



*32<sup>nd</sup> Annual Report*  
**2019**

*Din*<sup>®</sup>

**Din Textile Mills Ltd.**

**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, 2019, 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, 2019 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.

# Naveed Zafar Ashfaq Jaffery & Co.

Chartered Accountants

A Member Firm of:



**PrimeGlobal**

An Association of  
Independent Accounting Firms

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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.	<p><b>The Company's exposure to litigation risk</b></p> <p>The Company is exposed to different laws, regulations and interpretations thereof and hence, there is a litigation risk. In our judgement, the Company has significant litigation cases in respect of tariff difference claimed by Sui Northern Gas Pipelines Limited (SNGPL), levy of Gas Infrastructure Development Cess (GIDC), levy of Cotton Cess, contribution to Employees Old-Age Benefits Institution (EOBI) and Social Security and Custom / Excise and Sales Tax Appellate Tribunal, Karachi regarding penalty and additional tax, details of which are disclosed in notes 15.2 to 15.3 to the annexed financial statements.</p> <p>Given the nature and amounts involved in such cases and the appellate forums at which these are pending, the ultimate outcome and the resultant accounting in the financial statements is subject to significant judgement, which can change over time as new facts emerge and each legal case progresses, and therefore, we have identified this as key audit matter.</p>	<p>Our procedures in relation to this matter included:</p> <ul style="list-style-type: none"><li>• Obtained and reviewed details of the significant pending legal/tax cases and discussed the same with Company's management;</li><li>• Circulated confirmations to the company's external legal and tax counsels for their views on open legal/tax matters;</li><li>• Reviewed correspondence of the company with the relevant authorities;</li><li>• Evaluated rationale provided by the company and opinion of the external legal/tax counsel</li><li>• 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</li><li>• Reviewed the disclosures made in the financial statements in respect of such contingencies</li></ul>

## 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

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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.

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.

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

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

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

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

## Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

KARACHI

Date: 25 September 2019

*Naveed Zafar Ashfaq Jaffery & Co.*

Chartered Accountants  
Engagement Partner: Ahsan Elahi Vohra – FCA

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# Statement of Financial Position

## As at June 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	5	3,987,275,619	3,542,913,022
Long term deposits	6	17,746,951	15,246,261
		4,005,022,570	3,558,159,283
<b>CURRENT ASSETS</b>			
Stores, spare parts and loose tools	7	472,834,854	284,916,091
Stock in trade	8	3,466,157,383	3,124,499,774
Trade debts	9	1,532,233,969	1,230,752,471
Advances	10	343,588,742	57,001,211
Trade deposits	11	1,144,910	395,300
Other receivables	12	11,036,860	40,900,153
Tax refunds due from Government	13	680,640,822	618,089,275
Cash and bank balances	14	24,315,539	36,825,820
		6,531,953,079	5,393,380,095
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	3,081,466,049	3,509,434,660
Unclaimed dividend		5,201,194	5,095,120
Accrued mark up / interest	16	191,046,742	93,772,875
Short term borrowings - Secured	17	2,228,255,524	1,078,886,160
Current portion of			
Long term financing - Secured	18	474,258,473	336,016,263
		5,980,227,982	5,023,205,078
<b>WORKING CAPITAL</b>		551,725,097	370,175,017
<b>TOTAL CAPITAL EMPLOYED</b>		4,556,747,667	3,928,334,300
<b>NON CURRENT LIABILITIES</b>			
Long term financing	18	2,247,306,385	1,946,434,125
Deferred liabilities			
Staff retirement benefits - gratuity	19	116,765,377	100,815,513
Deferred taxation	20	29,620,029	80,273,473
		2,393,691,791	2,127,523,111
<b>CONTINGENCIES AND COMMITMENTS</b>	21		
<b>NET WORTH</b>		<b>2,163,055,876</b>	<b>1,800,811,189</b>
<b>EQUITY</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized capital			
77,100,000 (2018: 77,100,000) ordinary shares of Rs. 10 each		771,000,000	771,000,000
<b>Net Worth Represented by:</b>			
Issued, subscribed and paid up capital	22	291,481,940	224,216,880
Reserves	23	1,871,573,936	1,576,594,309
		<b>2,163,055,876</b>	<b>1,800,811,189</b>

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

SHAIKH MUHAMMAD TANVEER  
Chief Executive

FARHAD SHAIKH MOHAMMAD  
Director

SHAIKH MUHAMMAD  
Chief Financial Officer

**Statement of Profit or Loss**  
For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
Sales - net	24	11,560,481,838	9,479,189,625
Cost of sales	25	(10,243,242,326)	(8,671,900,216)
<b>Gross profit</b>		<b>1,317,239,512</b>	<b>807,289,409</b>
Distribution cost	26	47,094,020	52,544,898
Administrative expenses	27	161,986,051	147,942,247
Other operating expenses	28	59,362,383	22,879,910
Finance cost	29	630,752,106	352,702,909
		899,194,560	576,069,964
		418,044,952	231,219,445
Other income	30	495,994	117,627
<b>Profit before taxation</b>		<b>418,540,946</b>	<b>231,337,072</b>
Taxation	31	(56,092,804)	(86,449,522)
<b>Profit for the year</b>		<b>362,448,142</b>	<b>144,887,550</b>
Earnings per share - basic and diluted	32	12.43	4.97

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

SHAikh MUHAMMAD TANVEER  
Chief Executive

FARHAD SHAikh MOHAMMAD  
Director

SHAUKAT HUSSAIN  
Chief Financial Officer

# Statement of Comprehensive Income

For the year ended June 30, 2019

	2019 Rupees	2018 Rupees
Profit for the year	362,448,142	144,887,550
Items that will not be subsequently reclassified to Statement of Profit or Loss		
Remeasurements of staff retirement benefits		
Remeasurement recognized	(262,483)	(2,632,043)
Related deferred taxation	59,028	587,223
	(203,455)	(2,044,820)
<b>Total comprehensive Income for the year</b>	<b>362,244,687</b>	<b>142,842,730</b>

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

SHAikh MUHAMMAD TANVEER  
Chief Executive

FARHAD SHAikh MOHAMMAD  
Director

SHAUKAT HUSSAIN  
Chief Financial Officer



# Statement of Cash Flows

## For the year ended June 30, 2019

	Note	2019 Rupees	2018 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		418,540,946	231,337,072
Adjustments for:			
Depreciation		373,747,300	331,925,982
Staff retirement benefits - gratuity		55,464,012	50,919,367
Workers' profit participation fund		22,478,031	12,424,118
Workers' welfare fund		8,541,652	4,721,165
Finance cost		630,752,106	352,702,909
Loss on disposal of property, plant and equipment		16,931,700	4,273,627
		1,107,914,801	756,967,168
Profit before working capital changes		1,526,455,747	988,304,240
(Increase) / Decrease in current assets			
Stores, spare parts and loose tools		(187,918,763)	345,017,907
Stock in trade		(341,657,609)	(812,811,616)
Trade debts		(301,481,498)	(522,088,002)
Advances		(286,587,531)	(15,882,310)
Other receivables		29,863,293	(15,871,383)
		(1,087,782,108)	(1,020,809,812)
(Decrease) / Increase in current liabilities			
Trade and other payables		(453,538,580)	1,119,489,036
Cash (used) in / generated from operations		(14,864,941)	1,086,983,464
Finance cost paid		(533,337,223)	(326,848,110)
Taxes (paid) / refund		(170,401,897)	2,432,741
Dividend refund / (paid)		106,074	(10,230)
Workers' profit participation fund paid		(4,427,602)	(8,157,470)
Staff retirement benefits - gratuity paid		(39,776,631)	(63,564,302)
		(747,837,279)	(396,147,371)
Net cash (used) in / generated from operating activities		(762,702,220)	690,836,093
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, plant and equipment		17,033,170	9,082,476
Fixed capital expenditure		(852,074,765)	(992,289,891)
Long term deposits - net		(3,250,300)	468,600
Net cash used in investing activities		(838,291,895)	(982,738,815)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term financing		439,114,470	1,005,604,557
Net cash generated from financing activities		439,114,470	1,005,604,557
Net (decrease) / increase in cash and cash equivalents		(1,161,879,645)	713,701,835
Cash and cash equivalents at the beginning of the year		(1,042,060,340)	(1,755,762,175)
Cash and cash equivalents at the end of the year		(2,203,939,985)	(1,042,060,340)
<b>CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	14	24,315,539	36,825,820
Short term borrowings	17	(2,228,255,524)	(1,078,886,160)
		(2,203,939,985)	(1,042,060,340)

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

SHAIKH MUHAMMAD TANVEER  
Chief Executive

FARHAD SHAIKH MOHAMMAD  
Director

SHAIKHAT HUSSAIN  
Chief Financial Officer

# Statement of Changes in Equity

For the year ended June 30, 2019

Particulars	Share capital	Reserves			Total
		General	Unappropriated profit	Sub total	

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

SHAikh MUHAMMAD TANVEER  
Chief Executive

FARHAD SHAikh MOHAMMAD  
Director

SHAUKAT HUSSAIN  
Chief Financial Officer

## Notes to and Forming Part of the Financial Statements For the year ended June 30, 2019

### 1 LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 The company is limited by shares, incorporated in Pakistan on June 13, 1988 and is quoted on Pakistan stock exchange (Formerly: Karachi Stock Exchange Limited). The registered office of the company is situated at 35 - A / 1 Lalazar Area, Opposite Beach Luxury Hotel, Karachi in the province of Sindh, Pakistan.
- 1.2 The principal business of the company is to manufacture and sale of yarn. The manufacturing units are located at Pattoki and Raiwind in the province of Punjab.
- a. Unit-I and II: Kot akbar Khan, 70 Km Multan Road, Tehsil Pattoki, District Kasur, Punjab.
  - b. Unit-III: Revenue Estate, Bhai Kot, Tablighi Chowk, Raiwind Road, Tehsil and District Lahore - Punjab.
  - c. Unit-IV: Dars Road, Off Raiwind Manga Road, Bachuki Majha Distt. Kasur

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

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

#### 2.2 Functional and presentation currency

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

#### 2.3 Changes in accounting standards, interpretations and pronouncements.

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

'There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2018. However, these, other than those disclosed in note 4.1, do not have any significant impact on the Company's financial reporting and therefore have not been detailed in these financial statements.

