Company profile

Board of Directors

1	Mian Mohammad Ahmed	Chairman
2	Mr. Shahzad Ahmed	Chief Executive
3	Mián Riaz Ahmed	
4	Mr. Naveed Ahmed	
5	Mr. Kashif Riaz	
6	Mr. Irfan Ahmed	
7	Mr. Shafqat Masood	
8	Mr. Shahwaiz Ahmed	
9	Sheikh Nishat Ahmed	
10	Mr. Farooq Hassan	Nominee N.I.T.

Audit committee

1	Sheikh Nishat Ahmed	Chairman
2	Mr. Kashif Riaz	Member
3	Mr. Irfan Ahmed	Member

Human resource and remuneration committee

1	Sheikh Nishat Ahmed	Chairman
2	Mr. Shahwaiz Ahmed	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

Legal Advisor

Mr. M. Yousuf Naseem (Advocates & Solicitors)

Registered office

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

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

Evolution Factor (Pvt) Ltd.		
407-408, Al - Ameera Centre,	Tel.	35662023 - 24
Shahrah-e-Iraq, Saddar, Karachi.	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	Muzaffergarh, Bagga Sher, District Multan.	Tel.	0662 - 490202 - 205
4	Indus Lyallpur Limited. 38th Kilometre, Shaikhupura Road, District Faisalabad.	Tel.	041 - 4689235 - 6
5	Indus Home Limited. 2.5 Kilometre, Off Manga Raiwind Road, Manga Mandi, Lahore.	Tel.	042 - 35385021 - 7 111 - 404 - 405

INDUS DYEING & MFG. CO. LIMITED

VISION

To be leading and diversified company, offering a wide range of quality products and service.

MISSION

We aim to provide superior products, financial security, performance and service quality that fully meet the needs of our customers and maintain the financial strength of the company.

FOR THE YEAR ENDED JUNE 30, 2014

The Directors of Indus Dyeing and Manufacturing Company Limited are pleased to present the Annual Report together with the audited Financial Statements for the year ended June 30, 2014 before the Fifty Seventh Annual General Meeting of the Company.

BUSINESS OVERVIEW

Your Company earned post-tax profit of Rs 1,996 million as compared to Rs 2,547 million for the corresponding period. During the period under review the sales increased to Rs 24,034 million from Rs 20,022 million i.e 16.69% due to increase in capacity and production of yarn along with the acquisition of a previous joint venture. However the profit decreased due to decrease in yarn prices in the later part of the year, high cotton prices and increase in power cost. The financial charges also increased due the capital investment and additional requirement of working capital.

Earnings per share of the Company on a standalone basis were Rs. 65.72 per share as compared to Rs.129.89 last year. The consolidated earnings per share were Rs. 110.47 per share as compared to Rs. 140.96 per share for last year.

The financial highlights of the Company-Consolidated are as under:

	For the Year Ended June 30, 2014	For the Year Ended June 30, 2013
	(Rupees in 000)	
Sales	24,034,425	20,022,197
Gross profit	2,487,947	3,630,687
Other operating Income	222,332	22,395
Profit for the year	1,996,643	2,547,734
Un-appropriated profit brought forward	3,733,735	2,181,358
Un-appropriated profit carried forward	5,443,438	3,733,735
Earnings per share – basic and diluted (net)	Rs. 110.47	Rs. 140.96

continuous rethinking of the business strategy of the Company to safeguard shareholder interests. During the year under review Pakistan textile industry faced multiple issues. China has slowed down their procurement of yarn from Pakistan. Also the import of yarn from India increased the supply in local market; prices of yarn were coming down resultantly. Appreciation in Pakistani Rupees has also affected the exporter profitability during the year. The cost of production was higher due to the high cotton prices last year as compared to previous year coupled with the expensive utility supplies.

In accordance with the expansion plans, the installation of 24,000 spindles with complete back process and power generation equipments has been done successfully at Muzzafargarh Unit. The commercial production of about 16,800 spindles of this unit was achieved in Nov-2013 and the remaining 7,200 spindles in March-2014.

During the year under review the company has increased stake in Indus Home Limited to the extent of 100% (June 30, 2013: 50%). The 50% share capital was owned by West Point Pakistan LLC which was acquired by the company at a total cost of USD 12 million under the share purchase agreement dated November 8, 2013.

FUTURE OUTLOOK

Slump prevails in demand of yarn in international market particularly in China, the largest buyer of yarn, which will impact the prices. Cotton prices become steady as compared to the last years which will help in recovering profits next year.

The nation's acute energy crisis, especially in Punjab, continues to take its toll on the economy as the energy dependent industries continue to operate below capacity. Power outages coupled with volatile fuel prices have put pressures on the cost of manufacturing sector in the country.

Despite these challenging circumstances, the management is taking key initiatives to curtail its overhead costs and material wastages, whilst increasing production from last year.

CORPORATE GOVERNANCE

The management of the Company is committed to good corporate governance and compliance with best practices. The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange and Lahore Stock Exchange in their Listing Regulations have been duly complied with. A Statement to this effect is annexed with the Report.

CODE OF CONDUCT

The Board has adopted a Business Code of Conduct and all employees are aware of and have signed off on this Statement. The Code of Conduct is rigorously followed throughout the organization as all employees observe the rules of business conduct laid down therein.

VISION AND MISSION

The statement reflecting the Vision and Mission of the Company is annexed to the report.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

(i) The financial statements together with notes thereon have been drawn up by management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.

(ii) The Company has maintained proper books of accounts.

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

(iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there has been no departure there from.

(v) The system of internal control is sound in design and has been effectively implemented and monitored.

(vi) The annual audited financial statements are circulated within four months of the close of the financial year.

(vii) There are no significant doubts about the Company's ability to continue as a going concern.

(viii) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange Listing Regulations.

BOARD AUDIT COMMITTEE

The Board of Directors has established an Audit Committee, in compliance with the Code of Corporate Governance, which oversees internal controls and compliance and has been working efficiently since its inception. The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors on various issues, including their letter to the management. The Audit Committee also reviewed internal auditors' findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

BOARD AND COMMITTEE MEETINGS

During the year ended June 30, 2014, a total of 6 meetings of the Board of Directors and 5 meetings of the Board Audit Committee were held. The position of attendance during respective tenure was as follows:

	Board Meetings		Audit Committee Meetings	
Name of Director	Held	Attended	Held	Attended
1. Mian Muhammad Ahmed	6	6	-	-
2. Mian Riaz Ahmed**	6	4	5	4
3. Mr. Shahzad Ahmed	6	6	-	-
4. Mr. Naveed Ahmed	6	6	-	-
5. Mr. Imran Ahmed*	-	-	-	-
6. Mr. Irfan Ahmed**	6	5	5	5
7. Mr. Kashif Riaz**	6	4	5	4
8. Mr. Shahwaiz Ahmed	6	6	-	-
9. Mr. Shafqat Masood	6	6	-	-
10. Mr. Farooq Hassan	6	6	-	-
11. Sheikh Nishat Ahmed*	6	6	-	-

*Mr. Imran Ahmed resigned from the Board on August 29, 2013. The casual vacancy arises by his resignation was filled by appointing Sheikh Nishat Ahmed on the same date.

** Members of the Board Audit Committee.

PATTERN OF SHAREHOLDING

The statement reflecting the pattern of shareholding is annexed to the Report.

KEY OPERATING AND FINANCIAL DATA

Summary of key operating and financial data for the last six financial years is attached to this Report.

STATUTORY PAYMENTS

As on the date of closing, no government taxes, duties, levies and charges were outstanding or overdue except for routine payments of various levies and amounts in dispute pending decision in various appellate forums and the same have been disclosed in the financial statements.

TRADING IN COMPANY SHARES

The Directors, CEO, CFO and Company Secretary have not traded in Company shares during the year.

DIVIDEND

The Company paid interim cash dividend 150% i.e. Rs 15 per share during the year.

CERTIFICATE OF RELATED PARTY TRANSACTIONS

It is confirmed that the transactions entered into with related parties have been ratified by the Audit Committee and the Board and the Report provides information about the amounts due from all related parties at the Balance Sheet date.

AUDITORS

The present auditors, M/s. Yousuf Adil Saleem & Co., Chartered Accountants, whose tenure finished on June 30, 2014, being eligible have offered themselves for reappointment. The Audit Committee has recommended the appointment of M/s. Yousuf Adil Saleem & Co., Chartered Accountants as the statutory auditors of the Company for the year ending June 30, 2015.

ACKNOWLEDGEMENT

The Directors acknowledge the contribution of each and every employee of the Company. We would like to express our thanks to our customers for the trust shown in our products and the bankers for continued support to the Company. We are also grateful to our shareholders for their confidence in our management.

Shahzad Ahmed
Chief Executive
Karachi: October 03, 2014

NaveedAhmed
Director

Key Operating and Financial Results.

	2009	2010	2011	2012	2013	2014
Operating data						
Turnover	8,557,351	11,022,484	18,454,163	15,282,814	17,943,482	18,849,796
Less : Commission expense	(87,199)	(110,889)	(200,640)	(195,676)	(331,466)	(233,064)
Sales (net)	8,470,152	10,911,595	18,253,523	15,087,138	17,612,016	18,616,732
Gross profit	1,134,109	2,539,455	2,897,663	2,228,151	3,274,429	2,052,994
Profit before tax	273,693	1,996,637	2,275,270	1,416,385	2,323,393	1,059,747
Profit after tax	191,300	1,858,465	2,131,260	1,252,047	2,347,529	1,187,803
Financial data						
Gross assets employed	7,131,702	6,940,121	7,910,067	10,255,699	11,315,251	16,124,298
Return on equity	7.72%	43.12%	34.03%	17.72%	27.89%	12.74%
Current assets	3,039,112	2,606,690	3,593,265	3,930,128	4,849,357	6,343,867
Shareholders equity	2,477,096	4,310,394	6,263,546	7,064,724	8,416,927	9,325,254
Long term debts and deferred liabilities	1,659,906	963,705	559,569	1,187,985	802,608	1,995,294
Current liabilities	2,994,701	1,666,022	1,086,952	2,002,990	2,095,716	4,803,750
Key ratios						
Gross profit ratio	13.39%	23.27%	15.87%	14.77%	18.59%	11.03%
Net profit ratio	2.24%	17.03%	11.68%	8.30%	13.33%	6.38%
Debt / equity ratio	40 : 60	18 : 82	08 : 92	14 : 86	09 : 91	18 : 82
Current ratio	1.01	1.56	3.31	1.96	2.31	1.32
Earning per share (basic and diluted	10.58	102.83	117.92	69.27	129.89	65.72
Dividend (percentage)						
- Cash	15%	50%	150%	350%	100% Int	150% Int
- Stock	-	-	-	-	-	-
- Specie dividend	-	-	-	-	100 : 09	-
Statistics						
Production volume (tons)	40,664	40,507	40,465	40,257	43,427	50,785

