

Company profile

Board of Directors

- | | |
|------------------------------------|---|
| 1. Mian Mohammad Ahmed
Chairman | 2. Mr. Shahzad Ahmed
Chief Executive |
| 3. Mian Riaz Ahmed | 4. Mr. Naveed Ahmed |
| 5. Mr. Imran Ahmed | 6. Mr. Kashif Riaz |
| 7. Mr. Irfan Ahmed | 8. Mr. Shafqat Masood |
| 9. Mr. Shahwaiz Ahmad | 10. Mr. Farooq Hassan
(Nominee NIT) |

Audit committee

1. Mian Riaz Ahmed (Chairman)
2. Mr. Kashif Riaz (Member)
3. Mr. Irfan Ahmed (Member)

Chief financial officer

Mr. Arif Abdul Majeed

Company secretary

Mr. Ahmed Faheem Niazi

Registered office

Office # 508. Tel. 111 - 404 - 404
5th floor, Beaumont Plaza, Fax. 35693593 - 94
Civil Lines Quarters, Karachi.

Website

www.indus-group.com/web/download.htm

Auditors

M/s Yousuf Adil Saleem & Co.
Chartered Accountants

Registrar & Share Transfer Office

Corporate Support Services (Pvt) Ltd.,
407-408, Al - Aameera Center, Tel. 35662023 - 24
Shahrah-e-Iqbal, Saddar, Karachi. Fax. 35221192

Factory location

1. P1 S.I.T.E. Tel. 0223 - 880219 & 252
Hyderabad, Sindh.
2. Plot # 3 & 7, Sector - 25, Tel. 021- 35061577 - 9
Korangi Industrial Area, Karachi.
3. Muzaffergarh, Bagga Sher, Tel. 0662 - 490202 - 205
District Multan.

Directors' Report

Dear Shareholders,

We are pleased to present the first quarterly (un-audited) accounts for the period ended September 30, 2011. Your company earned a pretax profit of **Rs. 340,212 million** and after tax profit of **Rs. 313,239 million**. Earning per share is **Rs. 17.33** (par value Rs. 10/= per share)

By the grace of God your company earned handsome profits during the three months period in spite of wide fluctuation in cotton prices. Timely procurement of raw material helped the company to achieve these good results.

Your management is trying its best to get better results in future. Our main focus will be intensive cost controls, marketing of specialized yarn and procurement of raw materials at best prices.

In order to fully utilize the business potential we are continuing BMR plan to get optimum results.

Keeping in view the good profits the management is pleased to announce 50% cash dividend i.e. Rs. 5.00 per share.

We further state that :

- a The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flow & changes in equity.
- b Proper books of accounts have been maintained.
- c Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d International Accounting Standards, as applicable in Pakistan have been followed in preparation of these financial statements.
- e There are no significant doubts upon the company's ability to continue as a going concern.
- f Internal auditor is continuously reviewing the existing system of internal control and other procedures. The process of review will continue and any weakness in controls will have immediate attention of the management.
- g There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

I would like to thank to the employees of the Company for their hard work and Company's Bankers for their co-operation.

Karachi : the 28th October, 2011

For and behalf of Board
Shahzad Ahmad
Chief Executive Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED.

Balance sheet (un - audited)

For the first quarter ended September 30, 2011.

	<u>Un-audited</u> Sept - 2011	<u>Audited</u> Jun - 2011
	<u>Rupees in ('000')</u>	
Share capital		
Authorized capital	<u>450,000</u>	<u>450,000</u>
45,000,000 Ordinary shares of Rs. 10 / = each		
Issued, subscribed and paid up 18,073,732		
Ordinary shares of Rs. 10 / = each fully paid in cash	180,737	180,737
Right share premium	10,920	10,920
Reserves	4,000,000	4,000,000
Merger reserve	11,512	11,512
Un-appropriated profit	2,374,278	2,060,377
	6,577,447	6,263,546
Non current liabilities		
Long term financing	395,893	259,614
Liabilities against assets subject to finance lease	5,788	6,889
Deferred liabilities	285,110	293,066
	686,790	559,569
Current liabilities		
Trade & other payables	544,202	502,598
Interest / mark-up payable	8,933	25,026
Short term borrowings	118,881	483,957
Current portion of long term financing	111,913	50,405
Against assets subject to finance lease.	4,183	24,966
Taxation - income tax (net)	-	-
	788,111	1,086,952
Total Rupees	<u>8,052,349</u>	<u>7,910,067</u>

Karachi : the 28th October, 2011

The annexed notes from 1 to 11 form an integral part of these financial statements.