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

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2019:

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 amendments are not likely to have an impact on the Company's financial statements.

Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on the Company's financial statements.

Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on the Company's financial statements

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.

Amendment to IFRS 3 'Business Combinations' - Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures', sale or contribution of assets between an investor and its associate or joint venture. Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

Amendment to IFRS 9 'Financial Instruments' - Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion - i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised



cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

### **2.3.3 Annual Improvements to IFRS Standards 2015-2017 Cycle - the improvements address amendments to following approved accounting standards**

IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

The above amendments are effective from annual period beginning on or after 1 January 2019 and are not likely to have an impact on the Company's financial statements.

Certain annual improvements have also been made to a number of IFRSs.

Amendments to References to the Conceptual Framework in IFRS Standards, effective from accounting period beginning on or after January 01, 2020.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'

## **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**

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

### **4.1 Changes in significant accounting policies**

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

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

#### **4.1.1 IFRS 15 Revenue from Contracts with Customers**

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 Revenue, IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company manufactures and contracts with customers for the sale of yarn which generally include single performance obligation. The management has concluded that revenue from sale of goods be recognized at the point in time when control of the asset is transferred to the customer, which is when the goods are dispatched to the customer. This is generally consistent with the timing and amounts of revenue the company recognized in accordance with the previous standard, IAS 18. Therefore, adoption of IFRS 15 at 01 July 2018, did not have an effect on the financial statements of the Company.

#### 4.1.2 IFRS 9 Financial Instruments

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

##### i Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- Fair value through other comprehensive income (FVOCI);
- Fair value through profit or loss (FVTPL); and
- Measured at amortized cost.

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- It is held within business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The accounting policies that apply to financial instruments are stated in note 4.18 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the measurement categories under IFRS 9 for each class of company's financials assets as at 30 June 2018 and 01 July 2017.

	Original classification under IAS 39	New Classification under IFRS 9	Original Carrying Amount	New Carrying Amount
			-----Rs.-----	
As at 30 June 2018				
Trade debts	Loans and receivables	Amortized Cost	1,230,752,471	1,230,752,471
Other receivables	Loans and receivables	Amortized Cost	40,900,153	40,900,153
Tax refunds due from Government	Loans and receivables	Amortized Cost	618,089,275	618,089,275
Cash and bank balances	Loans and receivables	Amortized Cost	36,825,820	36,825,820

As at July 2017

Trade debts	Loans and receivables	Amortized Cost	708,664,469	708,664,469
Other receivables	Loans and receivables	Amortized Cost	25,028,770	25,028,770
Tax refunds due from Government	Loans and receivables	Amortized Cost	641,483,065	641,483,065
Cash and bank balances	Loans and receivables	Amortized Cost	51,366,744	51,366,744

Retrospective application of changes in classification of financial assets due to adoption of IFRS 9 has had no effect on amounts presented in statements of profit or loss for 30 June 2018 and 01 July 2017.

## ii Impairment

IFRS 9 replaces the 'incurred loss model in IAS 39 with an 'expected credit loss' (ECL) model, IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

## 4.2 Property, plant and equipment - owned

### Recognition

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

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

### Depreciation

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



## **Derecognition**

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

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

#### **4.3.1 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.

#### **4.3.2 Operating lease**

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

### **4.4 Capital work in progress**

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

### **4.5 Long term deposits**

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

### **4.6 Investments**

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

#### 4.6.1 Investment in subsidiary and associated companies

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

#### 4.6.2 Derecognition

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

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

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

#### 4.7 Stores, spare parts and loose tools

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

#### 4.8 Stock in trade

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

##### 4.8.1 Raw material

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

4.8.2 Work in process Raw material cost plus appropriate manufacturing overheads

4.8.3 Finished goods Raw material cost plus appropriate manufacturing overheads

4.8.4 Waste Net realizable value

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

#### **4.9 Trade debts and other receivables**

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

#### **4.10 Cash and cash equivalents**

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

#### **4.11 Staff retirement benefits Defined benefit plan**

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

Provision is made annually to cover the obligation on the basis of actuarial valuation and charged to income currently. The most recent actuarial valuation was carried on June 30, 2019 using the Projected Unit Credit Method.

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

#### **4.12 Taxation**

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

##### **4.12.1 Current**

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

##### **4.12.2 Deferred**

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

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

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

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

#### **4.13 Trade and other payables**

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

#### **4.14 Provisions**

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

#### **4.15 Borrowings and borrowing costs**

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

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

#### **4.16 Revenue recognition**

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

#### **4.17 Foreign currencies**

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

#### **4.18 Financial instruments**

##### **4.18.1 Financial Assets**

###### **Initial Measurement**

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

###### **Subsequent Measurement**

Debt instruments at FVOCI are subsequently measured at fair value. Interest / markup income



calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

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

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

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

#### **4.18.2 Financial Liabilities**

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

#### **4.19 Offsetting of financial assets and liabilities**

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

#### **4.20 Impairment**

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

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

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

#### **4.21 Related party transactions**

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

#### **4.22 Government grants**

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

#### **4.23 Research and development cost**

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

#### **4.24 Dividend**

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

## 5 PROPERTY, PLANT AND EQUIPMENT

	Note	2019 Rupees	2018 Rupees
Operating fixed assets	5.1	3,953,128,640	3,505,881,595
Capital work in progress - at cost	5.2	34,146,979	37,031,427
		<u>3,987,275,619</u>	<u>3,542,913,022</u>

### 5.1 Operating fixed assets

2019								
	Cost as at July 01, 2018	Additions / (deletions)	Cost as at June 30, 2019	Accumulated depreciation as at July 01, 2018	Depreciation charge / (deletion) for the year	Accumulated depreciation as at June 30, 2019	Book value as at June 30, 2019	Annual depreciation rate %
Rupees								
Owned Assets								
Freehold land	174,304,150	-	174,304,150	-	-	-	174,304,150	0%
Building on freehold land	768,515,151	158,308,321	926,823,472	471,038,500	31,112,989	502,151,489	424,671,983	10%
Plant and machinery	5,838,713,941	650,962,582	6,364,564,407	2,978,435,974	319,980,999	3,206,536,289	3,158,028,118	10%
	-	(125,112,116)	-	-	(91,880,684)	-	-	-
Electric installation	255,945,078	38,728,763	294,673,841	139,903,820	14,059,007	153,962,827	140,711,014	10%
Tools and equipment	63,699,374	-	63,699,374	48,622,704	1,507,667	50,130,371	13,569,003	10%
Furniture and fixture	35,064,864	4,151,512	39,216,376	15,775,246	2,083,406	17,858,652	21,357,724	10%
Office equipment	9,241,660	216,100	9,457,760	5,208,790	416,565	5,625,355	3,832,405	10%
Computers	15,119,159	2,368,635	16,282,794	11,817,591	1,382,847	12,177,710	4,105,084	30%
	-	(1,205,000)	-	-	(1,022,728)	-	-	-
Vehicles	28,890,696	223,300	27,181,352	12,809,853	3,203,820	14,632,193	12,549,159	20%
	-	(1,932,644)	-	-	(1,381,480)	-	-	-
30-Jun-19	7,189,494,073	854,959,213 (128,249,760)	7,916,203,526	3,683,612,478	373,747,300 (94,284,892)	3,963,074,886	3,953,128,640	
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 (78,145,248)	7,189,494,073	3,416,475,639	331,925,982 (64,789,143)	3,683,612,478	3,505,881,595	

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

	2019 Rupees	2018 Rupees
Cost of sales	369,794,876	327,605,045
Administrative expenses	3,952,424	4,320,937
	<b>373,747,300</b>	<b>331,925,982</b>

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

Location	Usage of immovable property	Total Area (in acres)	Covered Area (In sq.ft)
Kot Akbar Khan, 70 Km Multan Road, Tehsil Pattoki, Distt. Kasur, Punjab	Manufactueing Facility	33.39	566,870
Revenue Estate, Bhai Kot, Tablighi Chowk, Rawind Road, Tehsil and Distt. Lahore, Punjab	Manufactueing Facility	51.99	379,654
Dars Road, Off Raiwind Manga Road,Bachuki Majha, Distt. Kasur	Manufactueing Facility	27.50	335,055
		<b>2019 Rupees</b>	<b>2018 Rupees</b>

### 5.2 Capital work in progress - at cost

Building - civil works	26,600,888	6,633,472
Plant and machinery	-	29,800,189
Electric Installation	-	597,766
Intangible Assets	7,546,091	-
	<b>34,146,979</b>	<b>37,031,427</b>
<b>The movement in capital work in progress is as follows,</b>		
Balance at the beginning of the year	37,031,427	58,482,585
<b>Additions during the year</b>		
Building - civil works	178,275,737	34,999,517
Plant and Machinery	621,162,393	927,802,226
Electric installation	38,130,997	14,590,966
Intangible Asset	7,546,091	-
<b>Transfer to operating fixed assets</b>	845,115,218	977,392,709
Building - civil works	158,308,321	77,551,655
Plant & Machinery	650,962,582	898,002,037
Electric installation	38,728,763	23,290,175
	847,999,666	998,843,867
<b>Balance at the end of the year</b>	<b>34,146,979</b>	<b>37,031,427</b>