Form 34
THE COMPANIES ORDINANCE, 1984 (SECTION 236)

No. of Shareholders	Shareholding From	To	Total Shares Held
1,266	1	100	42,067
145	101	500	38,332
38	501	1,000	36,961
23	1,001	5,000	46,893
9	5,001	15,000	54,246
4	15,001	50,000	121,099
2	50,001	100,000	162,700
5	100,001	500,000	1,814,368
3	500,001	800,000	1,854,580
3	800,001	1,100,000	2,973,493
2	1,200,001	1,500,000	2,652,125
3	1,500,001	1,985,000	5,393,920
1	2,880,001	2,900,000	2,882,948
1,504			**18,073,732**

Categories of shareholding

Shareholders	No. of Share Holders	Shares Held	Percentage
Individuals	1,474	356,677	1.97%
Joint Stock Companies	7	467,347	2.59%
Financial Institutions	4	287,469	1.59%
Insurance Companies	1	446,605	2.47%
Mutual Fund	2	527,375	2.92%
Directors, CEO their Spouses & Minor Children	16	15,988,259	88.46%
	1,504	**18,073,732**	100.00%

INDIVIDUALS	**1,474**		**356,677**
JOINT STOCK COMPANIES	**7**		
Treet Corporation Ltd.		465,370	
N.H Capital Fund Limited		10	
Darson Securities (Pvt.) Ltd.		5	
Kamal Factory (Pvt) Ltd		1,400	
S.H. Bukhari Securities (Pvt) Ltd		525	
NCL Pre Securities (Pvt) Ltd		20	
United Securities (Pvt) Ltd		17	
			467,347
FINANCIAL INSTITUTIONS	**4**		
National Bank of Pakistan		295	
National Bank of Pakistan		267,362	
Faysal Bank Ltd.		6,285	
National Investment Trust		13,527	
			287,469
INSURANCE COMPANIES	**1**		
State Life Insurance Corp. of Pakistan		446,605	
			446,605

Directors and their spouses	16		
Mian Mohammad Ahmed		1,000,849	
Mian Riaz Ahmed		1,387,765	
Mr. Shahzad Ahmed		1,749,792	
Mr. Naveed Ahmed		1,264,360	
Mr. Kashif Riaz		2,882,948	
Mr. Imran Ahmed		1,982,250	
Mr. Irfan Ahmed		1,661,878	
Mr. Shafqat Masood		39,785	
Mr. Shahwaiz Ahmed		1,092	
Mrs. Salma Jabeen		78,820	
Mrs. Yasmeen Riaz		1,089,504	
Mrs. Lozina Shahzad		779,818	
Mrs. Shazia Naveed		883,140	
Mrs. Fadia Kashif		549,467	
Mrs. Tahia Imran		163,939	
Mrs. Ayesha Irfan		472,852	**15,988,259**
			18,073,732

Shareholders holding 10% or more voting interest in the company as at June 30, 2014

Name	Holding	Percentage
Mr. Kashif Riaz	2,882,948	15.95
Mr.Imran Ahmed	1,982,250	10.97

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2013-2014

NAME	Purchase	Sold
NIL	NIL	NIL

WITH THE CODE OF CORPORATE GOVERNANCE

INDUS DYEING & MANUFACTURING COMPANY LIMITED
FOR THE YEAR ENDED JUNE 30, 2014

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the regulation No. 35 of the listing regulations of Karachi Stock exchange Limited, for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner.

1) The Company encourages the representation of independent non-executive directors and directors representing minority interest on its Board of Directors. At present the board includes:

Category	Names
Independent Director	Mr. Sheikh Nishat Ahmed
Executive Directors	Mr. Shahzad Ahmed / Mr. Naveed Ahmed / Mr. Shafqat Masood .
Non-Executive Directors	Mian Mohammad Ahmed/ Mian Riaz Ahmed / Mr. Kashif Riaz / Mr. Irfan Ahmed / Shawaiz Ahmed / Mr. Farooq Hassan

2) The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).

3) All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial company, or being a member of a stock exchange, has been declared as defaulter by the stock exchange.

4) A casual vacancy occurred on the board during the year which was filled up by the directors immediately.

5) The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

6) The board has developed a vision/mission statement, overall corporate strategy and Company is in process of developing significant policies that will be approved by the board. A complete record of particulars of significant policies along with the dates on which they were approved or amended will be maintained.

7) All the powers of the board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the board.

8) The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose and the board has met at least once in every quarter. Written notices of the board meetings, along with agenda and working. papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

9) The board did not arrange director training program required under the code as out of 10 directors 9 directors meet the exemption criteria of minimum fourteen years of education and fifteen years of experience.

10) There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year. Previously remuneration of Chief Financial Officer, Head of Internal Audit and Company Secretary was approved by the board.

Code of Corporate Governance and fully describes the salient matters required to be disclosed.

12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the board.

13) The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholdings.

14) The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.

15) The board has formed an Audit Committee. It comprises of three members, of whom all are the non-executive directors and the chairman of the Committee is an independent director .

16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.

17) The board has formed an HR and Remuneration Committee. It comprises of three members, all of whom are non-executive directors and chairman of the committee is an independent director..

18) The board has set up an effective internal audit function which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.

20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

21) The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors and stock exchange.

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

23) We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with, except for the following, toward which reasonable progress is being made by the company to seek compliance by the end of next accounting year.

- The board has not evaluated it's own performance.
- The board has not defined materiality level.
- There are no adequate systems and controls in place for identification and redress of grievanances arising from unethical practices.

On behalf of the Board of Directors

Shahzad Ahmad
Chief Executive

REVIEW REPORT TO THE MEMBERS ON THE STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the code) prepared by the Board of Directors (the Board) of **Indus Dyeing & Manufacturing Company Limited** (the Company) for the year ended June 30, 2014 to comply with the requirements of Listing Regulation no. 35 of the Karachi Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval of its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of approval of related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code, as applicable to the Company for the year ended June 30, 2014.

Further, we highlight following instances of non-compliance with the requirement(s) of the Code as stated in below mentioned paragraphs in the Statement of Compliance:

i. Paragraph 6 which states that the Board is yet to develop significant policies as required by clause v(c) of the Code; and

ii. Paragraph 23 which states that the Board has not;

   a. developed formal mechanism for annual evaluation of its own performance as required by clause v(e) of the Code;

   b. defined materiality level as required by clause v(g) of the Code; and

   c. developed adequate systems and controls for identification and redress of grievances arising from unethical practices as required by clause v(b) of the Code

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: October 03, 2014.
Place: Karachi

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 57th Annual General Meeting of Indus Dyeing & Mfg. Co. Ltd. will be held at Indus Dyeing & Mfg. Co. Ltd. Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Wednesday, October 29, 2014 at 5:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of 56th Annual General Meeting held on October 30, 2013.
2. To receive consider and adopt the Audited Accounts together with the Directors' and Auditors' report for the period ended June 30, 2014.
3. To appoint auditors for the ensuing year, and to fix their remuneration (Messer Yousuf Adil Saleem & Company Chartered Accountants, retire and being eligible have offered themselves for reappointment.)
4. To approve interim cash dividend of Rs. 15 per share i.e, 150%.
5. To transact any other business with the permission of the chair.

By Order of the Board

Ahmed Faheem Niazi
Company Secretary

Karachi
Date; 03-10-2014

Notes:

i) Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later then 48 hours before the time of holding the meeting.

ii) The Share Transfer Books of the Company will remain closed from Wednesday, October 22, 2014 to October 29, 2014 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 21, 2014. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s s Evolution Factor (PVT) Ltd. 407-408 Al-Ammera Center Shahra-e-Iraq Saddar Karachi. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

Submission of copies of CNIC:

It is hereby reiterated that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 779(I)/2011 dated August 18, 2011 and Notification S.R.O. 831(1)/2012 dated July 5, 2012 has directed all the listed companies to issue dividend warrant only crossed as "A/c Payee only" and ensure that the Dividend Warrant should bear the Computerized National identity Card (CNIC) Numbers of the registered members except in the case of minor(s) and corporate shareholder(s).

All those members (holding physical shares) who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN along with the Folio number(s) to the Company's Share Registrar.

In case of non-availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the Dividend warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon compliance with the aforesaid notifications.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001

Pursuant to the provisions of the Finance Act 2014 effective July 1, 2014, the rates of deduction of income tax from dividend payments under the income Tax Ordinance have been revised as follows:

(a)	Rate of tax deduction for filer of income tax returns	10%
(b)	Rate of deduction for non-filer of income tax returns	15%

All members of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to the Company Shares Registrar, M/s Evolution Factor (PVT) Ltd. At the above mentioned address, to allow the Company to ascertain the status of the members.

Members of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificate to their CDC participants CDC Investor Account Services.

Where the required documents are not submitted, the company will be constrained to treat the non-complying members as a non filer hereby attracting a higher rate of withholding tax.

Dividend Mandate (Optional):

The Company wishes to inform its members that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Members wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank CDC account holders should submit their request directly to their broker (participant)/ CDC.