	<u>Un-audited</u> Sept - 2011	<u>Audited</u> Jun - 2011
	<u>Rupees in ('000')</u>	
Fixed assets		
Property, plants & equipments	2,929,302	2,754,464
Assets subject to finance lease	14,171	36,082
Capital work in progress	64730.419	9,815
	3,008,204	2,800,361
Long term investment	1,499,805	1,513,134
Long term deposits	3,622	3,307
Current assets		
Stores,spares and loose tools	169,764	151,906
Stock - in - trade	1,115,481	2,013,128
Trade debts	1,213,413	1,195,625
Loans & advances	91,861	95,215
Trade deposits and short term prepayments	16,293	3,519
Other receivables	6,928	10,281
Other financial assets	841,175	14,321
Tax refunds	21,929	27,362
Cash & bank balances	63,873	81,908
	3,540,717	3,593,265
Total Rupees	<u>8,052,349</u>	<u>7,910,067</u>

Chief Executive Officer

Director

Indus Dyeing & Manufacturing Company Limited.
Profit and loss account (un - audited)
For the three months period ended September 30, 2011.

<u>Continuing operations</u>	<u>Three months period ended</u>	
	<u>Jul, 11 - Sept, 11</u>	<u>Jul, 10 - Sept, 10</u>
	<u>Rs in (000)</u>	
Sales (net)	3,759,688	3,425,233
Cost of sales Note - 5	(3,286,711)	(2,666,112)
Gross profit	472,976	759,121
Other operating income	15,717	405
	488,693	759,526
Distribution cost	(73,471)	(44,546)
Administrative expense	(30,040)	(27,498)
Financial cost	(10,941)	(48,427)
Other operating expenses	(20,038)	(45,135)
Share of profit / (loss) from associate - net of tax	9,497	27,511
Share of profit / (loss) from joint venture - net of tax	(23,488)	(73,943)
	(148,481)	(212,038)
Profit before taxation	340,212	547,488
Provision for Taxation		
Current	(41,803)	(80,922)
Deferred	14,830	38,486
	(26,973)	(42,436)
Profit for the period	313,239	505,052
Earning per share - Basic and diluted	17.33	27.94

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chief Executive Officer

Director

Indus Dyeing & Manufacturing Company Limited.
Condensed cash flow statement (un - audited)
For the three months period ended September 30, 2011.

	Three months period ended	
	Jul,11 - Sept- 11	Jul,10 - Sept- 10
	Rs in (000)	
(A) Cash flows from operating activities :		
Net profit before taxation	340,212	547,488
Adjustments for		
Depreciation	65,442	67,536
Provision for gratuity	13,300	6,400
Fair value (gain) / loss on other financial assets	(6,586)	(4,010)
(Profit) / loss on disposal of property, plant and equipment	(161)	(2)
Finance cost	10,941	48,427
Dividend income	(299)	(1,115)
Share of (profit) / loss from associate	(9,497)	73,943
Share of (profit) / loss from Joint Venture	23,488	(27,511)
	96,628	163,668
Operating profit before working capital changes	436,841	711,156
Working capital changes.		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(17,858)	(1,928)
Stock in trade	897,647	231,491
Trade debts	(16,200)	(344,720)
Loans and advances	(9,025)	(77,167)
Trade deposits and short - term payments	(12,774)	(14,104)
Tax refundable	5,433	-
Other receivables	3,353	581
(Decrease) / increase in current liabilities trade and other payables	41,603	51,582
	892,179	(154,265)
Cash generated from / (used in) operations	1,329,020	556,891
Income taxes paid - net	(52,803)	(53,542)
Finance cost paid	(27,035)	(51,837)
Gratuity paid	(6,427)	(2,844)
Net cash used in operating activities	1,242,755	448,668

Indus Dyeing & Manufacturing Company Limited.
Condensed interim statement of comprehensive income (un - audited)
For the three months period ended September 30, 2011