### 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

Textile Sorting System	5,442,779	4,517,637	925,142	97,222	(827,920)	Negotiation
Ring Spinning Frame	12,846,096	8,148,736	4,697,360	1,752,137	(2,945,223)	Negotiation
Ring Spinning Frame	12,846,096	8,189,941	4,656,155	1,752,137	(2,904,018)	Negotiation
Winding Machine	9,579,181	7,846,905	1,732,276	1,452,991	(279,285)	Negotiation
Compact 2 For 1 Twister	16,233,747	13,613,527	2,620,220	2,564,103	(56,117)	Negotiation
Ring Spinning Frame	12,846,096	8,272,351	4,573,745	2,051,282	(2,522,463)	Negotiation
Savio Cone Winder	29,643,391	22,843,780	6,799,611	1,538,462	(5,261,149)	Negotiation
Draw Frames	4,849,287	3,138,295	1,710,992	104,167	(1,606,825)	Negotiation
Roving Frame Simplex	8,068,646	5,221,754	2,846,892	662,393	(2,184,499)	Negotiation
Draw Frames	4,849,287	3,153,849	1,695,438	104,167	(1,591,271)	Negotiation
<b>Sub total</b>	<b>117,204,606</b>	<b>84,946,775</b>	<b>32,257,831</b>	<b>12,079,061</b>	<b>(20,178,770)</b>	

Various assets having net book amount up to Rs. 500,000 each

Vehicles	1,932,644	1,381,480	551,164	3,507,000	2,955,836	
Plant And Machinery	7,907,510	6,933,909	973,601	673,609	(299,992)	
Computer	1,205,000	1,022,728	182,272	773,500	591,228	
<b>Sub total</b>	<b>11,045,154</b>	<b>9,338,117</b>	<b>1,707,037</b>	<b>4,954,109</b>	<b>3,247,072</b>	
<b>Grand total</b>	<b>128,249,760</b>	<b>94,284,892</b>	<b>33,964,868</b>	<b>17,033,170</b>	<b>(16,931,698)</b>	



	Note	2019 Rupees	2018 Rupees
<b>5.4 Loss / (Gain) on disposal property, plant and equipment</b>			
Cost		128,249,760	78,145,248
Less : Accumulated depreciation		(94,284,892)	(64,789,143)
		33,964,868	13,356,105
Sale proceeds		(17,033,170)	(9,082,476)
Loss on disposal of property, plant and equipment	28	16,931,698	4,273,629
(Gain) on disposal of property, plant and equipment		(3,547,064)	(2,339,638)
Loss on disposal of property, plant and equipment		20,478,762	6,613,267
	Note	2019 Rupees	2018 Rupees
<b>6 LONG TERM DEPOSITS</b>			
Security deposits			
Electricity - WAPDA	6.1	15,968,651	13,882,651
Ijarah Deposits	6.2	1,387,600	972,910
Others	6.1	390,700	390,700
		17,746,951	15,246,261
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	2019 Rupees	2018 Rupees
<b>7 STORES, SPARE PARTS AND LOOSE TOOLS</b>			
Stores - at mills		266,114,820	87,893,163
Stores - in transit		21,162,724	106,159,407
Spare parts		185,350,980	90,779,929
Loose tools		206,330	83,592
		472,834,854	284,916,091
<b>8 STOCK IN TRADE</b>			
Raw material			
Raw material in hand		2,792,521,183	2,563,115,420
Raw material in transit		5,398,324	115,664,070
Work in process		163,777,917	118,665,350
Finished goods	8.1	466,840,964	286,332,114
Waste		15,614,616	21,923,540
Packing Material		22,004,379	18,799,280
		3,466,157,383	3,124,499,774
8.1	Finished goods amounting to Rs. 7,668,035 (June 30, 2018 : Rs 13,639,270) are stated at their net realizable value aggregating Rs. 5,930,919 (June 30, 2018 : Rs. 9,348,866). The amount charged to statement of profit or loss in respect of stocks written down to their net realizable value is Rs. 1,737,116 (June 30, 2018 : Rs. 4,290,404).		
	Note	2019 Rupees	2018 Rupees
<b>9 TRADE DEBTS</b>			
Considered good			
Secured	9.1	214,032,070	103,434,769
Unsecured	9.2	1,318,201,899	1,127,317,702
		1,532,233,969	1,230,752,471
9.1	This represents trade debts arising on account of export sales which are secured by way of Export letter of credit.		
9.2	It includes an amount Rs.529,939 (2018: Nil) receivable from Din Industries Limited.		
	Note	2019 Rupees	2018 Rupees
<b>10 ADVANCES - Considered good</b>			
Unsecured			
Advance to employees against wages		5,436,970	5,823,085
Advance to employees against expenses		6,913,992	659,491
Advances to suppliers		56,200,254	49,257,085
Others		4,759	29,273
Secured			
Advance against letter of credit	10.1	275,032,767	1,232,277
		343,588,742	57,001,211

10.1 These advances are secured against Import letter of credit.

10.2 These advances are non-interest bearing.

	Note	2019 Rupees	2018 Rupees
<b>11 TRADE DEPOSITS</b>			
Security deposits			
Ijarah Deposits	11.1	972,910	223,300
Others	11.2	172,000	172,000
		<b>1,144,910</b>	<b>395,300</b>

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	2019 Rupees	2018 Rupees
<b>12 OTHER RECEIVABLES</b>			
Export rebate	12.1	764,669	32,476,925
Cotton claims receivable	12.1	9,488,048	7,419,085
Others		784,143	1,004,143
		<b>11,036,860</b>	<b>40,900,153</b>

12.1 It is a non-interest bearing receivable.

	Note	2019 Rupees	2018 Rupees
<b>13 TAX REFUND DUE FROM THE GOVERNMENT</b>			
Income Tax			
Opening balance		359,714,907	285,795,047
Paid/ Adjusted during the year -Net		94,516,861	96,044,039
Less Provision for the year		(106,687,220)	(22,124,179)
		<b>347,544,548</b>	<b>359,714,907</b>
Sales tax		333,096,274	258,374,368
		<b>680,640,822</b>	<b>618,089,275</b>

<b>14 CASH AND BANK BALANCES</b>			
Cash with banks			
In current accounts	14.1	20,861,026	33,366,885
In dividend accounts	14.2	3,419,667	3,426,018
In savings account	14.3 & 14.4	34,846	32,917
		<b>24,315,539</b>	<b>36,825,820</b>

14.1 It includes balance with associated company (MCB Bank Limited) of Rs. 12,705 (June 30, 2018 : Rs. 14,929).

14.2 It represents balance with associated company (MCB Bank Limited) of Rs. 929,841 (June 30, 2018 : Rs. 929,841).

14.3 It represents balance with associated company (MCB Bank Limited) of Rs. 20,142 (June 30, 2018 : Rs. 19,254).

14.4 It carries mark up at the rate of 3.90 to 10.00 (June 30, 2018 : 3.75 to 6.00) percent per annum. These balances are placed with banks under conventional banking arrangements.

	Note	2019 Rupees	2018 Rupees
<b>15 TRADE AND OTHER PAYABLES</b>			
Creditors		286,476,323	260,943,142
Murahaba	15.1	2,230,452,607	2,814,201,173
Accrued liabilities	15.2	505,015,957	393,087,360
Advances from customers		8,464,880	15,813,884
Sales tax claim payable	15.3	14,759,965	14,759,965
Workers' profit participation fund	15.4	22,619,047	4,427,602
Workers' welfare fund		13,293,193	4,751,541
Withholding tax payable		-	1,163,130
Other payables	15.5	384,077	286,863
		<b>3,081,466,049</b>	<b>3,509,434,660</b>

15.1 These facilities are secured against first pari passu hypothecation and floating charge over company's stocks, book debts and receivables. Mark up ranges from 5.95 to 12.95 (June 30, 2018 : 5.90 to 8.04) percent per annum. These facilities are expiring on various dates from July 2019 to December 2019.

- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order against tariff difference amounted to Rs 22,416,224 from July 2016 to May 2017 claimed by SNGPL. The decision of court is still pending.
- 15.2 The company has filed appeal in the Lahore High Court, Lahore and honorable Lahore High Court granted stay order cost of supply amounted to Rs 34,109,768 from October 2017 to October 2018 claimed by SNGPL. The decision of court is still pending.
- 15.2 This include an amount of Rs. 174.90 million (2018: Rs. 150.46 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. The company has filed an appeal in Honorable High Court of Sindh. The Honorable High Court of Sindh declared the GIDC Act, 2015 as null and void through its judgment dated October 26, 2016. Subsequently, based on appeal filed by the Government, the High Court of Sindh suspended the aforesaid judgment till the disposal of appeal. The matter is pending for hearing of appeal. However, the company has recorded a provision in the financial statements against GIDC 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. 27,488,579 (2018: Rs. 20,269,591). 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. 37,824,135 (2018: Rs.16,822,180). 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. 15,110,058 (2018: Rs. 6,271,185). 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	2019 Rupees	2018 Rupees
<b>15.4 Workers' profit participation fund</b>			
Opening balance		4,427,602	157,270
Interest on fund utilized in company's business	15.4.1	141,016	3,684
		4,568,618	160,954
Paid during the year		(4,427,602)	(8,157,470)
		141,016	(7,996,516)
Allocation for the year		22,478,031	12,424,118
Closing balance		22,619,047	4,427,602

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. 384,077 (June 30, 2018 Rs. 286,863) payable to related party- Din Leather Private Limited against reimbursement of expenses.

