DIN GROUP

31st Annual Report

2018

Din®

Din Textile Mills Ltd.

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants
A Member Firm of:
PrimeGlobal | An Association of Independent Accounting Firms

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

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter(s)

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

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Following are the Key audit matter(s):

S. No.	Key Audit Matters	How the matter was addressed in our audit
1.	**New requirements under the Companies Act, 2017 (Refer note 2.3.1)** The provisions of the fourth schedule to the Companies Act, 2017 (the Act) became applicable to the Company for the first time in the preparation of these annexed financial statements which replaced previously applicable fourth schedule to the repealed Companies Ordinance 1984. The Act, has also brought certain changes with regards to preparation and presentation of the annual financial statements of the Company. In view of the extensive impacts in the annexed financial statements due to first time application of the fourth schedule to the Act, we considered it as a key audit matter.	We reviewed the requirements of the Fourth schedule to the Act and carried out the following audit procedures to ensure that the financial statements were prepared in accordance with new requirements: • As part of transition to new requirements, the management performed a gap analysis to identify additional requirements of disclosure for the current financial reporting framework. We reviewed the management's process to identify the necessary amendments required in the Company's financial statements; • ·We evaluated the results of management's analysis and key decisions taken in respect of the transition,; and • We assessed the adequacy and appropriateness of the additional disclosures made in the annexed financial statements based on the new requirements.
2.	**The Company's exposure to litigation risk** The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases in respect of tariff difference claimed by Sui Northern Gas Pipelines Limited (SNGPL), levy of Gas Infrastructure Development Cess (GIDC), levy of Cotton Cess, contribution to Employees Old-Age Benefits Institution (EOBI) and Social Security and Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax, details of which are disclosed in notes 15.2 to 15.3 to the annexed financial statements. Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.	Our procedures in relation to this matter included: • Obtained and reviewed details of the significant pending legal/tax cases and discussed the same with Company's management; • Circulated confirmations to the company's external legal and tax counsels for their views on open legal/tax matters ; • Reviewed correspondence of the company with the relevant authorities ; • Evaluated rationale provided by the company and opinion of the external legal/tax counsel • Involved internal tax professionals to assess management's conclusion on contingent tax matters and to evaluate the consistency of such conclusions with the views of the tax advisors engaged by the Company; and • Reviewed the disclosures made in the financial statements in respect of such contingencies

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

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation. (XIX of 2017);

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

b) The statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the company and deposited in the Central Zakat Fund established under section 7 of that Ordinance; and

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

Naveed Zafar Ashfaq Jaffery & Co
Chartered Accountants
Engagement Partner: Ahsan Elahi Vohra – FCA

Karachi
Dated : 24 September 2018

Statement of Financial Position
As at June 30, 2018

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

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

TSHAUKAT HUSSAIN
Chief Financial Officer

Statement of Profit or Loss
For the year ended June 30, 2018

	Note	2018 Rupees	2017 Rupees
Sales - net	24	9,479,189,625	7,421,791,694
Cost of sales	25	(8,671,900,216)	(6,944,650,737)
Gross profit		807,289,409	477,140,957
Distribution cost	26	52,544,898	53,948,412
Administrative expenses	27	147,942,247	138,734,351
Other operating expenses	28	22,879,910	2,750,481
Finance cost	29	352,702,909	282,010,510
		576,069,964	477,443,754
		231,219,445	(302,797)
Other income	30	117,627	1,791,230
Profit before taxation		231,337,072	1,488,433
Taxation	31	(86,449,522)	(64,785,084)
Profit / (Loss) for the year		144,887,550	(63,296,651)
Earnings / (Loss) per share - basic and diluted	32	6.46	(2.82)

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

Statement of Comprehensive Income
For the year ended June 30, 2018

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

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

Statement of Cash Flows

For the year ended June 30, 2018

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

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

SHAIKH MOHAMMAD MUNEER Chairman	SHAIKH MUHAMMAD TANVEER Chief Executive	SHAUKAT HUSSAIN Chief Financial Officer

Statement of Changes in Equity

For the year ended June 30, 2018

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

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

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on Pakistan stock exchange (Formerly: Karachi Stock Exchange Limited). The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan.