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of **Indus Dyeing & Manufacturing Company Limited** (the Company) as at June 30, 2014 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

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

(b) in our opinion:

   (i) the unconsolidated balance sheet and unconsolidated profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied except for change in accounting policy as disclosed in note 4.19 to the financial statements with which we concur;

   (ii) the expenditure incurred during the year was for the purpose of the Company's business; and

   (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;

(c) in our opinion and to the best of our information and according to the explanations given to us, the unconsolidated balance sheet, unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement of changes in equity together with the notes forming part thereof conform with the approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984 in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2014 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion Zakat deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: October 03, 2014
Place: Karachi

UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014 Rupees in '000	2013 Rupees in '000
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 45,000,000 ordinary shares of Rs. 10 each		450,000	450,000
Issued, subscribed and paid up capital	5	180,737	180,737
Reserves	6	5,022,432	5,022,432
Unappropriated profit		4,122,085	3,213,758
		9,325,254	8,416,927
Non-current liabilities			
Long-term financing	7	1,854,537	690,369
Deferred liabilities	9	140,757	112,239
		1,995,294	802,608
Current liabilities			
Trade and other payables	10	1,008,746	739,152
Interest / mark-up payable	11	91,359	25,707
Short-term borrowings	12	3,261,930	1,097,290
Current portion of:			
Long-term financing	7	441,715	231,345
liabilities against assets subject to finance lease	8	-	2,222
		4,803,750	2,095,716
CONTINGENCIES AND COMMITMENTS	13		
		16,124,298	11,315,251

	Note	2014 Rupees in '000	2013 Rupees in '000
ASSETS			
Non-current assets			
Property, plant and equipment	14	6,186,646	4,260,265
Long-term investments	15	3,589,680	2,201,560
Long-term deposits	16	4,105	4,069
		9,780,431	6,465,894
Current assets			
Stores, spares and loose tools	17	214,102	194,428
Stock-in-trade	18	3,911,410	3,268,424
Trade debts	19	1,525,774	1,016,143
Loans and advances	20	264,106	83,539
Trade deposits and short-term prepayments	21	3,813	6,842
Other receivables	22	29,813	24,946
Other financial assets	23	144,566	13,464
Tax refundable	24	205,980	99,295
Cash and bank balances	25	44,303	142,276
		6,343,867	4,849,357
		16,124,298	11,315,251

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

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		Rupees in '000	
Sales - net	26	**18,616,732**	17,612,016
Cost of goods sold	27	**(16,563,738)**	(14,337,587)
Gross profit		**2,052,994**	3,274,429
Other income	28	**116,653**	40,916
		2,169,647	3,315,345
Distribution cost	29	**(409,421)**	(379,288)
Administrative expenses	30	**(219,953)**	(190,381)
Other operating expenses	31	**(79,016)**	(264,982)
Finance cost	32	**(401,510)**	(277,200)
		(1,109,900)	(1,111,851)
		1,059,747	2,203,494
Gain on investment in associate distributed to owners as specie dividend		**-**	119,899
Profit before taxation		**1,059,747**	2,323,393
Taxation	33	**128,056**	24,136
Profit for the year		**1,187,803**	2,347,529
		Rupees	(Restated)
Earnings per share - basic and diluted	34	**65.72**	129.89

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

Shahzad Ahmed	**Naveed Ahmed**
Chief Executive	**Director**

INDUS DYEING & MANUFACTURING COMPANY LIMITED
UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2014

	2014	2013 (Restated)
	Rupees in '000	
Profit for the year	**1,187,803**	2,347,529
Items that may be reclassified subsequently to profit and loss	-	-
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of defined benefit liability - net of tax	**(8,370)**	(13,923)
Total other comprehensive loss for the year	**(8,370)**	(13,923)
Total comprehensive income for the year	**1,179,433**	2,333,606

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

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2014

		Reserves				
		Capital		Revenue		
	Issued, subscribed and paid up capital	Share premium	Merger reserve	General reserve	Unappropriated profits	Total
	Rupees in '000'					
Balance at June 30, 2012	180,737	10,920	11,512	5,000,000	1,861,555	7,064,724
Comprehensive income for the year;						
Profit for the year (as restated)	-	-	-	-	2,347,529	2,347,529
Other comprehensive income for the year (as restated)	-	-	-	-	(13,923)	(13,923)
Total comprehensive income for the year	-	-	-	-	2,333,606	2,333,606
Transactions with owners recorded directly in equity						
Final cash dividend for the year ended June 30, 2012 @ Rs. 20 per share	-	-	-	-	(361,475)	(361,475)
Interim dividend in specie for the period ended December 31, 2012 in 100:09 ratio (note 15.3)	-	-	-	-	(439,191)	(439,191)
Interim cash dividend for the period ended March 31, 2013 @ Rs. 10 per share	-	-	-	-	(180,737)	(180,737)
Balance at June 30, 2013	**180,737**	**10,920**	**11,512**	**5,000,000**	**3,213,758**	**8,416,927**
Comprehensive income for the year;						
Profit for the year	-	-	-	-	1,187,803	1,187,803
Other comprehensive income for the year	-	-	-	-	(8,370)	(8,370)
Total comprehensive income for the year	-	-	-	-	1,179,433	1,179,433
Transactions with owners recorded directly in equity						
Interim cash dividend for the period ended September 31, 2013 @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
Interim cash dividend for the period ended December 31, 2013 @ Rs. 10 per share	-	-	-	-	(180,737)	(180,737)
Balance at June 30, 2014	**180,737**	**10,920**	**11,512**	**5,000,000**	**4,122,085**	**9,325,254**

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

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED

UNCONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2014

		Note	2014	2013 (Restated)
			Rupees in '000	
A	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	35	800,067	2,165,415
	Income taxes paid - net		(86,832)	(177,876)
	Finance cost paid		(335,858)	(276,530)
	Long-term deposits paid		(36)	(446)
	Gratuity paid	9.1	(27,781)	(21,269)
	Net cash generated from operating activities		349,560	1,689,294
B	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payment for purchase of property, plant and equipment		(2,424,653)	(710,614)
	Proceeds from disposal of items of property, plant and equipment	14.2	26,470	12,953
	Proceeds from disposal of other financial assets		-	2,000
	Long-term investments	15	(1,388,120)	(150,000)
	Dividends received		2,176	19,440
	Net cash used in investing activities		(3,784,127)	(826,221)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from long-term finance		2,144,085	78,000
	Repayment of long-term finance		(769,547)	(137,881)
	Loans from directors - net		(9,490)	4,026
	Repayment of liabilities against assets subject to finance lease		(2,222)	(4,646)
	Dividends paid		(298,019)	(521,079)
	Net cash generated from / (used in) financing activities		1,064,807	(581,580)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		(2,369,760)	281,493
	Cash and cash equivalents at beginning of the year		(945,524)	(1,227,017)
	Effect of exchange rate changes on cash and cash equivalents		97,657	-
	Cash and cash equivalents at end of the year	36	(3,217,627)	(945,524)

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

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

1. LEGAL STATUS AND NATURE OF BUSINESS

Indus Dyeing & Manufacturing Company Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited company under the Companies Act 1913 repealed 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 the Karachi Stock Exchange Limited. 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. The Company is also operating two ginning units including one on leasing arrangements in District Multan. The Company has the following group entities:

- Indus Lyallpur Limited - Wholly owned subsidiary
- Indus Home Limited - Wholly owned subsidiary (control acquired during the year)
- Indus Home USA Inc. - Wholly owned subsidiary of Indus Home Limited
- Sunrays Textile Mills Limited - Associated undertaking

2. BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain employee retirement benefits which are measured at present value and certain financial instruments which are carried at fair value.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2014:

The following standards, amendments and interpretations are effective for the year ended June 30, 2014. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 - Presentation of Financial Statements – Clarification of Requirements for Comparative information — **Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative information is the previous period.

Amendments to IAS 16 - Property, Plant and Equipment – Classification of servicing equipment — **Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.

Amendments to IAS 32 Financial Instruments: Presentation - Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction — **Effective from accounting period beginning on or after January 01, 2013**

This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.

Amendments to IAS 34 - Interim Financial Reporting - Interim reporting of segment information for total assets and total liabilities — **Effective from accounting period beginning on or after January 01, 2013**

The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

These amendments require an entity to disclose information about rights to set-off and related arrangements (e.g., collateral agreements). The disclosures would provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The new disclosures are required for all recognised financial instruments that are set off in accordance with IAS 32 Financial Instruments: Presentation. The disclosures also apply to recognised financial instruments that are subject to an enforceable master netting arrangement or similar agreement, irrespective of whether they are set off in accordance with IAS 32.

IFRIC 20 - Stripping Costs in the Production Phase of a Surface Mine — **Effective from accounting period beginning on or after January 01, 2013**

This interpretation applies to waste removal (stripping) costs incurred in surface mining activity, during the production phase of the mine. The interpretation addresses the accounting for the benefit from the stripping activity.

The impact of adoption of IAS-19 'Employee Benefits' (Revised 2011) has been disclosed in the note 4.19.

2.4 New accounting standards and IFRS interpretations that are not yet effective:

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 38 - "Intangible Assets" and IAS 16 " Property, plant and Equipment" — **Effective from accounting period beginning on or after January 01, 2016**

These amendments introduces severe restrictions on the use of revenue-based amortization for intangible assets and explicitly state that revenue-based methods of depreciation cannot be used for property, plant and equipment. The rebuttable presumption that the use of revenue-based amortization methods for intangible assets are inappropriate can be overcome only when revenue and the consumption of the economic benefits of the intangible asset are 'highly correlated', or when the intangible asset is expressed as a measure of revenue.

Amendments to IAS 41 - "Agriculture" and IAS 16 " Property, plant and Equipment" — **Effective from accounting period beginning on or after January 01, 2016**

Bearer plants are now in the scope of IAS 16 'Property, Plant and Equipment' for measurement and disclosure purposes. Therefore, a company can elect to measure bearer plants at cost. However, the produce growing on bearer plants will continue to be measured at fair value less costs to sell under IAS 41 'Agriculture'. A bearer plant is a plant that: is used in the supply of agricultural produce; is expected to bear produce for more than one period; and has a remote likelihood of being sold as agricultural produce. Before maturity, bearer plants are accounted for in the same way as self-constructed items of property, plant and equipment during construction.

Amendments to IAS 19 Employee Benefits: Employee contributions — **Effective from accounting period beginning on or after July 01, 2014**

This amendment clarifies the application of IAS 19, 'Employee benefits' (2011) – referred to as 'IAS 19R', to plans that require employees or third parties to contribute towards the cost of benefits. The amendment does not affect the accounting for voluntary contributions. The 2011 revisions to IAS 19 distinguished between employee contributions related to service and those not linked to service. The current amendment further distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided.

IAS 27 (Revised 2011) – Separate Financial Statements — **Effective from accounting period beginning on or after January 01, 2015. IAS 27 (Revised 2011) will concurrently apply with IFRS 10.**

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. The IASB has issued recently the amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

Ventures **Effective from accounting period beginning on or after January 01, 2015**

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities **Effective from accounting period beginning on or after January 01, 2014**

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

IAS 36 Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets **Effective from accounting period beginning on or after January 01, 2014**

The amendments:

- remove the requirement to disclose the recoverable amount of a cash-generating unit (or group of cash-generating units) to which a significant amount of goodwill or intangible assets with indefinite useful lives has been allocated in periods when no impairment or reversal has been recognized (this requirement having been inadvertently introduced as part of consequential amendments on the introduction of IFRS 13; and

- introduce additional disclosure requirements in respect of assets for which an impairment has been recognized or reversed and for which the recoverable amount is determined using fair value less costs of disposal.

IAS 39 Financial Instruments: Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting **Effective from accounting period beginning on or after January 01, 2014**

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is notated to a clearing counterparty and certain conditioned are met.