	<u>Three months period ended</u>	
	<u>Jul,11 - Sept- 11</u>	<u>Jul,10 - Sept- 10</u>
	<u>Rs in (000)</u>	
Profit for the period (net of tax)	313,239	505,052
Other comprehensive income		
Share of associate transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax.	662	657
Total comprehensive income for the period (net of tax)	<u><u>313,901</u></u>	<u><u>505,709</u></u>

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chief Executive Officer

Indus Dyeing & Manufacturing Company Limited.
Condensed statement of changes in equity (un - audited)
For the three months period ended September 30, 2011

	Shares capital	Share premium	Merger reserve	General reserve	Accumulated profit	Total
Rupees in (' 000 ')						
Balance as on July 01, 2010	180,737	10,920	11,512	3,000,000	1,107,225	4,310,394
Profit for the year ended June 30, 2011.	-	-	-	-	2,131,260	2,131,260
Other comprehensive income :						
Share of associate transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred tax.	-	-	-	-	2,630	2,630
Final cash dividend for the year ended June 30, 2010 @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
Interim cash dividend for the period ended						
December 31, 2010 @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Balance as at June 30, 2011	180,737	10,920	11,512	4,000,000	2,060,377	6,263,546
Profit for the first quarter ended Sept 30, 2011.	-	-	-	-	313,239	313,239
Total comprehensive income						
Share of associate transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred tax.	-	-	-	-	662	662
Balance as at Sept 30, 2011	180,737	10,920	11,512	4,000,000	2,374,278	6,577,447

The annexed notes from 1 to 11 form an integral part of these financial statements.

Chief Executive Officer

Director

Indus Dyeing and Manufacturing Co. Limited
Selected explanatory notes to the account (un - audited)
For the three months period ended September 30, 2011

1. General information :

1.1 Legal status and nature of business

Indus Dyeing & Manufacturing Co. Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited Company under the Companies Act 1913 since repealed and replaced by the by the Companies Ordinance, 1984. Registered office of the Company is situated at Office No. 508, 5th, floor, Beaumont Plaza, Civil Lines, Karachi. The Company is currently listed on Karachi Stock Exchange (Guarantee) Ltd. The principal activity of the company is to manufacture and sale of yarn. The manufacturing facilities of the Company are located in Karachi, Hyderabad and Muzaffargarh, District Multan. The Company is also operating three ginning units including two on leasing arrangements and two ice factories on leasing arrangements in District Multan. The Company has also made investment in a joint venture, Indus Home Limited

1.2 These condensed un-audited interim financial information are presented in Pak Rupees, which is the Company's functional and presentation currency.

1.3 These condensed un-audited interim financial information have been prepared under the "historical cost convention" as modified by :

- recognition of certain employee retirement benefits at present value.
- certain financial instruments at fair value.
- investment in associate and investment in joint venture under equity method.

- 1.4** These condensed un-audited interim financial information have been prepared in accordance with the International Financial Reporting Standards (IAS) 34. Interim Financial Reporting and in compliance with requirement of section 245 of the Companies Ordinance, 1984 and the Listing Regulations of the Karachi Stock Exchange. Review of these interim financial information have been performed by the internal auditors of the company.
- 1.5** The accounting convention, policies and methods of computation followed in the preparation of these condensed interim financial statements are the same as those of the published annual financial statements for the year ended June 30, 2011.
- 1.6** In preparing this interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to financial statements as at and for the year ended June 30, 2011.

	<u>Sept - 2011</u>	<u>June - 2011</u>
	<u>Rupees in (' 000 ')</u>	
2. Contingencies and commitments.		
2.1 Contingencies		
Claim of arrears of Social Security Contribution not acknowledged, appeal is pending in The Honorable High Court of Sindh.	453	453
Guarantees issued by banks on behalf of the company.	163,274	182,674
	<u>163,727</u>	<u>183,127</u>
2.2 Commitments		
Letter of credit:		
Raw material, stores & spares, plant and equipment	1,790,532	1,139,078
Civil work contracts	100,117	100,117
US dollar forwards contracts	1,078,397	991,496
	<u>2,969,046</u>	<u>2,230,691</u>