1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki and Raiwind in the province of Punjab.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

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

2.2 Functional and presentation currency

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

2.3 Changes in accounting standards, interpretations and pronouncements.

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

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

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

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

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

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

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

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

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

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

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

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

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

IFRS 16 Leases' (effective for annual periods beginning on or after 1 January 2019). IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases. The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. This IFRS is under consideration of the relevant Committee of the Institute of Chartered Accountants of Pakistan. The Company has yet to assess the full impact of this standard on its financial statements.

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

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

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

3 BASIS OF MEASUREMENT

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

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

3.1 Provision for taxation

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

3.2 Staff retirement benefits - gratuity

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

3.3 Financial instruments

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

3.4 Property, plant and equipment

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

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

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

4 SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Property, plant and equipment - owned

Recognition

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

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

Depreciation

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

Derecognition

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

4.2 Accounting for leases and assets subject to finance lease

4.2.1 Finance lease

Recognition

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

Financial charges

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

Depreciation

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

Deferred income

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

4.2.2 Operating lease.

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

4.3 Capital work in progress

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

4.4 Long term deposits

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

4.5 Investments

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

4.5.1 Investment in subsidiary and associated companies

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

4.5.2 Investment - available for sale

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

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

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

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

4.6 Stores, spare parts and loose tools

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

4.7 Stock in trade

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

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

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

4.8 Trade debts and other receivables

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

4.9 Cash and cash equivalents

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

4.10 Staff retirement benefits

Defined benefit plan

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

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2018 using the Projected Unit Credit Method.

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

4.11 Taxation

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

4.11.1 Current

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

4.11.2 Deferred

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

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

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

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

4.12 Trade and other payables

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

4.13 Provisions

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

4.14 Borrowings and borrowing costs

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

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

4.15 Revenue recognition

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

4.16 Foreign currencies

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

4.17 Financial instruments

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

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

4.18 Offsetting of financial assets and liabilities

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

4.19 Impairment

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

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

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

4.20 Related party transactions

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

4.21 Government grants

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

4.22 Research and development cost

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

4.23 Dividend

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

5 PROPERTY, PLANT AND EQUIPMENT

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

5.1 Operating fixed assets

2018								
	Cost as at July 01, 2017	Additions / (deletions)	Cost as at June 30, 2018	Accumulated depreciation as at July 01, 2017	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2018	Book value as at June 30, 2018	Annual depreciation rate %
	Rupees							
Owned Assets								
Freehold land	174,304,150		174,304,150	-		-	174,304,150	0%
Building on freehold land	690,963,496	77,551,655	768,515,151	445,566,513	25,471,987	471,038,500	297,476,651	10%
Plant and machinery	5,010,195,637	898,002,037	5,838,713,941	2,748,607,853	286,586,512	2,978,435,974	2,860,277,967	10%
		(69,483,733)			(56,758,391)			
Electric installation	232,654,903	23,290,175	255,945,078	128,721,219	11,182,601	139,903,820	116,041,258	10%
Tools and equipment	63,699,374	-	63,699,374	46,947,518	1,675,186	48,622,704	15,076,670	10%
Furniture and fixture	31,949,901	3,114,963	35,064,864	13,814,028	1,961,218	15,775,246	19,289,618	10%
Office equipment	9,168,680	72,980	9,241,660	4,764,294	444,496	5,208,790	4,032,870	10%
Computers	19,234,453	1,324,574	15,119,159	15,963,536	1,233,711	11,817,591	3,301,568	30%
		(5,439,868)			(5,379,656)			
Vehicles	21,727,678	10,384,665	28,890,696	12,090,678	3,370,271	12,809,853	16,080,843	20%
		(3,221,647)			(2,651,096)			
30-Jun-18	6,253,898,272	1,013,741,049	7,189,494,073	3,416,475,639	331,925,982	3,683,612,478	3,505,881,595	
		(78,145,248)			(64,789,143)			