IFRS 10 – Consolidated Financial Statements **Effective from accounting period beginning on or after January 01, 2014**

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initil application of IFRS 10 is different from that before the application of IFRS 10.

IFRS 11 – Joint Arrangements **Effective from accounting period beginning on or after January 01, 2015**

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

IFRS 12 – Disclosure of Interests in Other Entities **Effective from accounting period beginning on or after January 01, 2015**

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

January 01, 2015

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

IFRIC 21 - Levies — **Effective from accounting period beginning on or after January 01, 2014**

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognised when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

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:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with the approved accounting standards as applicable in Pakistan, requires management to make estimates, assumptions and 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 unconsolidated financial statements or where judgment was exercised in application of accounting policies are as follows:

- Provision for current tax and deferred tax (Note 33)
- Provision for gratuity (Note 9.1)
- Depreciation rates of property, plant and equipment (Note 14)
- Classification and impairment of investment (Note 15 and 23)
- Net realisable value of stock-in-trade (Note 18)
- Provision for impairment of trade debts and other receivables (Note 19 & 22)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

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 remaining taxable income at the current rates of taxation under normal tax regime after taking into account tax credits and rebates available, if any, or on turnover at the specified rate or Alternative Corporate Tax as defined in section 113C of Income Tax Ordinance, 2001, whichever is higher.

Deferred

Deferred tax is recognised using balance sheet liability method for all major temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that tax profits and taxable temporary differences will be available against which deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits and taxable temporary differences will be available to allow all or part of the assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the liability is settled or the asset realized. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. The effect of deferred taxation of the portion of the income subject to final tax regime is also considered in accordance with the requirement of Technical Release - 27 of Institute of Chartered Accountants of Pakistan.

4.2 Staff retirement benefit

Defined benefit plan

The Company operates unfunded gratuity scheme covering all its employees who have completed minimum qualifying period. Provisions are determined based on the actuarial valuation conducted by a qualified actuary using Projected Unit Credit Method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

4.3 Trade and other payables

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

4.4 Property, plant and equipment

4.4.1 Owned

Property, plant and equipment owned by the Company are stated at cost less accumulated depreciation and impairment loss if any, except freehold and leasehold land. Depreciation is charged to income using the reducing balance method whereby cost of an asset is written-off over its estimated useful life at the rates given in note 14.1 .

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to flow from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit and loss account in the year the asset is derecognised.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

Subsequent costs are included in the asset's carrying amount or recognised 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 repairs and maintenance are charged to income during the year in which they are incurred.

Depreciation methods, useful lives and residual values are reviewed periodically and adjusted, if appropriate, at each balance sheet date.

4.4.2 Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost. All expenditures connected to the specific assets incurred during the installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are ready for their intended use.

4.4.3 Assets held under finance lease

Assets subject to finance lease are depreciated over their expected useful lives on the same basis as owned assets, or, where shorter, over the term of the relevant lease.

4.5 Impairment

4.5.1 Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.5.2 Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

4.6 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are recognized as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as liabilities against assets subject to finance lease. The liabilities are classified as current and long-term depending upon the timing of payment. Lease payments are apportioned between finance charges and reduction of the liabilities against assets subject to finance lease so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to income, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on borrowing costs.

4.7 Stores, spares and loose tools

These are valued at lower of cost and net realizable value, determined on moving average cost method less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

4.8 Stock-in-trade

Stock-in-trade is valued at lower of cost and net realizable value applying the following basis:

	Basis of valuation
Raw material	Weighted average cost
Work-in-progress	Weighted average cost of material and share of applicable overheads
Finished goods	Weighted average cost of material and share of applicable overheads
Packing material	Moving average cost
Waste	Net realizable value
Stock in transit	Accumulated cost till balance sheet date

Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and estimated cost necessary to make the sale.

4.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of indicators as discussed in note 4.5.1. Balances considered bad and irrecoverable are written off when identified.

4.10 Investments

4.10.1 Regular way purchase or sale of investments

All purchases and sales of investments are recognized using settlement date accounting. Settlement date is the date that the investments are delivered to or by the company.

4.10.2 Investment in associate, joint venture and subsidiary

Associate is an entity over which the Company has significant influence but not control, generally represented by shareholding of 20% to 50% of the voting rights.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest.

Subsidiary is an entity over which the Company has the control, that is the power to govern the financial and operating policies of an entity so as to obtain benefits from its operating activities.

The investments in subsidiary, associate and joint venture are stated at cost less any impairment losses in these unconsolidated financial statements. Subsequently, the recoverable amount is estimated to determine the extent of impairment losses, if any, and carrying amounts are adjusted accordingly. Impairment losses are recognized as expense in the profit and loss account. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. Reversal of impairment loss is recognized in the profit and loss account adjusted for impairment, if any, in the recoverable amounts of such investments.

4.10.3 Financial assets at fair value through profit or loss - held for trading

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held-for-trading".

Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the profit and loss account.

A financial asset other than a financial asset held for trading may be designated as at fair value through profit or loss account upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's risk management; or

- it forms part of a contract containing one or more embedded derivatives, and IAS 39 Financial Instruments: Recognition and Measurement permits the entire combined contract (asset or liability) to be designated as at fair value through profit or loss.

Subsequent to initial recognition, equity securities designated by the management as 'at fair value through profit or loss' are valued on the basis of closing quoted market prices available at the stock exchange.

All investments are de-recognised when the rights to receive cash flows from .the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the profit and loss account.

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. Derivatives with positive impact at balance sheet date are included in 'other financial assets' and with negative impacts in 'trade and other payable' in the balance sheet. The resultant gains and losses are included in other income.

Derivatives financial instruments entered into by the Company do not meet the hedging criteria as defined by IAS 39, Financial Instruments: 'Recognition and Measurement'. Consequently hedge accounting is not used by the Company.

4.11 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit and loss account in the period in which they are incurred.

4.12 Foreign currencies

These unconsolidated financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Transactions in other than Pakistani Rupee are translated into reporting currency at the rates of exchange prevailing on the date of transactions except for those covered by forward contracts, which are translated at contracted rates. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except for those covered by forward contracts, which are stated at contracted rates.

Gains and losses arising on retranslation are included in profit or loss account.

4.13 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

4.14 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Sales are recorded when the significant risk and rewards of ownership of the goods have passed to the customers which coincide with the dispatch of goods to the customers.

- Income on bank deposits are recorded on time proportionate basis using effective interest rate.

- Dividend income is recognised when the right to receive the dividend is established.

4.15 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and derecognised when the Company loses control of the contractual rights that comprise of the financial assets and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

4.16 Offsetting of financial assets and financial liabilities

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

4.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and short term borrowings excluding loans from directors and their spouses.

4.18 Dividend distribution

4.18.1 Cash dividend

Dividend distribution to the Company's shareholders is recognised as a liability in the unconsolidated financial statements in the period in which the dividends are approved by the Company's shareholders.

4.18.2 Specie dividend

Distribution of specie dividend to the Company's shareholders is recognised as a liability in these unconsolidated financial statements in the period in which the dividends are approved by the Company's shareholders at the fair value of the assets to be distributed. At the end of the reporting period, the management reviews and adjusts the carrying value of the dividend payable, with any changes in carrying amount to be recognised in equity. When the Company settles the liability any difference between the carrying amount of the assets distributed and the carrying amount of the dividend payable is recognised in profit or loss account.

4.18.3 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.19 Change in accounting policy

IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the Company has adopted IAS 19 Employees Benefits (as revised in 2011) along with related consequential amendments.

The revised IAS 19 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognized immediately through other comprehensive income in order for the gratuity assets or liability recognized in the balance sheet to reflect the full value of the plan deficit or surplus. Furthermore, the interest cost and expected return on plan assets used in previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or assets. In addition, IAS 19 (as revised in 2011) introduce certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to the first-time application of IAS 19 (as revised in 2011). The Company has applied the relevant transitional provisions and restated the comparative amounts on retrospective basis in accordance with IAS 8 – 'Accounting Policies, Changes in Accounting Estimates and Errors'. Previously the Company recognised actuarial gains / losses in profit and loss account. However, as a result of adoption of revised IAS-19, the effect of remeasurement is directly recognised in other comprehensive income. The effect of change in accounting policy for the year ended June 30, 2012 was not material, therefore, third balance sheet for the year 2012 has not been presented. The effect of retrospective application of change in accounting policy is as follows:

	Amount as reported earlier	Effect of change in accounting policy	Amount as restated
	Rupees in '000		
For the year ended June 30, 2013			
Effect on profit and loss account			
Cost of goods sold	14,349,004	11,417	14,337,587
Administrative expenses	192,887	2,506	190,381
	14,541,891	13,923	14,527,968
Profit after taxation	2,333,606	13,923	2,347,529
Earning per share	129.12	0.77	129.89
Effect on Statement of Comprehensive Income			
Other comprehensive income for the year	-	13,923	(13,923)

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2014 No. of shares	2013 No. of shares		Note	2014 Rupees in '000	2013 Rupees in '000
9,637,116	9,637,116	Ordinary shares of Rs.10/- each fully paid in cash		**96,371**	96,371
		Other than cash			
5,282,097	5,282,097	Issued to the shareholders of YTML	5.1	**52,821**	52,821
3,154,519	3,154,519	Issued as bonus shares		**31,545**	31,545
18,073,732	18,073,732			**180,737**	180,737

5.1 These shares were issued pursuant to the Scheme of Amalgamation with Yousuf Textile Mills Limited (YTML), determined as at October 01, 2004, in accordance with the share-swap ratio.

5.2 There is no movement in issued, subscribed and paid-up capital during the year.

5.3 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5.4 The Company has no reserved shares for issuance under options and sales contracts.

	Note	2014	2013
		Rupees in '000	
6. RESERVES			
Capital			
Share premium	6.1	**10,920**	10,920
Merger reserve	6.2	**11,512**	11,512
		22,432	22,432
Revenue			
General reserve		**5,000,000**	5,000,000
		5,022,432	5,022,432

6.1 This represents share premium received in year 2001 in respect of the issue of 3,639,960 right shares at a premium of Rs.3/- per share.

