

**INDUS DYEING & MANUFACTURING
COMPANY LIMITED**

**JULY 01, 2012
to
SEPTEMBER 30, 2012
(Un - audited)**

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Company profile

Board of Directors

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|------------------------------------|--|
| 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 NII) |

Audit committee

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

Company secretary

Mr. Ahmed Faheem Niazi

Chief financial officer

Mr. Arif Abdul Majeed

Chief Internal Auditor

Mr. Yaseen Hamidia

Registered office

Office # 508.
5th floor, Beaumont Plaza,
Civil Lines Quarters, Karachi.

Tel. 111 - 404 - 404

Fax. 35693593 - 94

Symbol of the company

IDYM

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 - Ameera Center,
Shahrah-e-Iqbal, Saddar, Karachi.

Tel. 35662023 - 24

Fax. 35221192

Factory location

- | | |
|---|--------------------------|
| 1. P 1 S.I.T.E.
Hyderabad, Sindh. | Tel. 0223 - 880219 & 252 |
| 2. Plot # 3 & 7, Sector - 25,
Korangi Industrial Area, Karachi. | Tel. 021- 35061577 - 9 |
| 3. Muzaffargarh, Bagga Sher,
District Multan. | Tel. 0662 - 490202 - 205 |
| 4. Indus Lylpur Limited.
38th Kilometer, Shaikhupura Road,
District Faisalabad. | Tel. 041 - 4689235 - 6 |

Directors' Report

Dear Shareholders,

We are pleased to present the first quarterly (un-audited) consolidated accounts for the period ended September 30, 2012. Your company earned a pretax profit of **Rs. 524.523 million** and after tax profit of **Rs. 485.174 million**. Earning per share is **Rs. 26.84** (par value Rs. 10/= per share)

By the grace of God your company earned handsome profits during the period in spite of fuel price increase. Better cost control measures and timely procurement of raw material helped the company to achieve these good results.

Your management is trying hard to remain competitive and get better results in coming quarter, through raw material purchases, marketing strategies, intensive cost control and focusing on specialized and value added products.

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

We further state that :

The financial statements prepared by the management, present fairly its state of affairs, the result of its operations, cash flow & changes in equity.

Proper books of accounts have been maintained.

Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

International Accounting Standards, as applicable in Pakistan have been followed in preparation of these financial statements.

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

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.

There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

The labour management relations remained cordial and we would like to thanks to the employees of the Company for their hard work and Company's Bankers for their co-operation.

Karachi : the 31st Oct, 2012

For and behalf of Board
Shahzad Ahmad
Chief Executive Officer

INDUS DYEING & MANUFACTURING CO. LIMITED
CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2012

	<u>Un-audited</u> Sept - 2012	<u>Audited</u> Jun - 2012
----- Rupees in '000 -----		
Share capital		
Authorized capital		
45,000,000 ordinary shares of Rs. 10 each	450,000	450,000
Issued, subscribed and paid up capital - 18,073,731 ordinary shares of Rs. 10 each fully paid in cash	180,737	180,737
Share premium	10,920	10,920
General reserve	5,000,000	5,000,000
Merger reserve	11,512	11,512
Un-appropriated profit	2,245,444	1,861,555
	7,448,613	7,064,724
Non-current liabilities		
Long-term financing	878,986	890,712
Liabilities against assets subject to finance lease	979	2,231
Deferred liabilities	304,776	295,042
	1,184,741	1,187,985
Current liabilities		
Trade and other payables	551,943	492,383
Interest / mark-up payable	27,625	24,978
Short-term borrowings	820,485	1,390,109
Current portion of : long-term financing	171,469	90,883
lease liabilities	4,784	4,637
	1,576,306	2,002,990
Total Rupees	10,209,660	10,255,699

	<u>Un-audited</u> Sept - 2012	<u>Audited</u> Jun - 2012
----- Rupees in '000 -----		
Fixed assets		
Property, plant and equipment	3,925,662	3,868,703
Capital work in progress	23,425	69,312
Assets subject to finance lease	12,754	13,081
	3,961,841	3,951,096
Long-term investments	2,370,852	2,370,852
Long-term deposits	3,623	3,623
	2,374,475	2,374,475
Current assets		
Stores, spares and loose tools	174,609	165,735
Stock-in-trade	2,452,267	2,622,335
Trade debts	970,815	773,638
Loans and advances	77,638	85,133
Trade deposits and short-term prepayments	11,069	1,550
Other receivables	20,792	12,436
Other financial assets	10,436	12,437
Tax refundable	123,196	99,236
Cash and bank balances	32,522	157,628
	3,873,344	3,930,128
Total Rupees	10,209,660	10,255,699