2017								
	Cost as at July 01, 2016	Additions / (deletions)	Cost as at June 30, 2017	Accumulated depreciation as at July 01, 2016	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2017	Book value as at June 30, 2017	Annual depreciation rate %
	Rupees							
Owned Assets								
Freehold land	174,304,150		174,304,150	-		-	174,304,150	0%
Building on freehold land	628,183,898	62,779,598	690,963,496	424,680,333	20,886,180	445,566,513	245,396,983	10%
Plant and machinery	4,561,407,477	474,207,793	5,010,195,637	2,531,131,308	237,865,570	2,748,607,853	2,261,587,784	10%
		(25,419,633)			(20,389,025)			
Electric installation	218,958,936	13,695,967	232,654,903	118,187,080	10,534,139	128,721,219	103,933,684	10%
Tools and equipment	63,699,374	-	63,699,374	45,086,199	1,861,319	46,947,518	16,751,856	10%
Furniture and fixture	29,437,875	2,512,026	31,949,901	11,975,686	1,838,342	13,814,028	18,135,873	10%
Office equipment	9,168,680	-	9,168,680	4,274,919	489,375	4,764,294	4,404,386	10%
Computers	18,459,028	775,425	19,234,453	14,709,636	1,253,900	15,963,536	3,270,917	30%
Vehicles	21,048,784	3,678,280	21,727,678	12,612,712	1,819,995	12,090,678	9,637,000	20%
		(2,999,386)			(2,342,029)			
30-Jun-17	5,724,668,202	557,649,089	6,253,898,272	3,162,657,873	276,548,820	3,416,475,639	2,837,422,633	
		(28,419,019)			(22,731,054)	-		

5.1.1 Depreciation for the year has been allocated as under.

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

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

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

5.2 Capital work in progress - at cost

	2018 Rupees	2017 Rupees
Building - civil works	6,633,472	49,185,610
Plant & Machinery	29,800,189	-
Electric Installation	597,766	9,296,975
	37,031,427	58,482,585
The movement in capital work in progress is as follows.		
Balance at the beginning of the year	58,482,585	23,424,947
Additions during the year		
Building - civil works	34,999,517	94,971,681
Plant & Machinery	927,802,226	-
Electric installation	14,590,966	-
	977,392,709	94,971,681
Transfer to operating fixed assets		
Building - civil works	77,551,655	59,914,043
Plant & Machinery	898,002,037	-
Electric installation	23,290,175	-
	998,843,867	59,914,043
Balance at the end of the year	37,031,427	58,482,585

5.3 Disposal of property, plant and equipment

Particulars	Particulars of buyer	Cost	Accumulated depreciation	Written down value	Sale proceeds	Gain / (Loss)	Mode of disposal
		Rupees					
Items with individual net amount exceeding Rs.500,000 each							
Plant and machinery							
Ring Frame	Khalid Pervaiz	1,212,135	711,012	501,123	504,202	3,079	Negotiation
Gas Generator	Tanveer Shahzad	14,138,640	10,164,091	3,974,549	1,949,580	(2,024,969)	Negotiation
Auto Cone Savio Machine	Haider Ali	14,821,696	11,044,670	3,777,026	428,571	(3,348,455)	Negotiation
Auto Cone Savio Machine	Haider Ali	10,426,395	8,788,193	1,638,202	428,571	(1,209,631)	Negotiation
	Sub total	40,598,866	30,707,966	9,890,900	3,310,924	(6,579,976)	
Various assets having net book amount upto Rs. 500,000 each							
Vehicles		3,221,647	2,651,096	570,551	1,355,000	784,449	
Plant And Machinery		28,884,867	26,050,425	2,834,442	4,386,552	1,552,110	
Computer		5,439,868	5,379,656	60,212	30,000	(30,212)	
	Sub total	37,546,382	34,081,177	3,465,205	5,771,552	2,306,347	
	Grand total	78,145,248	64,789,143	13,356,105	9,082,476	(4,273,629)	

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

	Note	2018 Rupees	2017 Rupees
Cost		78,145,248	28,419,019
Less : Accumulated depreciation		(64,789,143)	(22,731,054)
		13,356,105	5,687,965
Sale proceeds		(9,082,476)	(7,475,642)
Loss / (Gain) on disposal of property, plant and equipment	**28 & 30**	4,273,629	(1,787,677)
(Gain) on disposal of property, plant and equipment		(2,339,638)	(2,471,745)
Loss on disposal of property, plant and equipment		6,613,267	684,068

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

6.1 These deposits are non-interest bearing.

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

	Note	2018 Rupees	2017 Rupees
7 STORES, SPARE PARTS AND LOOSE TOOLS			
Stores - at mills		87,893,163	235,684,196
Stores - in transit		106,159,407	16,324,525
Spare parts		90,779,929	377,828,080
Loose tools		83,592	97,197
		284,916,091	629,933,998
8 STOCK IN TRADE			
Raw material			
Raw material in hand		2,563,115,420	1,716,459,213
Raw material in transit		115,664,070	12,744,471
Work in process		118,665,350	114,191,402
Finished goods	8.1	286,332,114	442,175,295
Waste		21,923,540	9,350,246
Packaging		18,799,280	16,767,531
		3,124,499,774	2,311,688,158