6.2 Merger reserve represents excess of (a) assets of YTML over its liabilities merged with the Company over (b) consideration to shareholders of YTML as per the Scheme of Amalgamation. (Refer note 5.1)

	Note	2014	2013
		Rupees in '000	
7. LONG-TERM FINANCING			
Secured			
From banking companies	7.1 & 7.2	**2,296,252**	921,714
Less: Payable within one year		**(441,715)**	(231,345)
		1,854,537	690,369

Type and nature of loan	Amount outstanding	Sanctioned amount	Mark up rate per annum	Terms of repayments
	Rupees in '000			
Demand finance loans	3,176	117,942	6 month KIBOR + 1.25%	half yearly
Fixed assets finances	257	2,058	6 month KIBOR + 1.25%	Half yearly
Term finances	1,546,900	2,410,000	3 month KIBOR + 0.5 % to 3 month KIBOR + 1.5%	Quarterly
Long term financing - Export oriented projects	227,817	895,000	6% to 11.5%	Quarterly and half yearly
Musharikah agreement	518,102	900,000	3 month KIBOR + 1%	Quarterly
	2,296,252	4,325,000		

	2013			
Type and nature of loan	Amount outstanding	Sanctioned amount	Mark up rate per annum	Terms of Repayments
	Rupees in '000			
Demand finance loans	4,374	120,000	6 month KIBOR + 1.25%	Half yearly
Fixed assets finances	772	2,058	6 month KIBOR + 1.25%	Half yearly
Term finances	815,859	1,460,000	3 month KIBOR + 1% to 3 month KIBOR + 1.25%	Quarterly and half yearly
Long term financing	43,211	120,000	6% to 9.7%	Quarterly and half yearly
Musharikah agreement	57,498	300,000	3 month KIBOR + 1%	Quarterly
	921,714	2,002,058		

7.2 These finances are secured by charge over property, plant and equipment and land and building of the Company.

7.3 There is no significant non compliance of the financing agreements with banking companies which may expose the Company to penalties or early repayment.

The future minimum lease payments to which the Company is committed as at the balance sheet date are as follows:

	2014		2013	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	-------- Rupees in '000 --------		------------ Rupees in '000 ------------	
Within one year	-	-	2,231	2,222
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	2,231	2,222
Less: Amount representing finance charges	-	-	(9)	-
Present value of minimum lease payments	-	-	2,222	2,222
Less: Current portion	-	-	(2,222)	(2,222)
	-	-	-	-

8.1 These represents finance lease arrangements entered into with financial institution for generator. During the year the company has exercised the option to purchase the leased asset.

	Note	2014	2013
		Rupees in '000	
9. DEFERRED LIABILITIES			
Provision for gratuity	9.1	**140,757**	112,239
		140,757	112,239

The Company operates unfunded gratuity scheme for all its confirmed employees who have completed the minimum qualifying period of service. Provision is made to cover obligations under the scheme on the basis of valuation conducted by a qualified actuary. The last such valuation was conducted on June 30, 2014 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these financial statements are as follows

	2014	2013
Significant actuarial assumptions		
Discount rate	**13.25%**	10.50%
Expected rate of increase in salary level	**12.25%**	9.50%
Average expected remaining working life of employees	**6 years**	6 years

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

	2014	2013 (Restated)
	Rupees in '000	
Present value of defined benefit obligation	**140,757**	112,239
Movement in net defined liability		
Balance at the beginning of the year	**112,239**	84,869
Recognized in profit and loss account		
Current service cost	**37,602**	22,834
Interest cost	**10,327**	11,882
	47,929	34,716
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**8,370**	13,923
Benefits paid	**(27,781)**	(21,269)
Present value of defined benefit obligation as at 30 June 2014	**140,757**	112,239
Actuarial gains and losses		
Experience adjustments	**8,370**	13,923
	8,370	13,923

Sensitivity analysis

Reasonable possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amount shown below:

	Impact on defined benefit obligation		
	Change in assumptions	**Increase**	**Decrease**
		-------- (Rupees in '000) --------	
Discount rate	1%	(8,062)	9,336
Salary Growth Rate	1%	9,819	(8,646)

	Note	2014	2013
		Rupees in '000	

10. TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors		**310,025**	120,250
Accrued liabilities	10.1	**411,921**	261,524
Infrastructure cess	10.2	**168,390**	139,445
Workers' Profit Participation Fund	10.3	**56,938**	121,679
Advance from customers		**15,177**	14,801
Unclaimed dividends / dividends payable		**27,217**	54,130
Withholding tax payable		**2,001**	1,842
Unrealised loss on derivative financial instruments		**-**	441
Others		**17,077**	25,040
		1,008,746	739,152

10.1 This includes Rs.249.884 million (2013: Rs. 3.268 million) due to related parties.

10.2 It represents infrastructure cess payable to Excise and Taxation Officer (ETO) in respect of imported goods under the Sindh Finance Ordinance 2001. In the year 2010-11, the High Court of Sindh has passed an interim order to return the bank guarantees in respect of infrastructure cess payable on goods imported before December 28, 2006. Further the Honorable Court has also ordered to pay off 50% of the infrastructure cess payable on goods imported on and after December 28, 2006 and to submit bank guarantees for balance 50%. However, the Company has not reversed the provision in respect of the infrastructure fee pertaining to period before December 28, 2006 amounting to Rs. 47.759 million (2013: Rs. 47.759 million), considering the possible future legal action.

10.3 Workers' Profit Participation Fund

	Note	2014	2013
		Rupees in '000	
Balance at beginning of the year		**121,679**	73,398
Allocation for the year		**56,938**	121,679
Interest charged during the year on the funds utilized by the Company	32.	**4,240**	5,648
		182,857	200,725
Payments made during the year		**(125,919)**	(79,046)
Balance at end of the year		**56,938**	121,679

11. INTEREST / MARK-UP PAYABLE

	Note	2014	2013
On secured loans from banking companies			
- Long-term financing		**71,181**	19,180
- Short-term borrowings		**20,178**	6,527
		91,359	25,707

12. SHORT-TERM BORROWINGS

	Note	2014	2013
From banking companies - secured			
Running finance / cash finance arrangements	12.1	**303,010**	396,359
Finance against export/ import	12.2	**2,958,920**	691,441
	12.3	**3,261,930**	1,087,800
From related parties - unsecured			
Directors and their spouses	12.4	**-**	9,490
		3,261,930	1,097,290

KIBOR + 1.75%). These are secured against charge over current assets of the Company with upto 25% margin.

12.2 These carry mark-up ranging from 1 month LIBOR + 0.4% to 1 month LIBOR + 2.5% (2013: 1 month LIBOR + 0.7% to 1 month LIBOR + 1.1%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Company.

12.3 The Company has aggregated short-term borrowing facilities amounting to Rs. 9,558 million (2013: Rs. 7,874 million) from various commercial banks. These are secured against charge over current assets of the Company with upto 25% margin.

12.4 These are interest free and are payable within one year.

		Note	2014	2013
			Rupees in '000	
13.	**CONTINGENCIES AND COMMITMENTS**			
13.1	**Contingencies**			
13.1.1	Claim of arrears of social security contribution not acknowledged, appeal is pending in honorable High Court of Sindh. The management is hopeful for favorable outcome.		**453**	453
13.1.2	Guarantees issued by banks on behalf of the Company		**49,820**	49,820
13.1.3	Guarantees issued by banks in favour of gas companies		**19,306**	19,306
13.1.4	Bank guarantees against payment of infrastructure cess		**123,042**	98,042
13.2	**Commitments**			
	Letters of credit for raw material and stores and spares		**671,250**	112,569
	Letters of credit for property, plant and equipment		**74,304**	1,423,369
	Civil work contracts		**70,000**	176,350
	Foreign currency forward contracts		**-**	99,660
14.	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	14.1	**6,109,008**	4,176,585
	Capital work-in-progress	14.3	**77,638**	83,680
			6,186,646	4,260,265

14.1 OPERATING FIXED ASSETS

Particulars	Cost at July 1, 2013	Additions / transfer / (disposal) during the year	Cost at June 30 2014	Accumulated depreciation at July 1 2013	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30 2014	Carrying value at June 30 2014
	2014						
	<------------------------- Rupees in '000' ------------------------->						
Owned							
Freehold land	14,902	-	14,902	-	-	-	14,902
Leasehold land	49,371	1,664	51,035	-	-	-	51,035
Factory buildings	954,296	227,907	1,182,203	303,428	33,447	336,875	845,328
Non-factory buildings	117,088	1,520	118,608	71,320	4,631	75,951	42,657
Office building	50,687	59,629	110,316	2,574	3,652	6,226	104,090
Plant and machinery	5,674,074	1,836,794 (97,657)	7,413,211	2,683,038	368,317 (74,581)	2,976,774	4,436,437
Electric installations	100,067	94,361	194,428	63,235	6,818	70,053	124,375
Power generators	372,858	181,911 19,573 *	574,342	179,001	28,456 7,996 *	215,453	358,889
Office equipment	2,240	8,804	11,044	86	562	648	10,396
Furniture and fixtures	17,940	759	18,699	6,672	1,145	7,817	10,882
Vehicles	172,821	17,344 (6,378)	183,789	52,178	26,563 (4,969)	73,772	110,017
	7,526,344	2,430,693 (104,035)	9,872,577	3,361,532	473,591 (79,550)	3,763,569	6,109,008
Leased							
Power generator	19,573	- (19,573) *	-	7,800	196 (7,996) *	- -	-
June 30, 2014	7,545,917	2,430,693 (104,035)	9,872,577	3,369,332	473,787 (79,550)	3,763,569	6,109,008

* These amount represent transfer from leased assets to own assets.