3. Acquisition and disposal of property, plants and machinery

	<u>September 30, 2011</u>			
	<u>Acquisition</u>	<u>Transfer</u>	<u>Disposal</u>	<u>Sale</u>
			<u>W.d.v.</u>	<u>proceed</u>
	<u>Rupees in (' 000 ')</u>			
Mill building	381	-	-	-
Plant and machinery	173,871	25,202	-	-
Factory equipment	-	-	(188)	190
Power generator	35,929	-	(482)	580
Office equipment	-	-	(284)	280
Vehicles	8,926	-	(69)	200
	<u>219,108</u>	<u>25,202</u>	<u>(1,022)</u>	<u>1,250</u>

	<u>Sept - 2011</u>	<u>June - 2011</u>
	<u>Rupees in (' 000 ')</u>	
4. Long term investment		
4.1 Investment in associate	308,776	298,617
4.2 Investment in joint venture	1,191,029	1,214,517
	<u>1,499,805</u>	<u>1,513,134</u>
4.1 Investment in associate- Sunrays Textile Mills Ltd.		
Cost	42,382	42,382
Share of post acquisition		
Opening	256,235	200,826
Dividend received		(5,086)
Profit from revaluation	662	2,630
Share of profit	9,497	57,865
	<u>308,776</u>	<u>298,617</u>
Number of shares held	1,695,290	1,695,290
Cost of investment	42,382	42,382
Ownership interest	24.57%	24.57%
Market value	<u>61,420</u>	<u>56,504</u>
4.2 Investment in joint venture - Indus Home Limited.		
Cost	750,000	750,000
Share of post acquisition		
Opening	464,517	415,996
Share of profit / (loss)	(23,488)	48,521
	<u>1,191,029</u>	<u>1,214,517</u>
Ownership interest	<u>49.99%</u>	<u>49.99%</u>

Three months period ended

Jul,11 - Sep- 11 Jul,10 - Sep- 10
Rs in (000)

5. Cost of goods sold

Raw material consumed	2,763,393	2,303,923
Manufacturing expenses 5.1	498,645	443,231
Outside purchases	30,464	-
	3,292,502	2,747,154

Work in process

Opening stock	250,719	121,321
Closing stock	(243,120)	(161,587)
	7,599	(40,266)

Cost of goods manufactured 3,300,100 2,706,888

Finished goods

Opening stock	306,960	216,580
Closing stock	(320,349)	(257,356)
	(13,389)	(40,776)
	3,286,711	2,666,112

Raw material consumed

Opening stock	1,304,277	1,128,435
Purchases - net	1,983,608	2,063,183
Closing stock	(524,492)	(887,695)
	2,763,393	2,303,923

5.1 Manufacturing expenses

Salaries, wages & benefits	133,384	119,235
Stores and spare consumed	73,228	60,234
Packing material consumed	51,104	40,274
Other over heads	8,664	2,010
Fuel & power	164,245	149,379
Insurance	3,105	2,903
Repairs & maintenance	825	2,706
Rent rates and taxes	585	997
Depreciation	63,504	65,493
	498,645	443,231

6. **Aggregate transaction with related parties :**

	<u>Sept-11</u>	<u>Sept-10</u>
	(Rupees in ' 000 ')	

The related parties comprised of associated companies, directors and key management personnel. Transactions with related parties are as follows:-

Associates:

Sale of yarn / waste	6,655	-
Purchase of yarn	30,464	-

Joint Venture:

Sale of yarn	169,442	109,165
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7. **Financial risk management :**

The Company's financial risk management objectives and policies are consistent with that disclosed in the financial statements as at and for the year ended June 30, 2011.

8. Allocation to taxation, WPPF and WWF is provisional. Final liability will be determined on the basis of annual results.

9. **Non-adjusting event after the balance sheet date :**

In respect of the current period, the directors approved to pay cash dividend of Rs. 90,369 million i.e. Rs. 5.00 per ordinary share of Rs. 10.00 each and has not been included as a liability in these financial statements. This will be accounted for subsequently in the period of payment.

10. **Approval of financial statements :**

These financial statements were authorized for issue on 28th October, 2011 by the Board of Directors of the company.

11. **Figures :**

Figures have been rounded off to the nearest thousand of Rupees.

Chief Executive Officer

Director