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

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

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

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

10.1 These advances are secured against Import letter of credit.

10.2 These advances are non-interest bearing.

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

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

11.2 These deposits are non-interest bearing.

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

12.1 It is a non-interest bearing receivable.

		Note	2018 Rupees	2017 Rupees
13	**TAX REFUND DUE FROM THE GOVERNMENT**			
	Income Tax			
	Opening balance		285,795,047	236,402,878
	Paid/ Adjusted during the year -Net		96,044,039	78,703,617
	Less Provision for the year		(22,124,179)	(29,311,448)
			359,714,907	285,795,047
	Sales tax		258,374,368	355,688,018
			618,089,275	641,483,065
14	**CASH AND BANK BALANCES**			
	Cash with banks			
	In current accounts	14.1	33,366,885	48,011,232
	In dividend accounts	14.2	3,426,018	3,323,823
	In savings account	14.3 & 14.4	32,917	31,689
			36,825,820	51,366,744

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

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

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

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

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

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

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

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

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

15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against EOBI amounted to Rs. 16,822,180 (2017: 1,209,396). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.

15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against Social Security amounted to Rs. 6,271,185 (2017: 1,930,210). The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.

15.3 The company has filed appeal in High Court of Sindh, Karachi against the order of Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax. The decision of court is still pending. However, the company has recorded a provision in the financial statements as Liability.

		Note	2018 Rupees	2017 Rupees
15.4	**Workers' profit participation fund**			
	Opening balance		157,270	3,801,536
	Interest on fund utilized in company's business	15.4.1	3,684	77,333
			160,954	3,878,869
	Paid during the year		(8,157,470)	(3,801,536)
			(7,996,516)	77,333
	Allocation for the year		12,424,118	79,937
	Closing balance		4,427,602	157,270

15.4.1 Interest on Workers' profit participation fund has been provided at the rate of 7.5 % (June 30, 2017 : 7.5 %) per annum.

15.5 This amount represents Rs. 286,863 (June 30, 2017 Rs. 165,057) payable to related party- Din Leather (Private) Limited against reimbursement of expenses.

		Note	2018 Rupees	2017 Rupees
16	**ACCRUED MARK UP AND INTEREST**			
	Mark up / interest accrued on secured loans			
	Long term financing		32,061,649	9,577,840
	Short term borrowings		61,711,226	58,343,920
			93,772,875	67,921,760
17	**SHORT TERM BORROWINGS - Secured**			
	Conventional			
	Running finance under markup arrangements	17.1	1,031,769,837	399,039,916
	Money market loan under markup arrangement	17.1	-	1,124,250,000
	Islamic			
	Short term finance under Running Musharakah	17.2	47,116,323	283,839,003
			1,078,886,160	1,807,128,919

17.1 These facilities are available from various commercial banks for meeting working capital requirements. These are secured against first pari passu charge, joint floating/hypothecation over present and future stocks, book debts, movables, receivables, and lien on export / import documents of the company. These carry markup ranging from 6.30 % to 8.07 % (June 30, 2017: 6.01 % to 7.04 %) per annum. These facilities are expiring on various dates from July 2018 to April 2019

17.2 The company has obtained short term running finance under running musharkah. These are secured against first pari passu charge and joint pari passu floating charge over movables, receivables, stocks and book debts of the company. The rate of profit ranges from 6.34 % to 7.12 % (June 30, 2017: from 6.18 % to 6.44 %). This facility matures with in twelve months and is renewable.