	Note	2019 Rupees	2018 Rupees
<b>16 ACCRUED MARK UP AND INTEREST</b>			
<b>Mark up / interest accrued on secured loans</b>			
Long term financing		48,786,874	32,061,649
Short term borrowings		142,259,868	61,711,226
		191,046,742	93,772,875
<b>17 SHORT TERM BORROWINGS - Secured</b>			
<b>Conventional</b>			
Running finance under markup arrangements	17.1	1,875,609,515	1,031,769,837
<b>Islamic</b>			
Short term finance under Running Musharakah	17.2 & 17.3	352,646,009	47,116,323
		2,228,255,524	1,078,886,160

17.1 These facilities are available from various commercial banks for meeting working capital requirements. These are secured against first pari passu charge, joint floating/hypothecation over present and future stocks, book debts, movables, receivables. These carry markup ranging from 7.67 % to 13.79 % (June 30, 2018: 6.30 % to 8.07 %) per annum. These facilities are expiring on various dates from August 2019 to December 2019.

17.2 The company has obtained short term running finance under running musharakah. 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 6.63 % to 13.25 % (June 30, 2018: from 6.34 % to 7.12 %). This facility matures within twelve months and is renewable.

17.3 It represents balance with associated company (MCB Islamic Bank Limited) of Rs. 349,694,794 (June 30, 2018 : Rs. Nil).

	Note	2019 Rupees	2018 Rupees
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18 LONG TERM FINANCING - Secured

From banking companies and financial institutions under markup arrangements

**Conventional**

Bank Alfalah Ltd.	18.1	539,907,250	609,447,850
Allied Bank Ltd.	18.2	557,466,750	400,895,000

**Islamic**

Bank Alfalah Ltd.	18.3	437,500,000	500,000,000
Meezan Bank Ltd.	18.4	772,964,976	743,125,000
Habib Metropolitan Bank Ltd.	18.5	413,725,882	28,982,538

		2,721,564,858	2,282,450,388
Less: Current portion		(474,258,473)	(336,016,263)

2,247,306,385	1,946,434,125
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Bank	Facility	Outstanding Amount	Mark up rate	No. of installments Outstanding	Date of last installment	Security
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**Conventional**

18.1

Bank Alfalah Limited	SBP-LTFF	2,074,800	SBP refinace rate + 0.50%	14 Semi Annual	29-Mar-26	First pari passu hypothecation charge of Rs. 267.00 million on sepecific assets (plant and machinery) with 25 percent margin.
	SBP-LTFF	32,299,400	SBP refinace rate + 0.50%	14 Semi Annual	8-Apr-26	
	SBP-LTFF	61,622,400	SBP refinace rate + 0.50%	14 Semi Annual	18-Apr-26	
	SBP-LTFF	18,211,900	SBP refinace rate + 0.50%	14 Semi Annual	16-May-26	
	SBP-LTFF	25,632,600	SBP refinace rate + 0.50%	14 Semi Annual	21-Jun-26	
	SBP-LTFF	22,961,250	SBP refinace rate + 0.50%	15 Semi Annual	15-Sep-26	First pari passu hypothecation charge of Rs. 685.346 million on sepecific assets (plant and machinery) with 25 percent margin.
	SBP-LTFF	6,390,000	SBP refinace rate + 0.50%	15 Semi Annual	28-Nov-26	
	SBP-LTFF	20,552,250	SBP refinace rate + 0.50%	15 Semi Annual	21-Dec-26	
	SBP-LTFF	33,488,000	SBP refinace rate + 0.50%	16 Semi Annual	12-Jan-27	
	SBP-LTFF	2,355,200	SBP refinace rate + 0.50%	16 Semi Annual	1-Feb-27	
	SBP-LTFF	43,085,600	SBP refinace rate + 0.50%	16 Semi Annual	7-Mar-27	
	SBP-LTFF	2,960,800	SBP refinace rate + 0.50%	16 Semi Annual	13-Mar-27	
	SBP-LTFF	63,592,000	SBP refinace rate + 0.50%	16 Semi Annual	16-Mar-27	
	SBP-LTFF	19,616,800	SBP refinace rate + 0.50%	16 Semi Annual	24-Mar-27	
	SBP-LTFF	15,125,600	SBP refinace rate + 0.50%	16 Semi Annual	28-Mar-27	
	SBP-LTFF	15,164,000	SBP refinace rate + 0.50%	16 Semi Annual	28-Apr-27	
	SBP-LTFF	37,701,600	SBP refinace rate + 0.50%	16 Semi Annual	2-May-27	
	SBP-LTFF	96,404,450	SBP refinace rate + 0.50%	17 Semi Annual	5-Jul-27	
	SBP-LTFF	20,668,600	SBP refinace rate + 0.50%	17 Semi Annual	25-Jul-27	
	Total	539,907,250				

Allied Bank Ltd	SBP-LTFF	6,854,000	SBP refinace rate + 0.50%	28 Quarterly	19-Apr-26	The Loan is secured against first specific charge of Rs. 10,440,000 on machinery with 25 percent margin.
	SBP-LTFF	5,643,000	SBP refinace rate + 0.50%	28 Quarterly	19-Apr-26	The Loan is secured against first specific charge of Rs. 8,058,750 on machinery with 25 percent margin.
	SBP-LTFF	7,931,000	SBP refinace rate + 0.50%	29 Quarterly	8-Aug-26	The Loan is secured against first specific charge of Rs. 11,666,667 on machinery with 25 percent margin.
	SBP-LTFF	928,000	SBP refinace rate + 0.50%	29 Quarterly	17-Aug-26	The Loan is secured against first specific charge of Rs. 1,365,333 on machinery with 25 percent margin.
	SBP-LTFF	20,715,000	SBP refinace rate + 0.50%	30 Quarterly	3-Oct-26	The Loan is secured against specific charge of Rs. 29,460,000 on machinery with 25 percent margin.
	SBP-LTFF	3,338,000	SBP refinace rate + 0.50%	30 Quarterly	23-Nov-26	The Loan is secured against first specific charge of Rs. 4,746,667 on machinery with 25 percent margin.
	SBP-LTFF	121,001,000	SBP refinace rate + 0.50%	30 Quarterly	21-Dec-26	The Loan is secured against first specific charge of Rs. 172,089,333 on machinery with 25 percent margin.
	SBP-LTFF	2,548,800	SBP refinace rate + 0.50%	31 Quarterly	9-Jan-27	The Loan is secured against first specific charge of Rs. 3,508,000 on machinery with 25 percent margin.
	SBP-LTFF	6,595,250	SBP refinace rate + 0.50%	31 Quarterly	2-Feb-27	The Loan is secured against first specific charge of Rs. 9,077,333 on machinery with 25 percent margin.
	SBP-LTFF	4,039,700	SBP refinace rate + 0.50%	31 Quarterly	7-Feb-27	The Loan is secured against first specific charge of Rs. 5,560,000 on machinery with 25 percent margin.
	SBP-LTFF	10,959,000	SBP refinace rate + 0.50%	32 Quarterly	21-Nov-27	The Loan is secured against first specific charge of Rs. 14,612,000 on machinery with 25 percent margin.
	SBP-LTFF	71,342,000	SBP refinace rate + 0.50%	16 Semi Annual	22-Nov-27	The Loan is secured against first specific charge of Rs. 95,122,667 on machinery with 25 percent margin.
	SBP-LTFF	8,776,000	SBP refinace rate + 0.50%	16 Semi Annual	5-Dec-27	The Loan is secured against first specific charge of Rs. 11,701,333 on machinery with 25 percent margin.
	SBP-LTFF	3,946,000	SBP refinace rate + 0.50%	16 Semi Annual	14-Dec-27	The Loan is secured against first specific charge of Rs. 5,261,333 on machinery with 25 percent margin.
	SBP-LTFF	2,245,000	SBP refinace rate + 0.50%	32 Quarterly	21-Dec-27	The Loan is secured against first specific charge of Rs. 2,993,333 on machinery with 25 percent margin.
	SBP-LTFF	1,394,000	SBP refinace rate + 0.50%	32 Quarterly	6-Feb-28	The Loan is secured against first specific charge of Rs. 1,858,667 on machinery with 25 percent margin.
	SBP-LTFF	5,530,000	SBP refinace rate + 0.50%	32 Quarterly	15-Mar-28	The Loan is secured against first specific charge of Rs. 7,373,333 on machinery with 25 percent margin.
	SBP-LTFF	4,046,000	SBP refinace rate + 0.50%	32 Quarterly	29-Mar-28	The Loan is secured against first specific charge of Rs. 5,394,667 on machinery with 25 percent margin.
	SBP-LTFF	28,650,000	SBP refinace rate + 0.50%	32 Quarterly	10-Apr-28	The Loan is secured against first specific charge of Rs. 38,200,000 on machinery with 25 percent margin.
	SBP-LTFF	43,950,000	SBP refinace rate + 0.50%	32 Quarterly	12-Apr-28	The Loan is secured against first specific charge of Rs. 58,600,000 on machinery with 25 percent margin.
	SBP-LTFF	27,675,000	SBP refinace rate + 0.50%	32 Quarterly	31-May-28	The Loan is secured against first specific charge of Rs. 36,900,000 on machinery with 25 percent margin.
	SBP-LTFF	1,934,000	SBP refinace rate + 0.50%	32 Quarterly	10-Oct-28	The Loan is secured against first specific charge of Rs. 2,578,667 on machinery with 25 percent margin.
	SBP-LTFF	28,714,000	SBP refinace rate + 0.50%	32 Quarterly	10-Oct-28	The Loan is secured against specific charge of Rs. 38,285,333 on machinery with 25 percent margin.
	SBP-LTFF	21,429,000	SBP refinace rate + 0.50%	32 Quarterly	10-Oct-28	The Loan is secured against first specific charge of Rs. 28,572,000 on machinery with 25 percent margin.
	SBP-LTFF	20,227,000	SBP refinace rate + 0.50%	32 Quarterly	9-Jan-29	The Loan is secured against first specific charge of Rs. 26,969,333 on machinery with 25 percent margin.
	SBP-LTFF	2,000,000	SBP refinace rate + 0.50%	32 Quarterly	22-Jan-29	The Loan is secured against first specific charge of Rs. 2,666,667 on machinery with 25 percent margin.
	SBP-LTFF	15,686,000	SBP refinace rate + 0.50%	32 Quarterly	11-Feb-29	The Loan is secured against first specific charge of Rs. 20,914,667 on machinery with 25 percent margin.
	SBP-LTFF	2,719,000	SBP refinace rate + 0.50%	32 Quarterly	19-Feb-29	The Loan is secured against first specific charge of Rs. 36,625,333 on machinery with 25 percent margin.
	SBP-LTFF	34,925,000	SBP refinace rate + 0.50%	32 Quarterly	26-Mar-29	The Loan is secured against first specific charge of Rs. 46,566,667 on machinery with 25 percent margin.
	SBP-LTFF	41,726,000	SBP refinace rate + 0.50%	32 Quarterly	6-May-29	The Loan is secured against first specific charge of Rs. 55,634,667 on machinery with 25 percent margin.
	Total	557,466,750				