2013								
Particulars	Cost at July 1, 2012	Additions/ (disposals) during the year	Cost at June 30, 2013	Accumulated depreciation at July 1, 2012	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2013	Carrying value at June 30, 2013	Dep Rate
	<- - - -	- - - -	- - - -	Rupees in '000'	- - - -	- - - -	- - - ->	%
Owned								
Freehold land	14,902	-	14,902	-	-	-	14,902	-
Leasehold land	49,371	-	49,371	-	-	-	49,371	-
Factory buildings	811,302	142,994	954,296	275,225	28,203	303,428	650,868	5
Non-factory buildings	106,874	10,214	117,088	66,991	4,329	71,320	45,768	10
Office building	32,001	18,686	50,687	533	2,041	2,574	48,113	5
Plant and machinery	5,319,832	416,209 (61,967)	5,674,074	2,426,049	310,388 (53,399)	2,683,038	2,991,036	10
Electric installations	99,835	232	100,067	59,168	4,067	63,235	36,832	10
Power generators	354,958	17,900	372,858	158,424	20,577	179,001	193,857	10
Office equipment	2,654	- (414)	2,240	261	239 (414)	86	2,154	10
Furniture and fixtures	15,853	6,050 (3,963)	17,940	9,440	1,154 (3,922)	6,672	11,268	10
Vehicles	92,869	83,960 (4,008)	172,821	35,656	19,357 (2,835)	52,178	120,643	20
	6,900,451	696,245 (70,352)	7,526,344	3,031,747	390,355 (60,570)	3,361,532	4,164,812	
Leased								
Power generator	19,573	-	19,573	6,492	1,308	7,800	11,773	10
June 30, 2013	6,920,024	696,245 (70,352)	7,545,917	3,038,239	391,663 (60,570)	3,369,332	4,176,585	

14.1.1 Allocation of depreciation

	Note	2014	2013
		Rupees in '000'	
Manufacturing expense	27.2	441,865	368,872
Administrative expense	30	31,922	22,791
		473,787	391,663

14.2 Disposals of operating fixed assets

	Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain / (loss)	Particulars of buyers	Mode of disposal
		Rupees in '000'						
1	Plant and machinery	79,280	(60,123)	19,157	20,000	843	Crescent Fibres Limited	Negoti
2	Plant and machinery	4,956	(2,198)	2,758	2,825	67	Indus Lyallpur Limited (subsidiary)	Negoti
3	Plant and machinery	8,961	(8,805)	156	215	59	Mohammad Ikram	Negoti
4	Plant and machinery	2,136	(1,957)	179	200	21	Mohammad Khursheed	Negoti
5	Plant and machinery	2,324	(1,499)	825	1,450	625	Zahid Jee Textile Mills Limited	Negoti
6	Vehicle	269	(261)	8	50	42	M. Rashid Khan	Negoti
7	Vehicle	483	(369)	114	150	36	M. Rashid Khan	Negoti
8	Vehicle	306	(295)	11	50	39	M. Rashid Khan	Negoti
9	Vehicle	46	(3)	43	38	(5)	Adamjee insurance co 2nd floor, adamjee insurance building, i.i. chundrigarh road, karachi	Insuranc
10	Vehicle	38	(23)	15	25	10	Adamjee insurance co 2nd floor, adamjee insurance building, i.i. chundrigar road, karachi	Insuranc
11	Vehicle	41	(30)	11	5	(7)	Mr. Nadeem Ul Haq	Negoti
12	Vehicle	56	(53)	3	3	(1)	Mr. Abdul Ghaffar	Negoti
13	Vehicle	47	(38)	9	5	(4)	Mr. Imran Saeed An employee	As per Co poli
14	Vehicle	3,101	(2,448)	653	800	147	Sh. Zeeshan Rauf An employee	As per Co poli
15	Vehicle	504	(419)	85	150	65	Mr. Zafar Saleh An employee	As per Co poli
16	Vehicle	48	(38)	10	5	(6)	Mr. Aamir Patni An employee	As per Co poli
17	Vehicle	1,439	(991)	448	500	52	Mr. Hasnain Iqbal An employee	As per Co poli
	2014	**104,035**	**(79,550)**	**24,485**	**26,470**	**1,985**		
	2013	70,352	(60,570)	9,782	12,953	3,171		

14.2.1 This includes sale of operating fixed assets to Indus lyallpur amounting to Rs. 2.825 million (2013: 1.650 million).

	Note	2014	2013
		Rupees in '000	

14.3 Capital work-in-progress

	Note	2014	2013
Civil works		**45,071**	38,612
Plant and machinery		-	25,395
Vehicles		**8,476**	4,454
Advance against implementation of ERP		**24,091**	15,219
	14.3.1	**77,638**	**83,680**

14.3.1 Capital work-in-progress

	Civil works	Plant and machinery	Vehicles	Furniture and fixture	Advance against implementation of ERP	Total
	(Rupees '000)					
As at June 30, 2012	9,431	54,731	4,492	658	-	69,312
Additions during the year	183,811	80,996	70,059	634	15,219	350,719
Transferred to operating fixed assets	(154,630)	(110,332)	(70,097)	(1,292)	-	(336,351)
As at June 30, 2013	38,612	25,395	4,454	-	15,219	83,680
Additions during the year	353,540	206,236	13,341	-	8,872	581,989
Transferred to operating fixed assets	(347,081)	(231,631)	(9,319)	-	-	(588,031)
As at June 30, 2014	**45,071**	-	**8,476**	-	**24,091**	**77,638**

	Note	2014	2013
		Rupees in '000	

15. LONG TERM INVESTMENTS

	Note	2014	2013
Investment in joint venture	15.1	-	1,198,084
Investment in associate	15.2	**13,476**	13,476
Investment in subsidiaries	15.3 & 15.4	**3,576,204**	990,000
		3,589,680	2,201,560

15.1 On November 21, 2013, the Company acquired 75 million shares of Indus Home Limited from WestPoint Pakistan LLC for an aggregate purchase consideration of USD 12 million. As a result of the acquisition, the Company acquired controlling interest in Indus Home Limited by way of 100% ownership. Accordingly, the investment is now classified as 'investment in subsidiary' (refer note 15.3)

15.2 Due to common directorship, the investment has been classified as investment in associates.

15.3 **Investment in subsidiaries**

Indus Home Limited (IHL)

Opening balance	-	1,198,084
Transferred from 'Investment in Joint Venture' (note 15.1)	**1,198,084**	-
Investment made during the year	**1,293,120**	-
Closing balance	**2,491,204**	1,198,084

IHL is a wholly owned subsidiary of the Company and is involved in the business of griege, terry towel and other textile products. The subsidiary is incorporated in Pakistan as public unlisted company. Investment in IHL is carried at cost in these unconsolidated financial statement.

	2014	2013
	Rupees in '000	
15.4 Indus Lyallpur Limited (ILP)		
Opening	**990,000**	840,000
Investment made during the year	**95,000**	150,000
Closing	**1,085,000**	990,000

ILP is a wholly owned subsidiary of the Company and is involved in the business of manufacturing, export and sale of yarn. The subsidiary is incorporated in Pakistan as public unlisted company. Investment in ILP is carried at cost in these unconsolidated financial statement.

	Note	2014	2013
		Rupees in '000	
16. LONG TERM DEPOSITS			
Electricity		**3,790**	3,754
Others		**315**	315
		4,105	4,069
17. STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools	17.1	**215,102**	195,428
Less: Provision for slow moving and obsolete stock		**(1,000)**	(1,000)
		214,102	194,428

17.1 It include stores and spares in transit amounting to Rs. 3.739 million (2013: Rs.10.561 million).

	2014	2013
	Rupees in '000	
18. STOCK-IN-TRADE		
Raw material		
- in hand	**2,945,123**	2,638,291
- in transit	**142,545**	108,191
	3,087,668	2,746,482
Work-in-process	**309,978**	216,135
Finished goods	**386,515**	210,684
Packing material	**43,958**	33,575
Waste	**83,291**	61,548
	3,911,410	3,268,424

	Note	2014	2013
		Rupees in '000	

19. TRADE DEBTS

	Note	2014	2013
Considered good			
Secured			
Foreign debtors		1,127,513	423,938
Local debtors		309,812	401,562
	19.2	1,437,325	825,500
Unsecured			
Local debtors	19.1 & 19.3	93,679	190,643
		1,531,004	1,016,143
Considered doubtful		-	8,393
		1,531,004	1,024,536
Less: Provision for doubtful debts	19.5	(5,230)	(8,393)
		1,525,774	1,016,143

19.1 This includes balances from the following related parties which are not past due:

	2014	2013
Indus Lyallpur Limited (Subsidiary)	-	9,090
Indus Home Limited (Subsidiary)	-	13,205
	-	22,295

19.2 These are secured against letters of credit in favour of the Company.

19.3 Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of credit customers.

	Note	2014	2013
		(Rupees in '000)	
19.4 Aging of local debtors - not impaired			
From 1 to 30 days		216,638	335,417
From 30 to 60 days		90,290	152,694
From 60 to 90 days		96,563	104,094
19.5 Movement of provision			
Opening balance		8,393	3,493
During the year		-	4,900
Reversal		(3,163)	-
Closing balance		5,230	8,393

20. LOANS AND ADVANCES

	Note	2014	2013
Considered good			
Loans to staff		13,254	9,471
Advance income tax - net	20.1	211,598	37,417
Advances to:			
- Suppliers		27,712	25,081
- Others		11,542	11,570
		39,254	36,651
		264,106	83,539

	Note	2014 (Rupees in '000)	2013
20.1 Advance income tax - net			
Advance income tax		**233,676**	270,143
Provision for taxation		**-**	(138,278)
Workers Welfare Fund	20.1.1	**(22,078)**	(94,448)
		211,598	**37,417**

20.1.1 Prior to certain amendments made through the Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes 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.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Company together with other stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the Company and other stakeholders. Management has filed a petition before the Supreme Court of Pakistan against the decision of the Sindh High Court. On prudent basis, the Company has recognized aggregate provision amounting to Rs. 145.5 million for the years from 2010 to 2014, although management based on advice of the legal advisor is confident that the ultimate decision would be in favor of the Company.

	Note	2014 Rupees in '000	2013
21 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS			
Considered good			
Trade deposits		**683**	-
Prepayments		**3,130**	6,842
		3,813	6,842
22. OTHER RECEIVABLES			
Considered good			
Cotton claims		**14,233**	14,241
Others		**15,580**	10,705
		29,813	24,946
23. OTHER FINANCIAL ASSETS			
Carrying value of investment at fair value through profit and loss- held for trading	23.1	**144,566**	13,464

23.1 Market value of other financial assets

2014 No. of shares / units	2013		2014 Rupees in '000	2013
Investment in ordinary shares of listed companies				
30,000	30,000	Fauji Fertilizer Company Limited	**3,367**	3,223
11,088	7,000	Pakistan State Oil Company Limited	**4,312**	2,243
60,500	60,500	United Bank Limited	**10,198**	6,508
100,000	100,000	Pakistan International Airlines Corporation Limited	**659**	906
2014 No. of units	2013		**2014** Rupees in '000	**2013**
Investment in units of mutual funds				
1,884	1,728	HBL Money Market Fund	**189**	175
236	195	Meezan Sovereign Fund	**12**	48
8,533	7,904	NAFA Government Security Liquid Fund	**86**	79
1,247,392	-	Askari Sovereign Cash Fund	**125,439**	-
3,029	2,811	UBL Liquidity Plus Fund	**304**	282
			144,566	13,464

24. TAX REFUNDABLE			
Sales tax refundable		**68,337**	64,751
Income tax refundable		**137,643**	34,544
		205,980	99,295
25. CASH AND BANK BALANCES			
With banks			
- in deposit accounts		**-**	7,676
- in current accounts		**39,165**	129,732
		39,165	137,408
Cash in hand		**5,138**	4,868
		44,303	142,276
26. SALES			
Export sales	26.1 & 26.2	**15,550,457**	14,798,928
Less: Commission		**(177,644)**	(273,676)
		15,372,813	14,525,252
Local sales			
Yarn		**3,132,359**	2,937,325
Waste		**293,225**	254,600
		3,425,584	3,191,925
Less:			
Sales tax @ 2% on local sales		**126,245**	47,371
Brokerage		**55,420**	57,790
		(181,665)	(105,161)
		3,243,919	3,086,764
		18,616,732	17,612,016

26.1 It includes exchange gain of Rs. 4.760 million (2013: exchange loss of Rs. 9.01 million) and indirect export of Rs. 3,432 million (2013: Rs.3,542.36 million).

