.)		24,808,032	21,943,754
No. Of Employees		3,066	3,060

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

39.1 The holding group 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 Pheru), and obtained a license to use the site and spinning unit with installed capacity of 17,280 spindles.

40 **TRANSACTION WITH RELATED PARTIES**

		2013 Rupees	2012 Rupees
Transactions with related parties	**Relationship**		
MCB Bank Limited	Associated group		
Deposits		304,934,651	210,284,224
Withdrawals		289,839,540	221,300,357
Din Farm Products (Pvt.) Ltd.	Associated group		
Sale of Electricity		4,946,229	-
Directors and relatives	Associated persons		
Sale of fixed assets		720,000	-
Salaries and other short term employee benefits	Key management personnel	28,544,400	76,830,637
Staff retirement benefits	Key management personnel	9,092,012	4,813,056
Balances Outstanding at the year end	**Relationship**		
MCB Bank Limited	Associated group	18,421,096	3,325,985
Din Farm Products (Pvt.) Ltd.	Associated group	1,047,418	-

The group 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 group 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.

41 **CORRESPONDING FIGURES**

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. Minor reclassifications were made in cash flow statement for better presentation and understanding. However, no significant reclassifications were made in these financial statements.

42 **NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE**

The board of Directors of the holding company have proposed cash dividend for the year ended June 30, 2013 of Rs 5 per share i-e (50%) amounting to Rs.101,916,765/- (2012 : Nil) and bonus share issue Rs 1 per share i-e (10%) amounting to Rs. 20,383,353/(2012 : Nil), at their meeting held on October 03, 2013 for approval of the members at the Annual General Meeting to be held on October 26, 2013. These financial statements do not reflect this impact.

The management of the holding company intends to amalgamate and merge together the holding company and subsidiary group into a single legal entity. The provisions and legal requirements in this regards are under way and the management is commited in filling a merger application to the court under section 284 to 287 of the Companies Ordinance, 1984.

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, 2013** by the board of directors of the group.

SHAIKH MOHAMMAD MUNEER	SHAIKH MOHAMMAD TANVEER
Chairman	Chief Executive

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-sixth Annual General Meeting of the Company to be held on October 26, 2013 and at

any adjournment thereof.

Signed this ____________________ day of ____________________ 2013

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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