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

	Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
	Conventional						
18.1	Bank Alfalah Limited	SBP-LTFF	2,371,200	SBP refinance rate + 0.50%	16 Semi Annual	29-Mar-26	charge of Rs. 267.00 million on specific assets (plant and machinery) with 25 percent margin.
		SBP-LTFF	36,913,600	SBP refinance rate + 0.50%	16 Semi Annual	8-Apr-26	
		SBP-LTFF	70,425,600	SBP refinance rate + 0.50%	16 Semi Annual	18-Apr-26	
		SBP-LTFF	20,813,600	SBP refinance rate + 0.50%	16 Semi Annual	16-May-26	
		SBP-LTFF	29,294,400	SBP refinance rate + 0.50%	16 Semi Annual	21-Jun-26	
		SBP-LTFF	26,022,750	SBP refinance rate + 0.50%	17 Semi Annual	15-Sep-26	charge of Rs. 671.519 million on specific assets (plant and machinery) with 25 percent margin.
		SBP-LTFF	7,242,000	SBP refinance rate + 0.50%	17 Semi Annual	28-Nov-26	
		SBP-LTFF	23,292,550	SBP refinance rate + 0.50%	17 Semi Annual	21-Dec-26	
		SBP-LTFF	37,674,000	SBP refinance rate + 0.50%	18 Semi Annual	12-Jan-27	
		SBP-LTFF	2,649,600	SBP refinance rate + 0.50%	18 Semi Annual	1-Feb-27	
		SBP-LTFF	48,471,300	SBP refinance rate + 0.50%	18 Semi Annual	7-Mar-27	
		SBP-LTFF	3,330,900	SBP refinance rate + 0.50%	18 Semi Annual	13-Mar-27	
		SBP-LTFF	71,541,000	SBP refinance rate + 0.50%	18 Semi Annual	16-Mar-27	
		SBP-LTFF	22,068,900	SBP refinance rate + 0.50%	18 Semi Annual	24-Mar-27	
		SBP-LTFF	17,016,300	SBP refinance rate + 0.50%	18 Semi Annual	28-Mar-27	
		SBP-LTFF	17,059,500	SBP refinance rate + 0.50%	18 Semi Annual	28-Apr-27	
		SBP-LTFF	42,414,300	SBP refinance rate + 0.50%	18 Semi Annual	2-May-27	
		SBP-LTFF	107,746,150	SBP refinance rate + 0.50%	19 Semi Annual	5-Jul-27	
		SBP-LTFF	23,100,200	SBP refinance rate + 0.50%	19 Semi Annual	25-Jul-27	
		Diminishing Musharika	500,000,000	6 Month Kibor + 0.65%	8 Semi Annual	31-Aug-22	The Loan is secured against first specific charge of Rs.834,675,000 on machinery with 20 percent margin.
		Total	1,109,447,850				
18.2	Allied Bank Ltd	SBP-LTFF	7,830,000	SBP refinance rate + 0.50%	32 Quarterly	19-Apr-26	The Loan is secured against specific charge of Rs.9,787,500 on machinery with 25 percent margin.
		SBP-LTFF	6,447,000	SBP refinance rate + 0.50%	32 Quarterly	19-Apr-26	The Loan is secured against specific charge of Rs.8,058,750 on machinery with 25 percent margin.
		SBP-LTFF	8,750,000	SBP refinance rate + 0.50%	32 Quarterly	8-Aug-26	The Loan is secured against specific charge of Rs.10,937,500 on machinery with 25 percent margin.
		SBP-LTFF	1,024,000	SBP refinance rate + 0.50%	32 Quarterly	17-Aug-26	The Loan is secured against specific charge of Rs.1,280,000 on machinery with 25 percent margin.
		SBP-LTFF	22,095,000	SBP refinance rate + 0.50%	32 Quarterly	3-Oct-26	The Loan is secured against specific charge of Rs.27,618,750 on machinery with 25 percent margin.
		SBP-LTFF	3,560,000	SBP refinance rate + 0.50%	32 Quarterly	23-Nov-26	The Loan is secured against specific charge of Rs.4,450,000 on machinery with 25 percent margin.
		SBP-LTFF	129,067,000	SBP refinance rate + 0.50%	32 Quarterly	21-Dec-26	The Loan is secured against specific charge of Rs.161,333,750 on machinery with 25 percent margin.

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

Islamic

18.3

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

18.4

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

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

	Note	2018 Rupees	2017 Rupees

19 STAFF RETIREMENT BENEFITS - GRATUITY

19.1 Movement in the net liability recognised in the statement of financial position

	Note	2018 Rupees	2017 Rupees
Opening net liability		110,828,405	100,073,826
Expense for the year	19.2	50,919,367	49,046,422
Remeasurements recognised		2,632,043	(2,018,858)
		164,379,815	147,101,390
Benefits paid during the year		(63,564,302)	(36,272,985)
Closing net liability		100,815,513	110,828,405

19.2 Expense recognised in the income statement

	2018 Rupees	2017 Rupees
Current service cost	44,819,689	43,130,668
Interest cost	6,099,678	5,915,754
	50,919,367	49,046,422