Islamic

18.3

Bank Alfalah Limited	Diminishing Musharika	437,500,000	6 Month Kibor + 0.50%	7 Semi Annual	31-Aug-22	The Loan is secured against first specific charge of Rs.667,740,000 on machinery with 20% margin
	Total	437,500,000				

18.4

Meezan Bank Ltd	Diminishing Musharika	24,375,000	6 Month Kibor + 0.50%	01 Semi Annual	26-Nov-19	The Loan is secured against first specific charge of Rs.243.750 million over fixed assets with 20% margin
	Diminishing Musharika	41,250,000	6 Month Kibor + 0.50%	02 Semi Annual	25-Mar-20	The Loan is secured against first specific charge of Rs.206.250 million over fixed assets with 20% margin
	Diminishing Musharika	514,062,500	6 Month Kibor + 0.50%	07 Semi Annual	14-Sep-22	The Loan is secured against first specific charge of Rs.875.000 million over fixed assets with 20% margin
	SBP-ILTF	89,327,146	SBP refinance rate +2.00%	32 Quarterly	25-Jan-29	The Loan is secured against first specific charge of Rs. 96,000,000 on machinery with 20% margin
	SBP-ILTF	103,950,330	SBP refinance rate +2.00%	32 Quarterly	31-May-29	The Loan is secured against first specific charge of Rs. 113,575,000 on machinery with 20% margin
	Total	772,964,976				

18.5

Habib Metropolitan Bank Ltd	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	25-Nov-18	The Loan is secured against first specific charge up to Rs.41,550,720 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	25-Nov-18	The Loan is secured against first specific charge up to Rs.42,874,640 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	25-Nov-18	The Loan is secured against first specific charge up to Rs.1,711,584 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	25-Nov-18	The Loan is secured against first specific charge up to Rs. 9,521,400 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	13-May-19	The Loan is secured against first specific charge up to Rs.3,746,560 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	13-May-19	The Loan is secured against first specific charge up to Rs.14,028,000 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	13-May-19	The Loan is secured against first specific charge up to Rs.5,257,386 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	-	3 Month Kibor + 1 %	00 Quarterly	13-May-19	The Loan is secured against first specific charge up to Rs.51,036,200 over musharika asset, demand promissory note and standing debit instructions.
	Diminishing Musharika	429,000	3 Month Kibor + 1 %	5 Quarterly	18-Aug-20	The Loan security including but not limited to the title documents of the musharakah assets, hypothecation charge, mortgage charge and demand promissory note.
	Diminishing Musharika	400,875	3 Month Kibor + 1 %	5 Quarterly	18-Aug-20	The Loan security including but not limited to the title documents of the musharakah assets, hypothecation charge, mortgage charge and demand promissory note.
	Diminishing Musharika	402,750	3 Month Kibor + 1 %	5 Quarterly	18-Aug-20	The Loan security including but not limited to the title documents of the musharakah assets, hypothecation charge, mortgage charge and demand promissory note.
	SBP-ILTF	48,186,000	SBP refinance rate +1.00%	38 Quarterly	18-Oct-28	The Loan is secured against first specific charge of Rs. 53,540,000 on machinery with 10 percent margin.
	SBP-ILTF	5,252,310	SBP refinance rate +1.00%	39 Quarterly	12-Dec-28	The Loan is secured against first specific charge of Rs. 55,835,900 on machinery with 10 percent margin.
	SBP-ILTF	10,893,600	SBP refinance rate +1.00%	38 Quarterly	25-Oct-28	The Loan is secured against first specific charge of Rs. 12,140,000 on machinery with 10 percent margin.

18.5

Habib Metropolitan Bank Ltd	SBP-ILTF	48,327,840	SBP refinance rate + 1.00%	38 Quarterly	11-Oct-28	The Loan is secured against first specific charge of Rs. 53,697,600 on machinery with 10 percent margin.
	SBP-ILTF	7,565,220	SBP refinance rate + 1.00%	38 Quarterly	29-Aug-28	The Loan is secured against first specific charge of Rs. 8,405,800 on machinery with 10 percent margin.
	SBP-ILTF	12,470,040	SBP refinance rate + 1.00%	39 Quarterly	5-Mar-29	The Loan is secured against first specific charge of Rs. 13,855,600 on machinery with 10 percent margin.
	SBP-ILTF	22,644,270	SBP refinance rate + 1.00%	39 Quarterly	9-May-29	The Loan is secured against first specific charge of Rs. 25,160,300 on machinery with 10 percent margin.
	SBP-ILTF	23,639,040	SBP refinance rate + 1.00%	39 Quarterly	17-May-29	The Loan is secured against first specific charge of Rs. 26,265,600 on machinery with 10 percent margin.
	SBP-ILTF	9,862,733	SBP refinance rate + 1.00%	39 Quarterly	21-May-29	The Loan is secured against first specific charge of Rs. 10,958,592 on machinery with 10 percent margin.
	SBP-ILTF	15,120,000	SBP refinance rate + 1.00%	39 Quarterly	22-May-29	The Loan is secured against first specific charge of Rs. 16,800,000 on machinery with 10 percent margin.
	SBP-ILTF	18,555,480	SBP refinance rate + 1.00%	39 Quarterly	30-May-29	The Loan is secured against first specific charge of Rs. 20,617,200 on machinery with 10 percent margin.
	SBP-ILTF	4,287,645	SBP refinance rate + 1.00%	39 Quarterly	28-May-29	The Loan is secured against first specific charge of Rs. 4,764,050 on machinery with 10 percent margin.
	SBP-ILTF	78,936,399	SBP refinance rate + 1.00%	39 Quarterly	31-May-29	The Loan is secured against first specific charge of Rs. 87,707,110 on machinery with 10 percent margin.
	SBP-ILTF	11,620,350	SBP refinance rate + 1.00%	39 Quarterly	11-Jun-29	The Loan is secured against first specific charge of Rs. 12,911,500 on machinery with 10 percent margin.
	SBP-ILTF	66,360,060	SBP refinance rate + 1.00%	39 Quarterly	25-Jun-29	The Loan is secured against first specific charge of Rs. 73,733,400 on machinery with 10 percent margin.
	SBP-ILTF	28,772,270	SBP refinance rate + 1.00%	39 Quarterly	27-Jun-29	The Loan is secured against first specific charge of Rs. 31,969,189 on machinery with 10 percent margin.
Total		413,725,882				

	Note	2019 Rupees	2018 Rupees
<b>19 STAFF RETIREMENT BENEFITS - GRATUITY</b>			
<b>19.1 Movement in the net liability recognised in the statement of financial position</b>			
Opening net liability		100,815,513	110,828,405
Expense for the year	19.2	55,464,012	50,919,367
Remeasurements recognised		262,483	2,632,043
		156,542,008	164,379,815
Benefits paid during the year		(39,776,631)	(63,564,302)
Closing net liability		116,765,377	100,815,513
<b>19.2 Expense recognised in the income statement</b>			
Current service cost		48,180,564	44,819,689
Interest cost		7,283,448	6,099,678
		55,464,012	50,919,367
<b>19.3 Total measurements chargeable in Other comprehensive income</b>			
Actuarial losses from changes in demographic assumptions		9,240,104	-
Actuarial (gains) / losses from changes in financial assumptions		(3,635,056)	541,175
Experience adjustment		(5,342,565)	2,090,868
		262,483	2,632,043
<b>19.4 Movement in the present value of defined benefit obligation</b>			
Present value of defined benefit obligation		100,815,513	110,828,405
Current service cost		48,180,564	44,819,689
Interest cost		7,283,448	6,099,678
Actuarial gain		262,483	2,632,043
Benefits paid		(39,776,631)	(63,564,302)
		116,765,377	100,815,513

## 19.5 Historical information

	2019	2018	2017	2016	2015
Present value of defined benefit obligation	116,765,377	100,815,513	110,828,405	100,073,826	104,080,675
Experience adjustments on plan liabilities	(262,483)	(2,632,043)	2,018,858	13,993,437	10,882,909

## 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.

	2019	2018
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## 19.7 Principal actuarial assumption

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

### Financial assumptions

Discount rate used to Charge Interest Cost in statement of Profit or Loss	9.00%	7.25%
Discount rate used for year end obligation	14.25%	9.00%
Expected rate of increase in future salary	12.25%	7.00%

### Demographic assumptions

Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
Withdrawal rates	Age based	Age based
Retirement assumption	Age 60 years	Age 60 years

## 19.8 Sensitivity analysis of actuarial assumption

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

	Increase in assumption	Decrease in assumption
Discount rate	1,995,491	2,085,692
Expected rate of increase in future salaries	2,104,529	2,048,110

19.9 Expected gratuity expense for the year ending June 30, 2020 works out to Rs. 68,298,835.

	Number of years	
	2 years	5 years
19.10 Weighted average duration of the defined benefit obligation	2019 Rupees	2018 Rupees

## 20 DEFERRED TAXATION

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

### Taxable temporary differences (deferred tax liabilities)

Accelerated tax depreciation allowance	265,050,943	285,640,073
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### Deductible temporary differences (deferred tax assets)

Staff retirement benefits - gratuity	(26,258,592)	(21,762,303)
Unused tax credits - unabsorbed depreciation	(209,172,322)	(183,604,297)
	29,620,029	80,273,473

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.100.648 million (June 30, 2018 : Rs.194.596 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.