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

INDUS DYEING & MANUFACTURING CO. LTD.
CONDENSED INTERIM
PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012

Three month period ended

Jul, 12 - Sep, 12 Jul, 11 - Sep, 11

----- Rupees in '000 -----

Sales (net)		4,231,326	3,759,688
Cost of goods sold	Note - 8	(3,593,355)	(3,286,711)
Gross profit		637,971	472,977
Other operating income / (loss)		4,660	15,717
		642,631	488,694
Distribution cost		(95,697)	(73,472)
Administrative expense		(45,932)	(30,040)
Other operating expenses		(28,742)	(20,038)
Finance cost		(53,420)	(10,941)
Share of profit from an associate		-	9,497
Share of profit from a joint venture		-	(23,488)
		(223,791)	(148,482)
Profit before taxation		418,840	340,212
Provision for Taxation			
Current year		(42,703)	(41,803)
Deferred		7,752	14,830
		(34,951)	(26,973)
Profit for the period		383,889	313,239
Earning per share - Basic and diluted		21.24	17.33

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

INDUS DYEING & MANUFACTURING CO. LIMITED
CONDENSED INTERIM
STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012.

	<u>Three month period ended</u>	
	<u>Jul,12 - Sep- 12</u>	<u>Jul,11 - Sep- 11</u>
	----- Rupees in '000 -----	
Profit for the period	383,889	313,239
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
Total comprehensive income for the period	383,889	313,901

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

INDUS DYEING & MANUFACTURING CO. LTD.
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012.

	Share capital	Share premium	Merger reserve	General reserve	Un- appropriated profit	Total
	----- Rupees in '000 -----					
Balance as on July 01, 2011	180,737	10,920	11,512	4,000,000	2,060,377	6,263,546
Profit for the year ended June 30,12	-	-	-	-	1,252,047	1,252,047
Total comprehensive income						
Share of associate transfer from surplus on revaluation of property, plant & equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	974	974
Final cash dividend for the year ended June 30, 2011 @ Re. 10 per share	-	-	-	-	(180,737)	(180,737)
Interim cash dividend for the year ended September 30, 2011 @ Re. 5 per share	-	-	-	-	(90,369)	(90,369)
Interim cash dividend for the year ended March 31, 2012 @ Re. 10 per share	-	-	-	-	(180,737)	(180,737)
Transfer to general reserve	-	-	-	1,000,000	(1,000,000)	-
Balance as at June 30, 2012	180,737	10,920	11,512	5,000,000	1,861,555	7,064,724
Total comprehensive income						
Profit for the first quarter Sept 30, 2012.	-	-	-	-	383,889	383,889
Balance as at September 30, 2012	180,737	10,920	11,512	5,000,000	2,245,444	7,448,613

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief Executive Officer

Director

INDUS DYEING & MANUFACTURING CO. LTD.
CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012.

	<u>Jul,12 - Sep- 12</u>	<u>Jul,11 - Sep- 11</u>
	----- Rupees in '000 -----	
<u>(A) Cash flows from operating activities :</u>		
Net profit before taxation	418,840	340,212
<u>Adjustments for:</u>		
Depreciation	93,062	65,442
Provision for gratuity	20,917	13,300
Gain on disposal of other financial - assets	-	(6,586)
Realized loss / (gain) on derivative - financial instruments	4,414	-
(Gain) / loss on disposal of property, - plant and equipment	(44)	(161)
Finance cost	53,420	10,941
Dividend income	(292)	(299)
Share of profit from associate	-	(9,497)
Share of profit from Joint Venture	-	23,488
	171,477	96,628
Cash generated before working - capital changes	590,317	436,840
<u>Working capital changes:</u>		
<u>(Increase) / decrease in current assets</u>		
Stores, spares and loose tools	(8,874)	(17,858)
Stock-in-trade	170,068	897,647
Trade debts	(197,177)	(16,200)
Loans and advances	15,054	(9,025)
Trade deposits and short-term payments	(9,519)	(12,774)
Tax refundable	(23,960)	5,433
Other receivables	(8,356)	3,353
Other financial assets	2,001	-
<u>(Decrease) / increase in current liabilities</u>		
Trade and other payables	88,318	41,603
	27,555	892,179
Cash generated used in operations	617,872	1,329,019
Income taxes paid - net	(101,518)	(52,803)
Finance cost paid	(50,773)	(27,035)
Gratuity paid	(3,432)	(6,427)
Net cash used in operating activities	462,149	1,242,754
<u>(B) Cash flows from investing activities :</u>		
Purchase of property, plant and equipment	(150,143)	(284,121)
Capital work in progress	45,886	-
Proceeds from disposal of property, - plant and equipment	541	1,250
Purchase of other financial assets	38,059	(822,200)
Proceeds from disposal of other financial - assets	-	-
Dividend received	292	299
Long-term deposits	-	(315)
Net cash used in investing activities	(65,365)	(1,105,087)