19.3 Total measurements chargeable in Other comprehensive income

	2018 Rupees	2017 Rupees
Acturial losses from changes in financial assumptions	541,175	228,923
Experience adjustment	2,090,868	(2,247,781)
	2,632,043	(2,018,858)

19.4 Movement in the present value of defined benefit obligation

	2018 Rupees	2017 Rupees
Present value of defined benefit obligation	110,828,405	100,073,826
Current service cost	44,819,689	43,130,668
Interest cost	6,099,678	5,915,754
Actuarial gain	2,632,043	(2,018,858)
Benefits paid	(63,564,302)	(36,272,985)
	100,815,513	110,828,405

19.5 Historical information

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

19.6 General description

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

19.7 Principal actuarial assumption

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

	2018	2017
Financial assumptions		
Discount rate used to Charge Interest Cost in statement of Profit or Loss	7.25%	7.25%
Discount rate used for year end obligation	9.00%	7.25%
Expected rate of increase in future salary	7.00%	5.75%
Demographic assumptions		
Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Withdrawl rates	Age based	Age based
Retirement assumption	Age 60 years	Age 60 years

19.8 Sensitivity analysis of actuarial assumption

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

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

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

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

	2018 Rupees	2017 Rupees

20 **DEFERRED TAXATION**

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

	2018 Rupees	2017 Rupees
Taxable temporary differences (deferred tax liabilities)		
Accelerated tax depreciation allowance	285,640,073	245,687,346
Deductible temporary differences (deferred tax assets)		
Staff retirement benefits - gratuity	(21,762,303)	(22,769,518)
Unused tax credits - unabsorbed depreciation	(183,604,297)	(206,382,475)
	80,273,473	16,535,353

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

21 **CONTINGENCIES AND COMMITMENTS**

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

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

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

2018 Number of shares	2017 Number of shares		2018 Rupees	2017 Rupees
13,479,600	13,479,600	Ordinary shares of Rs. 10 each allotted for consideration paid in cash	134,796,000	134,796,000
1,962,334	1,962,334	Ordinary shares of Rs. 10 each allotted for consideration of amalgamation of power plant	19,623,340	19,623,340
6,979,754	6,979,754	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	69,797,540	69,797,540
22,421,688	22,421,688		224,216,880	224,216,880

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

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

23 **RESERVES**

	2018 Rupees	2017 Rupees
General	400,000,000	400,000,000
Unappropriated profit	1,176,594,309	1,033,751,579
	1,576,594,309	1,433,751,579

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

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

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

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

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

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

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

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

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

	Note	2018 Rupees	2017 Rupees
28.2 **Auditors' remuneration**			
Audit fee		1,211,000	1,211,000
Half yearly review fee		100,000	100,000
Tax services		100,000	100,000
		1,411,000	1,411,000

29 **FINANCE COST**

	Note	2018 Rupees	2017 Rupees
Mark up / interest on			
Long term financing		104,469,121	64,964,818
Short term borrowings		233,531,656	202,641,054
Workers' profit participation fund	15.4	3,684	77,333
Bank charges and commission		14,698,448	14,327,305
		352,702,909	282,010,510

30 **OTHER INCOME**

	Note	2018 Rupees	2017 Rupees
From financial assets			
Profit on savings account		3,509	3,553
Gain on translation of foreign currency account		114,118	-
From other than financial assets			
Gain on disposal of property, plant and equipment	5.4	-	1,787,677
		117,627	1,791,230

31 **TAXATION**

	2018 Rupees	2017 Rupees
Provision / reversal for taxation		
Current Taxation:		
Current	22,235,811	28,568,653
Prior	(111,632)	742,795
Deferred taxation		
Current year	64,876,521	35,473,636
Prior year - effect of change in tax rate	(551,178)	-
	86,449,522	64,785,084

31.1 Tax expense for the year is calculated under section 169 as proportion of export sales and under section 113 as minimum tax for the year, therefore the assessment of the company will be finalized under final tax regime.