21.2 The company has issued post dated cheques amounting to Rs. 120.658 million in favour of SNGPL against court's order in which company is required to pay the bill @ US\$ 6.5/MMBTU and SNGPL is required to issue the the bill at sale price notified by Ogra and company is required to issue post dated cheques for the difference of both rates.

	2019 Rupees	2018 Rupees
<b>21.3 Contingencies</b>		
Bills discounted with recourse	168,675,261	271,036,960
Bank guarantees issued in the ordinary course of business	256,946,620	239,032,620
<b>21.4 Commitments</b>		
Letters of credit for capital expenditure	731,198,424	191,771,072
Letters of credit for raw material	189,189,678	38,210,394
Letters of credit for stores and spares	37,040,379	50,403,992

## 22 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019 Number of shares	2018 Number of shares		2019 Rupees	2018 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
13,706,260	6,979,754	Ordinary shares of Rs. 10 each allotted as fully paid bonus shares	137,062,600	69,797,540
<b>29,148,194</b>	<b>22,421,688</b>		<b>291,481,940</b>	<b>224,216,880</b>

22.1 Associated company, Din Leather (Pvt.) Limited held nil (June 30, 2018 : 7,260) ordinary shares of the company.

22.2 Associated company, Din Corporation (Pvt.) Limited held 817,531 (June 30, 2018 : nil) ordinary shares of the company.

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

22.4 The company has issued 6,726,506 (June 30, 2018 : Nil) ordinary shares of Rs.10 each during the year as fully paid bonus shares.

	Note	2019 Rupees	2018 Rupees
<b>23 RESERVES</b>			
General		400,000,000	400,000,000
Unappropriated profit		1,471,573,936	1,176,594,309
		<b>1,871,573,936</b>	<b>1,576,594,309</b>
<b>24 SALES - NET</b>			
<b>Export</b>			
Yarn - Direct export	24.1	965,496,439	1,117,849,961
Yarn - Indirect export		1,393,618,289	729,301,758
Waste and others		141,260,088	133,326,440
Rebate and duty draw back		1,437,851	21,573,151
<b>Total export sales</b>		<b>2,501,812,667</b>	<b>2,002,051,310</b>
<b>Local</b>			
Yarn		8,964,632,166	7,448,430,200
Raw Material		13,693,170	34,662,832
Waste and others		213,800,755	127,075,896
<b>Total local sales</b>		<b>9,192,126,091</b>	<b>7,610,168,928</b>
		<b>11,693,938,758</b>	<b>9,612,220,238</b>
<b>Sales Tax</b>		<b>3,373,904</b>	<b>2,825,357</b>
		<b>11,697,312,662</b>	<b>9,615,045,595</b>
Commission and claims		(133,456,920)	(133,030,613)
Sales Tax		(3,373,904)	(2,825,357)
		<b>11,560,481,838</b>	<b>9,479,189,625</b>

24.1 This includes net exchange gain amounting to Rs. 55,829,399 (June 30, 2018 : Rs. 43,831,956).

	Note	2019 Rupees	2018 Rupees
25 <b>COST OF SALES</b>			
Cost of goods manufactured	25.1	10,417,442,252	8,528,630,329
<b>Finished goods</b>			
Opening stock		308,255,654	451,525,541
Closing stock		(482,455,580)	(308,255,654)
		<u>10,243,242,326</u>	<u>8,671,900,216</u>
<b>25.1 Cost of goods manufactured</b>			
Raw material consumed	25.1.1	7,828,855,333	6,039,738,285
Cost of raw material sold		13,001,495	32,429,477
Packing material consumed		139,323,857	132,851,280
Stores and spares consumed		177,680,070	149,056,258
Salaries, wages and other benefits	25.1.2	832,609,101	760,333,558
Fuel and power		1,005,590,198	1,009,424,123
Insurance		23,416,370	14,945,654
Repairs and maintenance		28,775,064	25,819,524
Depreciation	5.1.1	369,794,876	327,605,045
Ijarah rentals	34	5,378,276	3,949,776
Vehicle running and maintenance		5,708,656	6,302,607
Fee and subscriptions		2,744,879	4,507,609
Books and periodicals		74,574	76,144
Postage and telephone		722,212	601,919
Travelling and conveyance		6,885,343	5,731,582
Legal and professional		449,326	200,000
Rent, rates and taxes		10,369,036	8,370,221
Other overheads		11,176,153	11,161,215
		<u>10,462,554,819</u>	<u>8,533,104,277</u>
<b>Work in process</b>			
Opening stock		118,665,350	114,191,402
Closing stock		(163,777,917)	(118,665,350)
		<u>(45,112,567)</u>	<u>(4,473,948)</u>
		<u>10,417,442,252</u>	<u>8,528,630,329</u>
<b>25.1.1 Raw material consumed</b>			
Opening stock		2,563,115,420	1,716,459,213
Purchases		7,792,109,637	6,670,949,992
		<u>10,355,225,057</u>	<u>8,387,409,205</u>
Closing stock		(2,792,521,183)	(2,563,115,420)
		<u>7,562,703,874</u>	<u>5,824,293,785</u>
Dyeing charges		279,152,954	247,873,977
Cost of raw material sold		(13,001,495)	(32,429,477)
		<u>7,828,855,333</u>	<u>6,039,738,285</u>

25.1.2 Salaries, wages & other benefits includes Rs. 49,174,989 (June 30, 2018 : Rs. 46,245,406) in respect of staff retirement benefits.

	Note	2019 Rupees	2018 Rupees
26 <b>DISTRIBUTION COST</b>			
Ocean freight		14,910,652	20,648,878
Air freight		444,750	1,641,034
Local freight		23,770,800	21,370,000
Clearing and forwarding		3,159,727	3,461,355
Export development surcharge		2,463,937	2,927,653
Others		1,156,423	1,597,334
Travelling expense		1,187,731	898,644
		<u>47,094,020</u>	<u>52,544,898</u>



	Note	2019 Rupees	2018 Rupees
<b>27 ADMINISTRATIVE EXPENSES</b>			
Directors' remuneration	33	32,765,000	29,085,000
Staff salaries and other benefits	27.1	88,489,523	82,884,344
Travelling and conveyance		4,278,922	1,810,408
Vehicle running and maintenance		2,231,532	1,938,912
Rent, rates and taxes		176,000	176,000
Electricity, gas and water		3,533,179	2,997,879
Printing and stationery		1,354,300	1,298,095
Fees, subscription and periodicals		9,245,880	5,973,929
Legal and professional		2,347,500	4,068,088
Repairs and maintenance		2,217,023	1,959,530
Postage and telephone		3,022,399	3,826,687
Entertainment		1,897,219	1,287,489
Advertisement		1,934,630	227,457
Depreciation	5.1.1	3,952,424	4,320,937
Ijarah rentals	34	1,060,674	579,238
Others		3,479,846	5,508,254
		<b>161,986,051</b>	<b>147,942,247</b>

27.1 Staff salaries and other benefits includes Rs. 6,289,023 (June 30, 2018 : Rs. 4,673,961) in respect of staff retirement benefits.

	Note	2019 Rupees	2018 Rupees
<b>28 OTHER OPERATING EXPENSES</b>			
Workers' profit participation fund	15.4	22,478,031	12,424,118
Workers' welfare fund		8,541,652	4,721,165
Loss on sale of property, plant and equipment	5.4	16,931,700	4,273,627
Donation	28.1	10,000,000	50,000
Auditors' remuneration	28.2	1,411,000	1,411,000
		<b>59,362,383</b>	<b>22,879,910</b>

28.1 The Donation of Rs. 10,000,000 (2018:Nil) is given to The Supreme Court Of Pakistan and The Prime Minister Of Pakistan Diamer-Bhasha and Mohmand Dams Fund

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

	Note	2019 Rupees	2018 Rupees
<b>28.2 Auditors' remuneration</b>			
Audit fee		1,211,000	1,211,000
Half yearly review fee		100,000	100,000
Tax services		100,000	100,000
		<b>1,411,000</b>	<b>1,411,000</b>
<b>29 FINANCE COST</b>			
Mark up / interest on			
Long term financing		138,865,980	104,469,121
Short term borrowings		471,379,761	233,531,656
Workers' profit participation fund	15.4	141,016	3,684
Bank charges and commission		20,365,349	14,698,448
		<b>630,752,106</b>	<b>352,702,909</b>
<b>30 OTHER INCOME</b>			
<i>From financial assets</i>			
Profit on savings account		21,339	3,509
Gain on translation of foreign currency account		474,655	114,118
		<b>495,994</b>	<b>117,627</b>
<b>31 TAXATION</b>			
<b>Provision / reversal for taxation</b>			
<b>Current Taxation:</b>			
Current		104,358,202	22,235,811
Prior		2,329,018	(111,632)
<b>Deferred taxation</b>			
Current year		(50,594,416)	64,876,521
Prior year - effect of change in tax rate		-	(551,178)
		<b>56,092,804</b>	<b>86,449,522</b>

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.