Jul,12 - Sep- 12 Jul,11 - Sep- 11

----- Rupees in '000 -----

(C) Cash flows from financing activities :

Long-term financing acquired	78,000	361,157
Repayment of long-term financing	(9,138)	(123,505)
Loans from directors obtained - net	(3,086)	-
Repayment of liabilities against - assets subject to finance lease	(1,105)	(21,884)
Short term borrowings - other than running finance	25,998	(273,685)
Dividend paid	(20,023)	-
Net cash generated from / (used in) - financing activities	70,646	(57,917)
Net decrease in cash and - cash equivalents (A + B + C)	467,430	79,750
Cash and cash equivalents at - the beginning of the period	(531,536)	(45,095)
Cash and cash equivalents at - the end of the period	(64,106)	34,655
Cash and cash equivalents at - the end of the period		
Cash and bank balances	32,522	63,873
Short-term borrowings - running finance	(96,628)	(29,218)
	(64,106)	34,655

The annexed notes from 1 to 12 form an integral part of this condensed interim financial information.

Chief executive Officer

Director

INDUS DYEING & MANUFACTURING CO. LIMITED
SELECTED EXPLANATORY NOTES
TO THE INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2012.

1. Status and nature of business

1.1 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 Companies Ordinance, 1984. Registered office of the holding company is situated at Office No. 508, 5th, floor, Beaumont Plaza, Civil Lines, Karachi. The holding company is currently listed on Karachi Stock Exchange (Guarantee) Ltd. The principal activity of the company is manufacturing and sale of yarn. The manufacturing facilities of the company are located in Karachi, Hyderabad and Muzaffargarh, District Multan. The holding 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 investments in a Joint Venture (Indus Home Limited) and in an Associate (Sunrays Textile Mills Limited). On January 31, 2012, the company acquired 100% shares of Indus Lyallpur Limited (formerly Mima Cotton Mills Limited).

2. Statement of Compliance

2.1 These condensed un-audited interim financial information has been prepared in accordance with the approved Financial Reporting Standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as notified under the provision of the Companies Ordinance 1984, The requirements of The Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984 and the said directives shall take precedence.

3. Basis of preparation

3.1 Accounting Conventions

This condensed un-audited interim financial information has 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.

3.2 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make estimates, assumptions and use of judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Estimates and judgments, if any, are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The areas where various assumptions and estimates are significant to the financial statements or where judgment was exercised in application of accounting policies are as follows

:

- Provision of current tax and deferred tax
- Provision for staff retirement
- Useful lives and depreciation rates of property, plant and equipment
- Classification and impairment of investment
- Net realizable value of stock in trade
- Provision for impairment of trade debts and other receivable

This condensed un-audited interim financial information does not include all the information required for annual financial statements and therefore should be read in conjunction with the published annual financial statements of the company for the year ended June 30, 2012. The accounting policies and methods of computation followed in the preparation of this condensed interim financial information are the same as those used for the published annual financial statements for the year ended June 30, 2012.

In preparing this condensed interim financial information, 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 published financial statements as at and for the year ended June 30, 2012.

4. Financial risk management

The company's financial risk management objectives and policies are consistent with those disclosed in the published financial statements as at and for the year ended June 30, 2012.

FOLLOW SERIAL NUMBER

5. Contingencies and commitments

5.1 Earlier, under the Workers' Welfare fund Ordinance (the Ordinance), 1971, Workers Welfare Fund (WWF) was levied at 2% of the assessed income excluding income falling under the final Tax Regime (FTR). Through finance Act, 2008 an amendment was made in section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

5.2 In the year 2011, the Lahore High Court has struck down the aforementioned amendments to the WWF Ordinance. Further, the management also expects that decision of the petition of the similar case in the honorable High Court of Sindh on the subject will also support the companies of similar nature of business. The management is of the opinion that recording of WWF liability is no longer applicable to the Company as the total income of the Company falls under FTR. Accordingly no provision has been made for the current period in respect of WWF. The aggregate unrecognized amount of WWF as at June 30, 2012 amounted Rs. 69.3 million.