31.2 **Relationship between income tax expense and accounting profit**

	2018 Rupees	2017 Rupees
Profit before taxation	231,337,072	1,488,433
Tax at the applicable rate of 30% (2017: 31%)	69,401,122	461,414
Prior year tax effect	(111,632)	742,795
Tax credit effect	92,129,221	(47,420,779)
Effect of income tax at lower rate	(74,969,189)	111,001,654
	86,449,522	64,785,084

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

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

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

32 **Earning / (LOSS) PER SHARE**

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

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

33 **REMUNERATION TO DIRECTORS AND EXECUTIVES**

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

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

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

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

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

	2018 Rupees	2017 Rupees
34 IJARAH		
Total future ijarah payment		
Upto one year	4,169,543	4,988,348
Later than one year but not later than five years	3,145,662	7,285,541
	7,315,205	12,273,889

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

35 **FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES**

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

35.1 Credit risk
35.2 Liquidity risk
35.3 Market risk

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

35.1 Credit risk

35.1.1 Exposure to credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the trade debts, loans and advances, trade deposits, other receivables and cash and bank balances. Out of total financial assets of Rs. 1,291.643 million (June 30, 2017 : Rs. 779.354 million), financial assets which are subject to credit risk aggregate to Rs. 1,254.817 million (June 30, 2017 : Rs. 727.988 million). The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows.

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

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

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

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

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

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

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

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

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

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

35.2 Liquidity risk

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

2018	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	2,282,450,388	2,622,868,956	444,588,183	929,583,887	752,578,599	496,118,287
Trade and other payables	3,474,433,209	3,474,433,209	3,474,433,209			
Accrued mark up and interest	93,772,875	93,772,875	93,772,875	-	-	-
Short term borrowings	1,078,886,160	1,152,250,419	1,152,250,419	-	-	-
	6,929,542,632	7,343,325,459	5,165,044,686	929,583,887	752,578,599	496,118,287

2017	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
	Rupees					
Non - derivative Financial liabilities						
Long term financing	1,276,845,831	1,414,943,426	469,698,585	213,860,250	346,597,550	384,787,041
Trade and other payables	2,331,870,717	2,331,870,717	2,331,870,717	-	-	-
Accrued mark up and interest	67,921,760	67,921,760	67,921,760	-	-	-
Short term borrowings	1,807,128,919	1,922,785,170	1,922,785,170	-	-	-
	5,483,767,227	5,737,521,073	4,792,276,232	213,860,250	346,597,550	384,787,041

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

35.3 **Market risk**

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

35.3.1 **Currency risk**

Exposure to currency risk

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

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

The following significant exchange rates applied during the year.

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

Sensitivity analysis

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

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

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

35.3.2 **Interest rate risk**

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

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

Fair value sensitivity analysis for fixed rate instruments

The company does not account for any fixed rate financial assets and liabilities at fair value through income statement. Therefore, a change in interest rates at reporting date would not affect income statement.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for June 30, 2017:

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

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

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

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

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

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

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

36 **CAPITAL RISK MANAGEMENT**

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

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

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

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

37 **PLANT CAPACITY AND PRODUCTION**

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

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

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

38 **MEASUREMENT OF FAIR VALUES**

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

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

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

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

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

39 **SEGMENT REPORTING**

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

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

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

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

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

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

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

40 RELATED PARTIES

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

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

40.2 Transactions with related parties

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

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

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

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

41 INFORMATION FOR ALL SHARES ISLAMIC INDEX SCREENING

41.1

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

	Note	2018 Rupees	2017 Rupees
41.2 Sources of other income			
Profit on savings account	30	3,509	3,553
Gain on disposal of property, plant and equipment	30	-	1,787,677
41.3 Exchange gain / (loss)			
Gain / (loss) on translation of foreign currency account	24.1 & 28	43,831,956	(1,574,007)

41.4 Relationship with banks

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

42 NUMBER OF EMPLOYEES

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

43 **NON ADJUSTING EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

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

44 **CORRESPONDING FIGURES**

Comparative information has been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. However, following major reclassification have been made in these financial statements.

Note	Reclassification From	Reclassification To	Nature	Rupees
15	Deposits	Advances from customers	Better presentation	3,808,607
15	Unclaimed dividend	on the face of the statement of the financial position	The Companies Act 2017 Requirement	5,105,350

45 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue on 24 September 2018 by the board of directors of the company.

SHAIKH MOHAMMAD MUNEER
Chairman

SHAIKH MUHAMMAD TANVEER
Chief Executive

SHAUKAT HUSSAIN
Chief Financial Officer

DIN GROUP

ADDENDUM IN AUDIT REPORT 2018

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

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

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

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

(COMPANY SECRETARY)