	2019 Rupees	2018 Rupees
<b>31.2 Relationship between income tax expense and accounting profit</b>		
Profit before taxation	418,540,946	231,337,072
Tax at the applicable rate of 29% (2018: 30%)	121,376,874	69,401,122
Prior year tax effect	2,329,018	(111,632)
Tax credit effect	34,484,567	92,129,221
Effect of income tax at lower rate	(102,097,655)	(74,969,189)
	56,092,804	86,449,522

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:

	2018 Rupees	2017 Rupees	2016 Rupees
Provision as per financial statements	22,235,811	28,568,653	51,690,967
Tax assessment	24,564,829	28,457,021	51,690,967

31.4 As per section 5(A) of the Income Tax Ordinance, 2001, tax at the rate of 5% shall be imposed on every public Company which derives profit for the year. However, this tax shall not apply in case of the Company which distributes at least 20 percentage of after tax profits within six months of the end of the tax year in the form of cash dividend. Liability in respect of such tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

	2019	2018
<b>Earning PER SHARE</b>		
<b>Basic earning per share</b>		
Profit for the year	Rupees	362,448,142
Weighted average number of ordinary shares outstanding during the year	Numbers	29,148,194
Earning per share - basic and diluted	Rupees	12.43

32.1 Weighted average number of shares in issue during comparative periods have been restated for the effect of bonus shares issued during current period.

32.2 There were no convertible dilutive potential ordinary shares in issue as at June 30, 2019 and June 30, 2018.

#### REMUNERATION TO DIRECTORS AND EXECUTIVES

	2019			2018		
	Chief Executive	Director	Executive	Chief Executive	Director	Executive
	Rupees			Rupees		
Managerial remuneration	13,200,000	16,500,000	46,065,978	13,200,000	13,200,000	52,356,231
Medical allowance	1,320,000	1,650,000	4,606,597	1,320,000	1,320,000	5,238,625
Bonus	--	-	1,542,032	-	-	-
Gratuity	-	-	1,549,025	-	-	2,882,217
Director Meeting Fee	-	95,000	-	-	45,000	-
	14,520,000	18,245,000	53,763,632	14,520,000	14,565,000	60,477,073
Number of persons	1	3	10	1	1	15

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 95,000 (2018: Rupees 45,000) was paid to the non-executive directors for attending meetings.

	2019 Rupees	2018 Rupees
<b>34 IJARAH</b>		
<b>Total future ijarah payment</b>		
Upto one year	6,957,422	4,169,543
Later than one year but not later than five years	9,335,445	3,145,662
	16,292,867	7,315,205

34.1 The total ijarah rentals due under the ijarah agreements aggregate Rs. 16.293 million (June 30, 2018 : Rs. 7.315 million) and are payable in equal monthly installments under various ijarah agreements, latest by 2022. 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. 2.361 million (June 30, 2018 : Rs. 1.196 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 36 and 08 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, trade deposits, other receivables and cash and bank balances. Out of total financial assets of Rs. 1,585.714 million (June 30, 2018 : Rs. 1,291.643 million), financial assets which are subject to credit risk aggregate to Rs. 1,561.398 million (June 30, 2018 : Rs. 1,254.817 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.

	2019 Rupees	2018 Rupees
Long term deposits	17,746,951	15,246,261
Trade debts	1,532,233,969	1,230,752,471
Trade Deposits	1,144,910	395,300
Other receivables	10,272,191	8,423,228
Cash and bank balances	24,315,539	36,825,820
	<b>1,585,713,560</b>	<b>1,291,643,080</b>

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:

	2019 Rupees	2018 Rupees
Domestic	1,318,201,899	1,127,317,702
Export	214,032,070	103,434,769
	<b>1,532,233,969</b>	<b>1,230,752,471</b>

The majority of exports of the company are made in Bangladesh, Taiwan, Turkey 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:

	2019 Rupees	2018 Rupees
Yarn	1,450,663,945	1,181,673,875
Services	34,781,449	34,086,594
Waste	45,480,753	14,972,002
Others	1,307,822	20,000
	<b>1,532,233,969</b>	<b>1,230,752,471</b>

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

	Gross debtors	
	2019	2018
	Rupees	
Not past due	717,737,070	476,383,459
Past due 0 - 30 days	405,888,715	459,150,304
Past due 31 - 90 days	369,407,060	248,691,427
Past due 90 days - 1 year	39,201,124	46,527,281
More than one year	-	-
	<b>1,532,233,969</b>	<b>1,230,752,471</b>

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

	Rating agency	Ratings		2019 Rupees	2018 Rupees
		Short term	Long term		
Allied Bank Ltd.	PACRA	A1+	AAA	9,216,976	25,347,242
Bank Alfalah Limited	PACRA	A1+	AA+	-	621,057
Bank Al-Habib Ltd.	PACRA	A1+	AA+	104,311	67,644
Dubai Islamic Bank Pakistan Ltd.	JCR-VIS	A-1+	AA	187,291	23,014
Habib Bank Ltd.	JCR-VIS	A-1+	AAA	6,002	6,002
Habib Metropolitan Bank Ltd.	PACRA	A1+	AA+	11,976,268	8,666,226
MCB Bank Ltd.	PACRA	A1+	AAA	962,688	964,024
Meezan Bank Ltd.	JCR-VIS	A-1+	AA+	1,783,817	1,129,824
National Bank of Pakistan	PACRA	A1+	AAA	77,399	-
Standard Chartered Bank (Pakistan) Ltd.	PACRA	A1+	AAA	787	787
				<b>24,315,539</b>	<b>36,825,820</b>

### 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.

2019						
	Carrying Amount	Contractual Cash flows	upto one year	one to two years	two to five years	More than five years
Rupees						
Non - derivative Financial liabilities						
Long term financing	2,721,564,858	3,172,843,443	624,091,884	554,886,490	1,171,361,966	822,503,103
Trade and other payables	3,035,622,157	3,035,622,157	3,035,622,157	-	-	-
Accrued mark up and interest	191,046,742	191,046,742	191,046,742	-	-	-
Short term borrowings	2,228,255,524	2,413,200,732	2,413,200,732	-	-	-
	8,176,489,281	8,812,713,074	6,263,961,515	554,886,490	1,171,361,966	822,503,103
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

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

### 35.3 Market risk

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

#### 35.3.1 Currency risk

##### Exposure to currency risk

The company is exposed to currency risk on trade debts, cash with banks, borrowing and import of raw material and stores that are denominated in a currency other than the respective functional currency of the company, primarily in US Dollar 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 2019	1,305,074	214,032,070
Cash with banks 2019	10,881	1,784,489
Trade debts 2018	852,016	103,434,769
Cash with banks 2018	9,311	1,130,321

The following significant exchange rates applied during the year.

	Average Rates		Reporting Date Rates	
	2019	2018	2019	2018
US Dollar to Rupee	142.70	113.10	164.00	121.40

##### 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.

	2019 Rupees	2018 Rupees
US Dollar	(10,701,603)	(5,171,738)

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:

	2019 Rupees	2018 Rupees
<b>Fixed rate instruments</b>		
Financial Liabilities	1,703,144,733	1,010,342,850
<b>Variable rate instruments</b>	34,846	32,917
Financial assets	5,477,128,256	5,165,194,871
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, 2018.

	Profit or Loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	Rupees			
Cash flow sensitivity - variable rate instruments 2019	(54,771,283)	54,771,283	-	-
Cash flow sensitivity - variable rate instruments 2018	(51,651,949)	51,651,949	-	-

### 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.

	2019 Rupees	2018 Rupees
<b>35.5 Off statement of financial position items</b>		
Bills discounted with recourse	168,675,261	271,036,960
Bank guarantees issued in ordinary course of business	256,946,620	239,032,620
Letters of credit for capital expenditure	731,198,424	191,771,072
Letters of credit for raw material	189,189,678	38,210,394
Letters of credit for stores and spares	37,040,379	50,403,992

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, 2018	1,031,769,837	2,861,317,496	2,314,512,037	6,207,599,370
<b>Changes from financing cash flows</b>				
Repayment of loan	-	-	(336,016,263)	(336,016,263)
Proceeds from long term loan		-	775,130,733	775,130,733
Payment/(repayment)-net	792,592,878	(307,520,721)	-	485,072,157
<b>Total changes from financing activities</b>	792,592,878	(307,520,721)	439,114,470	924,186,627
<b>Other changes-interest cost</b>				
Interest expense	164,195,056	307,184,705	138,865,980	610,245,741
Interest Paid	(112,948,256)	(277,882,864)	(122,140,755)	(512,971,875)
<b>Total loan related other changes</b>	51,246,800	29,301,841	16,725,225	97,273,866
<b>Balance as at June 30, 2019</b>	<b>1,875,609,515</b>	<b>2,583,098,616</b>	<b>2,770,351,732</b>	<b>7,229,059,863</b>