26.2 It includes indirect exports to related undertakings of Rs. 373 million (2013: Rs. 167.61 million).

	Note	2014	2013 (Restated)
		Rupees in '000	
27. COST OF GOODS SOLD			
Raw material consumed	27.1	**13,328,211**	11,626,672
Manufacturing expenses	27.2	**3,302,636**	2,545,847
Outside purchases - yarn		**224,308**	165,095
		16,855,155	14,337,614
Work in process			
- Opening		**216,135**	198,360
- Closing		**(309,978)**	(216,135)
		(93,843)	(17,775)
Cost of goods manufactured		**16,761,312**	14,319,839
Finished goods			
- Opening		**272,232**	289,980
- Closing		**(469,806)**	(272,232)
		(197,574)	17,748
		16,563,738	14,337,587

27.1 **Raw material consumed**

Opening stock		**2,638,291**	1,365,304
Purchases		**13,699,896**	12,972,578
		16,338,187	14,337,882
Cost of raw cotton sold		**(64,853)**	(72,919)
Closing stock		**(2,945,123)**	(2,638,291)
		13,328,211	11,626,672

27.2 **Manufacturing expenses**

Salaries, wages and benefits	27.2.1	**793,901**	667,322
Fuel, water and power		**1,262,595**	810,740
Packing material consumed		**279,262**	253,328
Stores and spares consumed		**426,404**	331,492
Repairs and maintenance		**39,845**	20,594
Insurance		**39,603**	22,016
Rent, rates and taxes		**1,897**	2,167
Depreciation on operating fixed assets	14.1.1	**441,866**	368,872
Other		**17,263**	69,316
		3,302,636	2,545,847

27.2.1 It includes staff retirement benefits Rs. 49.560 million (2013: Rs. 44.372 million).

	Note	2014	2013
		Rupees in '000	
28. OTHER INCOME			
Gross profit on trading of raw cotton	28.1	**1,136**	8,310
Other	28.2	**115,517**	32,606
		116,653	40,916

28.1 **Gross profit on trading of raw cotton**

Sales		
- Export	**-**	71,549
- Local	**65,989**	9,680
	65,989	81,229
Less: Cost of goods sold		
- Export	**-**	(63,348)
- Local	**(64,853)**	(9,571)
	(64,853)	(72,919)
	1,136	8,310

Income from non-financial assets:			
Scrap sale		**5,319**	5,673
Storage income		-	416
Gain on disposal of operating fixed assets		**1,985**	3,171
Income from financial assets:			
Unrealised gain on other financial assets		**6,717**	3,027
Unrealised gain on revaluation of foreign currency loans		**97,657**	-
Dividend income		**2,176**	19,440
Profit on Term Deposit Receipts		**1,663**	879
		115,517	32,606

29. DISTRIBUTION COST

Export			
Ocean freight		**121,009**	116,119
Export development surcharge		**30,812**	28,000
Export charges		**165,825**	149,228
Local			
Freight		**75,450**	71,054
Others		**117**	446
Insurance		**13,401**	12,272
Others		**2,807**	2,169
		409,421	379,288

30. ADMINISTRATIVE EXPENSES

	Note	2014	2013 (Restated)
		Rupees in '000	
Salaries and benefits	30.1	**71,301**	46,923
Directors' remuneration		**33,251**	45,160
Meeting fees		**234**	278
Repairs and maintenance		**2,334**	3,026
Postage and telephone		**6,046**	5,826
Travelling and conveyance		**8,566**	8,115
Vehicles running		**7,047**	9,405
Printing and stationery		**5,648**	5,422
Rent, rates and taxes		**6,538**	6,928
Utilities		**9,754**	7,419
Entertainment		**3,260**	2,145
Fees and subscription		**6,895**	5,598
Insurance		**6,710**	3,345
Legal and professional		**1,064**	1,792
Charity and donations	30.2	**2,993**	1,243
Auditors' remuneration	30.3	**1,711**	1,869
Depreciation on operating fixed assets	14.1.1	**31,922**	22,791
Provision for doubtful debts		-	4,900
Advertisement		**167**	1,367
Others		**14,512**	6,829
		219,953	190,381

30.2 None of the directors and their spouses have any interest in the donees fund.

		Note	2014	2013
			Rupees in '000	
30.3	**Auditors' remuneration**			
	Audit fee		**1,100**	1,100
	Half year review fee		**300**	298
	Fee for certifications and other		**280**	280
	Out of pocket expenses		**31**	191
			1,711	1,869

		2014	2013
31.	**OTHER OPERATING EXPENSES**		
	Workers' Profit Participation Fund	**56,938**	121,679
	Exchange loss on foreign currency transactions	**-**	20,524
	Workers' Welfare Fund	**22,078**	122,338
	Unrealised loss on derivative financial instrument	**-**	441
		79,016	264,982

		2014	2013
		Rupees in '000	
32.	**FINANCE COST**		
	Mark-up on:		
	- long-term finance	**206,165**	110,142
	- liabilities against assets subject to finance lease	**32**	415
	- short-term borrowings	**165,565**	152,828
	Discounting charges on letters of credit	**11,502**	1,395
	Interest on Workers' Profit Participation Fund	**4,240**	5,648
	Bank charges and commission	**14,006**	6,772
		401,510	277,200
33.	**TAXATION**		
	Current	**-**	144,689
	Prior year	**(128,056)**	(6,411)
	Deferred	**-**	(162,414)
		(128,056)	(24,136)
33.1	**Reconciliation between accounting profit and taxable income**		
	Accounting profit before tax	1,059,747	2,309,470
	Tax rate %	34%	35%
	Tax on accounting profit	360,314	808,315
	Effect of:		
	Income chargeable to tax at reduced rates	(183,046)	(743,359)
	Prior year charge	(128,056)	(6,411)
	Tax impact of tax credit	(184,160)	(41,965)
	Unrecognised temporary differences	6,476	(40,716)
	Others	416	-
	Tax charge for the year as per accounts	**(128,056)**	(24,136)

There is no dilutive effect on the basic earnings per share of the company, which is based on:

		2014	2013 (Restated)
Profit for the year	Rupees in '000	**1,187,803**	2,347,529
Weighted average number of ordinary shares outstanding during the year	No. of shares	**18,073,732**	18,073,732
Earnings per share - Basic and diluted	Rupees	**65.72**	129.89

35. CASH GENERATED FROM OPERATIONS

	Note	2014 Rupees in '000	2013 (Restated) Rupees in '000
Profit before taxation		1,059,747	2,323,393
Adjustments for:			
Depreciation	14.1.1	473,787	391,663
Provision for gratuity	9.1	47,929	34,716
Provision for doubtful debts	19.5	-	4,900
Unrealised gain on other financial assets	28.2	(6,717)	(3,027)
Unrealised loss on derivative financial instrument		-	441
Unrealised gain on revaluation of foreign currency loans		(97,657)	-
Gain on disposal of operating fixed assets	14.2	(1,985)	(3,171)
Dividends income	28.2	(2,176)	(19,440)
Profit on distribution of specie dividend		-	(119,899)
Finance cost	32	401,510	277,200
Cash generated before working capital changes		1,874,438	2,886,776
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(19,674)	(28,693)
Stock-in-trade		(642,986)	(646,089)
Trade debts		(509,631)	(247,405)
Loans and advances		(72,364)	41,192
Trade deposits and short term prepayments		3,029	(5,292)
Other receivables		(4,867)	(12,510)
Other financial assets		(124,385)	-
		(1,370,878)	(898,797)
Increase in current liability			
Trade and other payables		296,507	177,436
Cash generated from operations		800,067	2,165,415

36. CASH AND CASH EQUIVALENTS

	Note	2014	2013
Cash and bank balances	25	44,303	142,276
Short term borrowings excluding loan from directors	12	(3,261,930)	(1,087,800)
		(3,217,627)	(945,524)

The aggregate amounts charged in the accounts for remuneration, including all benefits to chief executive officer and directors of the company are given below:

Particulars	2014 Chief Executive Officer	Directors Executive	Directors Non-Executive	Executives	Total
	-----------	-----------	Rupees in '000	-----------	
Remuneration including benefits	8,460	23,480	-	21,214	53,154
Medical	580	730	-	1,920	3,230
Retirement benefits	-	-	-	12,564	12,564
Utilities	670	1,094	-	-	1,764
Meeting fees	40	120	74	-	234
Total	9,750	25,424	74	35,698	70,946
Number of persons	1	6	3	25	35

Particulars	2013 Chief Executive Officer	Directors Executive	Directors Non-Executive	Executives	Total
	-----------	-----------	Rupees in '000	-----------	
Remuneration including benefits	6,480	34,164	-	17,547	58,191
Medical	720	3,796	-	1,755	6,271
Retirement benefits	-	-	-	10,856	10,856
Utilities	549	951	-	-	1,500
Meeting fees	38	153	63	24	278
Total	7,787	39,064	63	30,182	77,096
Number of persons	1	6	3	25	35

37.1 Company maintained cars and cellular phones are provided to Chief Executive Officer and directors.

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries Indus Lyallpur Limited and Indus Home Limited, an associate (Sunrays Textiles Mills Limited), key management personnel and post employment benefit scheme. The Company carries out transactions with related parties as per agreed terms. Short term loan obtained from directors are disclosed in note 12 to the unconsolidated financial statements. Remuneration of key management personnel is disclosed in note 37 to the unconsolidated financial statements and amount due in respect of staff retirement benefits is disclosed in note 9.2. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2014	2013
		Rupees in '000	
Subsidiaries	Purchase of cotton	163,948	-
	Purchase of yarn	127,454	143,420
	Sale of lycra	2,125	2,145
	Sale of yarn	396,510	-
	Sale of machinery	2,825	1,275
	Purchase of machinery	3,680	-
	Purchase of stores, spares and loose tools	1,273	-
	Contract manufacturing cost	-	52,529
	Payment against issue of right shares	95,000	150,000
	Sale of vehicle	-	375
	Doubling charges	-	121
Associate	Purchase of yarn	-	12,285
Joint Venture	Sale of yarn	-	167,612
	Contract manufacturing cost	-	10,302
Directors	Short term borrowing repaid	9,490	113,248
	Short term borrowing received	-	117,515
Other related parties (due to common directorship)	Expenses paid on behalf of associates	-	231
	Expenses adjusted / reimbursed	5	1,979

Relationship with the Company	Nature of transactions	2014	2013
		Rupees in '000	
Balances with related parties:-			
Subsidiaries - receivable		-	9,090
Subsidiaries - Payable		249,884	-
Associate - payable		137	627
Joint Venture - receivable		-	13,205
Directors and their spouses - payable		-	9,490
Other related parties:			
- Payable		3,170	2,641

39. FINANCIAL RISK MANAGEMENT

The Board of Directors has overall responsibility for the establishment and oversight of the Company's financial risk management. The responsibility includes developing and monitoring the Company's risk management policies. To assist the Board in discharging its oversight responsibility, management has been made responsible for identifying, monitoring and managing the Company's financial risk exposures.