Sep - 2012 **June - 2012**
 ----- Rupees in '000 -----

5.3 Contingencies

Claim of arrears of Social Security Contribution not acknowledged, appeal is pending in The Honorable High Court of Sindh. The management is hopeful for favorable outcome.

453 453

5.4 Guarantees issued by banks on behalf of the company and outstanding

104,820 96,820

105,273 **97,273**

5.5 Commitments

Letters of credit:

Letter of credit for raw material 207,941 1,274,691

Letter of credit for stores and spares 28,736 20,585

Letter of credit for property, plant and equipment 138,111 153,470

Civil work contracts 8,250 17,532

Foreign currency forward contracts 238,985 385,900

622,023 **1,852,178**

6. Additions and disposal of property, plant and equipment

Sep 30,2012 **Sep 30,2011**

Additions **Disposal** **Additions** **Disposal**
cost **W.D.V.** **cost** **W.D.V.**

----- Rupees in '000 ----- Rupees in '000 -----

Mill building	-	-	381	-
Plant and machinery	134,157	-	199,074	-
Factory equipment	-	-	-	(188)
Power generator	5,350	-	35,929	(482)
Office equipment	-	-	-	(283)
Furniture and fixtures	1,292	-	-	-
Vehicles	9,344	(447)	8,926	(69)
	<u>150,143</u>	<u>(447)</u>	<u>244,310</u>	<u>(1,022)</u>

Sep - 2012 **June - 2012**

----- Rupees in '000 -----

7. Long-term investments

Investment in associate	7.1	332,768	332,768
Investment in joint venture	7.2	1,198,084	1,198,084
Investment in subsidiary		490,000	490,000
Advance against purchase of shares		350,000	350,000
		2,370,852	2,370,852

7.1 Investment in associate - Sunrays Textile Mills Limited

Cost	42,382	42,382
Share of post acquisition profit		
Opening	290,386	256,235
Dividend received	-	(5,086)
Share of associate reversal of deferred tax liability on account of incremental depreciation	-	974
Share of profit from associate	-	38,263
	290,386	290,386
	332,768	332,768
Number of shares held	1,695,290	1,695,290
Cost of investment (Rupees in '000')	42,382	42,382
Ownership interest	24.5694%	24.5694%
Market value (Rupees in '000')	117,721	54,249

7.2 Investment in joint venture - Indus Home Limited

Cost	750,000	750,000
Share of post acquisition profit		
Opening	448,084	464,517
Share of profit from the joint venture	-	(16,433)
	448,084	448,084
	1,198,084	1,198,084
Ownership interest	49.9900%	49.9900%

Three month period ended
Jul,12 - Sep,12 Jul,11 - Sep,11
 ----- Rupees in '000 -----

8. Cost of goods sold

Raw material consumed	2,892,749	2,763,393
Manufacturing expenses	622,865	498,644
Outside purchases	98,304	30,464
	3,613,918	3,292,501

Work in process

Opening stock	198,360	250,719
Closing stock	(217,052)	(243,120)
	(18,692)	7,599

Cost of goods manufactured

3,595,226 3,300,100

Finished goods

Opening stock	289,980	306,960
Closing stock	(291,851)	(320,349)
	(1,871)	(13,389)

3,593,355 3,286,711

8.1 Manufacturing expenses

Salaries, wages & benefits	176,621	133,385
Stores and spare consumed	82,224	73,228
Packing material consumed	62,177	51,104
Other overheads	2,965	8,664
Fuel & power	199,117	164,244
Insurance	5,703	3,105
Repairs & maintenance	4,128	825
Rent rates and taxes	1,036	585
Depreciation	88,894	63,504
	622,865	498,644

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

The related parties comprise of associate (Sunrays Textile Mills Limited), joint venture (Indus Home Limited). The company in the normal course of business carries out transactions with related parties.

	<u>Sep 30, 2012</u>	<u>Sep 30, 2011</u>
	----- Rupees in '000 -----	
9.1 <u>Transactions with related parties</u>		
<u>Associates:</u>		
Sale of yarn	-	6,655
Purchase of yarn	-	30,464
<u>Joint Venture:</u>		
Sale of yarn	25,084	169,442

10. Allocation to taxation and W.P.P.F. is provisional. Final liability will be determined on the basis of annual results.

11. **Approval of financial statements.**

These condensed interim financial informations have been authorized for issue on 31st Oct 2012 by the Board of Directors of the company.

12. **Figures.**

Figures have been rounded off to the nearest thousand

Chief Executive Officer

Director