### 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.

		2019	2018
Borrowings	Rupees	4,949,820,382	3,361,336,548
Total equity	Rupees	2,163,055,876	1,800,811,189
Total capital employed	Rupees	7,112,876,258	5,162,147,737
Gearing ratio	Percentage	69.59	65.12

### 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.

	2019	2018
Total number of spindles installed	104,460	103,488
Total number of spindles worked	98,543	98,527
Number of shifts per day	3	3
Installed capacity converted into 20/1 count (Kgs.)	35,715,644	35,281,910
Actual production converted into 20/1 count (Kgs.)	35,416,177	32,134,108

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:

	2019 Rupees	2018 Rupees
Domestic sales	9,192,126,091	7,610,168,928
Export sales	2,501,812,667	2,002,051,310
	11,693,938,758	9,612,220,238

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	683,678,340	136,323,205	Letter of Credit
Turkey	19,878,487	10,664,933	Letter of Credit
Bangladesh	15,033,915	17,771,309	Letter of Credit
Italy	9,721,962	11,291,799	Letter of Credit
Taiwan	26,908,580	28,837,663	Letter of Credit
Vietnam	9,143,161	9,143,161	Letter of Credit
	764,364,445	214,032,070	

39.3 All non-current assets of the company as at June 30, 2019 are located in Pakistan.

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

#### 40 RELATED PARTIES

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

S No.	Name of Related Party	Relationship	No. of Shares	Percentage of Shareholding
1	MCB Bank Limited	Associated company	-	Nil
2	MCB Islamic Bank Limited	Associated company	-	Nil
3	Din Farm Products (Pvt.) Ltd.	Associated company	-	Nil
4	Din Leather (Pvt.) Ltd.	Associated company	-	Nil
5	Din Corporate (Pvt.) Ltd.	Associated company	817,531	2.80%
6	Shaikh Muhammad Tanveer	Director	1,914,056	6.57%
7	Shaikh Mohammad Naveed	Director	4,930,858	16.92%
8	Faisal Jawed	Director	1,918,479	6.58%

#### 40.2 Transactions with related parties

			2019 Rupees	2018 Rupees
<b>Transactions with related parties</b>		<b>Relationship</b>		
MCB Bank Limited	Deposits	Associated company	9,264	14,742
	Withdrawals		10,600	18,000
MCB Islamic Bank Limited	Deposits	Associated company	655,562,435	-
	Withdrawals		1,005,257,229	-
Din Farm Products (Pvt.) Ltd.	Purchase of fixed asset	Associated company	-	2,200,000
Din Leather (Pvt.) Ltd.	Reimbursement of expenses	Associated company	3,533,179	2,997,879
Din Industries Ltd.	Sale of Yarn	Associated company	6,679,939	-
Salaries and other short term employee benefits		Key management personnel	84,979,607	86,679,856
Staff retirement benefits		Key management personnel	1,549,025	2,882,217
<b>Balances Outstanding at the year end</b>		<b>Relationship</b>		
MCB Bank Limited		Associated company	962,688	964,024
MCB Islamic Bank Limited		Associated company	349,694,794	-
Din Farm Products (Pvt.) Ltd.		Associated company	-	-
Din Leather (Pvt.) Ltd.		Associated company	384,077	286,863
Din Industries Ltd.		Associated company	529,939	-

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

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

There are no transactions with key management personnel other than under their terms of employments / entitlements. 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	2019		2018	
		Carried under		Carried under	
		Non-Shariah arrangements	Shariah arrangements	Non-Shariah arrangements	Shariah arrangements
.....Rs.....					
Assets					
Loans and advances					
Advance to employees against wages	10	-	5,436,970	-	5,823,085
Advance to employees against expenses	10	-	6,913,992	-	659,491
Advances to supplier	10	-	56,200,254	-	49,257,085
Others	10	-	4,759	-	29,273
Advance against letter of credit	10	-	275,032,767	-	1,232,277
Deposits					
Long term deposits	6	-	17,746,951	-	15,246,261
Trade deposits	11	-	1,144,910	-	395,300
Bank balances	14	34,846	24,280,693	32,917	36,792,903
Liabilities					
Loan and advances					
Long term financing	18	1,097,374,000	1,624,190,858	1,010,342,850	1,272,107,538
Short term borrowings - Secured	17	1,875,609,515	352,646,009	1,031,769,837	47,116,323
Murahaba	15.1	-	2,230,452,607	-	2,814,201,173
Advances from customers	15	-	8,464,880	-	15,813,884
Payable to associated companies	15.5	-	384,077	-	286,863
Income					
Profit on savings account	30	21,339	-	3,509	-
		Note	2019 Rupees	2018 Rupees	

#### 41.2 Sources of other income

Profit on savings account	30	21,339	3,509
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#### 41.3 Exchange gain

Gain on translation of foreign currency account	24.1&30	56,304,054	43,946,074
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#### 41.4 Relationship with banks

Name	Relationship	
	Non Islamic window operation	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	✓	×
MCB Islamic Bank Ltd	×	✓
Meezan Bank Ltd.	×	✓
National Bank Of Pakistan	✓	×
Standard Chartered Bank (Pakistan) Ltd	✓	×

#### 42 NUMBER OF EMPLOYEES

	2019	2018
Total number of employees as at year end	2,632	2,586
Average number of employees during the year	2,609	2,552
Total number of factory employees as at year end	2,549	2,509
Average number of factory employees during the year	2,529	2,474

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

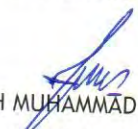
- 43.1 The Board of Directors proposed a final cash dividend for the year ended June 30, 2019 of Rs. 2.50 per share (2018: Nil) amounting to Rs. 72.870 million (2018: Rs. Nil).
- 43.2 Board of Directors proposed to increase Authorized Share Capital of the company, from PKR 771,000,000/-, divided into 77,100,000 ordinary shares of PKR 10/- each, up to PKR 2,000,000,000/- divided into 200,000,000 ordinary shares of PKR 10/- each, by creation of 122,900,000 additional ordinary shares of PKR 10/-each, to rank Pari passu in every respect with the existing ordinary shares of the company.


44 **CORRESPONDING FIGURES**


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

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 MUHAMMAD TANVEER  
Chief Executive

  
FARHAD SHAIKH MOHAMMAD  
Director

  
SHAUKAT HUSSAIN  
Chief Financial Officer

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

**The Chief Executive**  
**Din Textile Mills Limited**  
**Karachi**

Dear Sir,

**1. Introduction**

We have been engaged to perform a reasonable assurance engagement on the annexed "Statement of Free Float of Shares (the 'Statement') of **Din Textile Mills Limited** (the Company) as of September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019.

**2. Applicable Criteria**

The criteria against which the Statement is assessed is Regulation No.5.7.2(c)(ii) of Pakistan Stock Exchange Limited Regulations (PSX Regulations) which requires every listed company/modaraba/mutual fund to submit directly to Pakistan Stock Exchange (PSX) an annual Free-Float Certificate duly verified by the auditor along with the annual audited accounts as prescribed under regulation 5.6.4(a) of the PSX Regulations.

**3. Management's Responsibility for the Statement/s**

Management is responsible for the preparation of the Statement as of September 30, 2018, December 31, 2018, March 31, 2019 and June 30, 2019 and in accordance with the applicable criteria. This responsibility includes maintaining adequate records and internal controls as determined necessary to enable the preparation of the Statement/s such that it is free from material misstatement, whether due to fraud or error.

**4. Our Independence and Quality Control**

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

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

**5. Our responsibility and summary of the work performed**

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

NZM





We conducted our reasonable assurance engagement in Accordance with International Standard on Assurance Engagements 3000 (Revised). "Assurance Engagements other than audits or reviews of historical financial statements" (ISAE 3000) (Revised) issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable level of assurance about whether the Statement is free from material misstatement.

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

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

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

**6. Opinion**

In our opinion, the Statement as of September 30,2018, December 31,2018, March 31,2019 and June 30, 2019 is prepared, in all material respects. In accordance with the PSX Regulations.

**7. Restriction on use and distribution**

This report is issued in relation to the requirements as stipulated under Regulation No.5.7.2(c)(ii) of the PSX Regulations and is not to be used or distributed for any other purpose. This report is restricted to the facts stated herein and the attachments.

  
Naveed Zafar Ashfaq Jaffery & Co,  
Chartered Accountants

Karachi

Dated : October 03, 2019



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

	Quarter-1 Sept. 30, 2018	Quarter-2 Dec. 31, 2018	Quarter-3 Mar. 31, 2019	Quarter-4 June 30, 2019
Total Outstanding Shares	22,421,688	29,148,194	29,148,194	29,148,194
Less: Government holdings	-	-	-	-
Less: Shares held by Directors/Sponsors/Seniors Management Officers and their associates	18,914,144	24,588,382	27,035,978	27,043,814
Less: Shares in Physical Form	309,940	402,931	402,931	401,559
Less: Share held by Associate Companies / Group Companies (Cross holdings)	7,260	9,438	824,969	817,531
Less : Shares issued under Employees Stock Option Schemes that cannot be sold in the open market in normal course	-	-	-	-
Less: Treasury shares	-	-	-	-
Less: Any other category that are barred from selling at the review date	-	-	-	-
	19,231,344	25,000,751	28,263,878	28,262,904
<b>Free float</b>	<b>3,190,344</b>	<b>4,147,443</b>	<b>884,316</b>	<b>885,290</b>

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

  
Company Secretary



  
Chief Executive



**Note:**

“Sponsors” has the same meaning as defined in the Companies (Issue of Capital) Rules, 1996  
“Senior Management Officers” and “Associates” have the same meaning as defined in the Securities Act, 2015.

**Din Textile Mills Ltd.**

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