The Company's principal financial liabilities, comprise long-term financing, short-term borrowings, liabilities against assets subject to finance lease, trade and other payables and financial guarantee contracts. The main purpose of these financial liabilities is to raise finance for the Company's operations. The Company has loans and advances, trade and other receivables, cash and bank balances and short-term deposits that arrive directly from its operations. The Company also holds long-term and short term investments, and enters into derivative transactions.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarised as follows:

39.1 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. The Company does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Company arises principally from trade debts, loans and advances and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2014	2013
	Rupees in '000	
Long-term deposits	**4,105**	4,069
Trade debts	**1,525,774**	1,016,143
Loans and advances	**13,254**	9,471
Trade deposits	**683**	-
Other receivables	**29,813**	24,946
Bank balances	**39,165**	137,408
	1,612,794	1,192,037

The trade debts are due from foreign and local customers for export and local sales respectively. Trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors. As at the balance sheet date, there are no past due trade debt balances.

Credit risk related to equity investments and cash deposits

The Company limits its exposure to credit risk of investments by only investing in listed securities of highly reputed Companies having good stock exchange rating. Credit risk from balances with banks and financial institutions is managed by Finance Director in accordance with the Company's policy.

The credit risk on liquid funds (cash and bank balances) is limited because the counter parties are banks with a reasonably high credit rating the names and credit rating of major banks where the Company maintains its bank balances are as follows:

Name of bank	Rating agency	Credit rating Long-term	Short-term
Allied Bank Limited	PACRA	AA+	A1+
Askari Commercial Bank Limited	PACRA	AA	A1+
Bank Alfalah Limited	PACRA	AA	A1+
Bank Islami Pakistan Limited	PACRA	A	A1
Barclays Bank	Moody's	A2-	P-1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A	A1
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metro Bank Limited	PACRA	AA+	A1+
Industrial and Commercial Bank of China	Moody's	A1	P-1
J.S. Bank Limited	PACRA	A+	A1
KASB Bank Limited	PACRA	BBB	A3
Meezan Bank Limited	JCR-VIS	AA	A1+
MCB Bank Limited	PACRA	AAA	A1+
National Bank of Pakistan	JCR-VIS	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank Pakistan Limited	PACRA	AAA	A1+
The Bank of Punjab Limited	PACRA	AA	A1+
United Bank Limited	JCR-VIS	AA+	A1+

39.2 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities 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 damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements (refer note 12). The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

39.2.1 Liquidity and interest risk table

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

	Carrying Values	Contractual Cash Flows	Less than 1 month	1 to 3 months	3 months to 1 year	1-5 years
	Rupees in '000'					
Trade and other payables	**766,240**	**632,203**	**632,203**	-	-	-
Long-term financing	**2,296,252**	**2,694,951**	**3,485**	**10,314**	**539,058**	**2,142,095**
Short-term borrowings	**3,261,930**	**3,261,930**	**303,010**	**2,958,920**	-	-
Interest / mark-up payable	**91,359**	**91,359**	**91,359**	-	-	-
2014	**6,415,781**	**6,680,443**	**1,030,057**	**2,969,234**	**539,058**	**2,142,095**
Trade and other payables	461,385	461,385	461,385	-	-	-
Long-term financing	921,714	1,128,690	51,311	58,166	232,395	786,817
Short-term borrowings	1,097,290	1,097,290	1,097,290	-	-	-
Interest / mark-up payable	25,707	25,707	25,707	-	-	-
2013	2,506,095	2,713,071	1,635,692	58,166	232,395	786,817

The effective rate of interests on non derivative financial liabilities are disclosed in respective notes.

39.2.2 The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2014	2013
	Rupees in '000	
6 months or less		
- Short-term borrowings	**3,261,930**	1,097,290
- Long-term loans	**2,273,831**	878,503
- Liabilities against assets subject to finance lease	-	2,222

39.3 Market risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising returns.

39.3.1 Interest rate risk management

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 risk arises from long and short-term borrowings from financial institutions. At the balance sheet date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying amount	
	2014	2013
	Rupees in '000	
Fixed rate instruments		
Financial assets	-	7,676
Financial liabilities	**22,421**	-
Variable rate instruments		
Financial liabilities		
- KIBOR based	**2,576,841**	1,318,073
- LIBOR based	**2,958,920**	691,441

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities. Therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit for the year ended June 30, 2014 would decrease / increase by Rs. 26.175 million (2013: Rs. 9.84 million) determined on the outstanding balance at year end. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

39.3.2 Foreign exchange risk management

Exposure to currency risk

	2014		2013	
	Rupees	US Dollar	Rupees	US Dollar
	Currency in '000			
Trade debts	**1,127,513**	**11,439**	423,938	4,291
Foreign currency loans	**2,958,920**	**30,018**	691,441	6,998
	4,086,433	**41,457**	1,115,379	11,289

	2014	2013
	Rupees	
Average rate	102.89	95.72
Balance sheet date rate	98.57	98.80

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly where receivables and payables exist due to transactions entered into foreign currencies. The Company is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. The Company enters into forward foreign exchange contracts to cover its exposure to foreign currency sales and receivables.

At June 30, 2014, if the Rupee had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit for the year would have been higher / lower by Rs. 91.56 million (2013: Rs 13.38 million) determined on the outstanding balance at year end. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2014 than 2013 because of high fluctuation in foreign currency exchange rate.

39.3.3 **Equity price risk management**

The Company's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the balance sheet date, the Company have exposure of Rs. 13.476 million (2013: Rs. 13.476 million) to listed equity securities of an associate which is held for strategic rather than trading purpose. The Company does not actively trade these securities.

At the balance sheet date, the Company have exposure of Rs. 3,576 million (2013: Rs. 990 million) to unlisted equity securities of subsidiaries which are held for strategic rather than trading purpose. At the balance sheet date, the exposure to listed equity securities at fair value was Rs.144.56 million (2013: Rs.13.46 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 7.23 million (2013: Rs. 0.67 million) determined based on market value of investments at year end.

39.4 **Determination of fair values**

Fair value of financial instruments

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the unconsolidated financial statements approximate their fair values.

39.5 **Financial instruments by category**

	Loan & advances	Fair value through profit & loss account	Total
	---------------- Rupees in '000		----------------
Assets as per balance sheet - June 30, 2014			
Long-term deposits	**4,105**	**-**	**4,105**
Trade debts	**1,525,774**	**-**	**1,525,774**
Loans and advances	**13,254**	**-**	**13,254**
Trade deposits	**683**	**-**	**683**
Other receivables	**29,813**	**-**	**29,813**
Other financial assets	**-**	**144,566**	**144,566**
Bank balances	**44,303**	**-**	**44,303**
	1,617,932	**144,566**	**1,762,498**
Assets as per balance sheet - June 30, 2013			
Long-term deposits	4,069	-	4,069
Trade debts	1,016,143	-	1,016,143
Loans and advances	9,471	-	9,471
Trade deposits	-	-	-
Other receivables	24,946	-	24,946
Other financial assets	-	13,464	13,464
Bank balances	142,276	-	142,276
	1,196,905	13,464	1,210,369

	Financial liabilities measured at amortized cost	Total
	Rupees in '000	
Liabilities as per balance sheet - June 30, 2014		
Long-term financing	**2,296,252**	**2,296,252**
Trade and other payables	**766,240**	**766,240**
Short-term borrowings	**3,261,930**	**3,261,930**
Interest / mark-up payable	**91,359**	**91,359**
	6,415,781	**6,415,781**
Liabilities as per balance sheet - June 30, 2013		
Long-term financing	921,714	921,714
Trade and other payables	461,385	461,385
Short-term borrowings	1,097,290	1,097,290
subject to finance lease	2,222	2,222
Interest / mark-up payable	25,707	25,707
	2,508,318	2,508,318

Level 1:	quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2:	inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
Level 3:	inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1	Level 2	Level 3	Total
	----------	Rupees in '000	----------	
Other financial assets	144,566	-	-	144,566
Other financial liability	-	-	-	-
Total	144,566	-	-	144,566

40. CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital, i.e., its shareholders' equity is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders; and to maintain a strong capital base to support the sustained development of its businesses.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to shareholders or issue new shares.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at June 30, 2014 and 2013 were as follows:

	2014	2013
	Rupees in '000	
Total borrowings (note 7,8 & 12)	**5,558,182**	2,021,226
Less: cash and bank balances (note 25)	**(44,303)**	(142,276)
Net debt	**5,513,879**	1,878,950
Total equity	**9,325,254**	8,225,472
Total capital	**14,839,133**	10,104,422
Gearing ratio	37%	19%

41. CAPACITY AND PRODUCTION

Spinning units	**2014**	**2013**
Total number of spindles installed	172,712	146,112
Total number of spindles worked per annum (average)	167,107	142,105
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	121,086,982	110,109,915
Actual production for the year after conversion into 20 counts (lbs.)	111,960,608	95,738,856

Ginning units	**2014**	**2013**
Installed capacity to produce cotton bales	135,000	135,000
Actual production of cotton bales	19,723	19,108
Number of shifts	2	2
Capacity attained in (%)	14.61%	14.15%

42. SEGMENT REPORTING

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office lead by Chief Executive Officer who continuously involves in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently the Company has three yarn manufacturing units at Hyderabad, Karachi and Muzafarghar. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products and the nature of the regulatory environment, all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments. The Company also holds investments in equity shares of listed Companies, investment in an associated company and in two wholly owned subsidiaries (refer note 15).

43. NUMBER OF EMPLOYEES

The total average number of employees during the year as at June 30, 2014 and 2013 are respectively as follows:

	No. of employees	
	2014	2013
Average number of employees during the year	2,335	2,205
Number of employees as at June 30, 2014	2,431	2,239

44. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on October 03, 2014 by the Board of Directors of the Company.

45. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director