INDUS DYEING & MANUFACTURING CO. LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Indus Dyeing & Manufacturing Co. Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited Company under the Companies Act 1913 since repealed and replaced by the by the Companies Ordinance,1984. Registered office of the Company is situated at Office No. 508, 5th, floor, Beaumont Plaza, Civil Lines, Karachi. The Company is currently listed on Karachi Stock Exchange (Guarantee) Ltd. The principal activity of the Company is manufacturing and sale of yarn. The manufacturing facilities of the Company are located in Karachi, Hyderabad and Muzaffargarh. The Company is also operating three ginning units including two on leasing arrangements and two ice factories on leasing arrangements in District Multan. The Company has also made investments in a joint venture, Indus Home Limited and in an associate, Sunrays Textile Mills Limited. During the year on January 31, 2012, the company acquired 100% shares of Indus Lyallpur Limited (formerly MIMA Cotton Mills Limited Refer note 15.3)

1.2 These financial statement are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. STATEMENT OF COMPLIANCE

2.1 These 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 notified under the provisions of the Companies Ordinance, 1984, the requirements of the Companies Ordinance, 1984 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Companies Ordinance, 1984 or the directives issued by the SECP differ with the requirements of the IFRS, the requirements of the Companies Ordinance, 1984, and the said directives shall take precedence.

2.2 Standards, amendments and interpretations which became effective during the year

a) The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2011:

The following standards, amendments and interpretations to approved accounting standards have been published and are mandatory for the Company's accounting period beginning on or after July 1, 2011:

a) IFRS 7, 'Financial Instruments: Disclosures' (effective January 1, 2011). The amendment emphasizes the interaction between quantitative and qualitative disclosures about the nature and extent of risks associated with financial instruments. The amendment does not have any significant impact on the Company's financial statements, other than certain additional disclosures.

b) IFRS 7, 'Financial instruments: Disclosures' (effective July 1, 2011). This amendment aims to promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial assets. The amendment does not have any impact on the Company's financial statements during the current year.

c) IAS 1, 'Presentation of financial statements' (effective January 1, 2011). The amendment clarifies that an entity will present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes to the financial statements which have been made in these financial statements.

d) IAS 24 (revised), 'Related party disclosures', issued in November 2009. It superseded IAS 24, 'Related Party Disclosures', issued in 2003. IAS 24 (revised) is mandatory for periods beginning on or after January 1, 2011. The revised standard clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The Company complies with the requirements of revised IAS.

e) IAS 34, 'Interim financial reporting' (effective January 1, 2011). The amendment provides guidance to illustrate how to apply disclosure principles in IAS 34 and adds disclosure requirements around:

- The circumstances likely to affect fair values of financial instruments and their classification;
- Transfers of financial instruments between different levels of the fair value hierarchy;
- Changes in classification of financial assets; and
- Changes in contingent liabilities and assets.

There are other amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2011 but are considered not to be relevant or do not have any significant effect on the Company's operations and therefore not detailed in these financial statements.

b) Other standards and amendments to published standards that are not yet effective and have not been early adopted by the Company

The following standards, amendments to published standards and interpretation are not effective (although available for early adoption) for the accounting period beginning on or after July 1, 2012 and have not been early adopted by the Company:

- IAS 1, 'Financial statement presentation' (effective July 1, 2012). The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

- IFRS 7, 'Financial instruments: Disclosures' (effective January 1, 2013). This amendment reflects the joint IASB and FASB requirements to enhance current offsetting disclosures. These new disclosures are intended to facilitate comparison between those entities that prepare IFRS financial statements and those that prepare US GAAP financial statements. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.

- IAS 32, 'Financial instruments: Presentation', (effective January 1, 2014). This amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The management of the Company is in the process of assessing the impact of this amendment on the Company's financial statements.

- IFRS 9, ‘Financial instruments’ (effective for periods beginning on or after January 1, 2013). This is the first part of a new standard on classification and measurement of financial assets that will replace IAS 39. IFRS 9 has two measurement categories: amortized cost and fair value. All equity instruments are measured at fair value. A debt instrument is at amortized cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

- IFRS 12, 'Disclosure of interests in other entities' (effective for periods beginning on or after January 1, 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

- IFRS 13, 'Fair Value Measurement' (effective for periods beginning on or after January 1, 2012). This standard applies to IFRSs that require or permit fair value measurements or disclosures and provides a single IFRS framework for measuring fair value and requires disclosures about fair value measurement.

- IAS 19 (Revised), 'Employee benefits' (effective for periods beginning on or after January 1, 2013). The amendments will make significant changes to the recognition and measurement of defined benefit pension expense and termination expense. The amendments requires actuarial gains and losses to be recognised immediately in other comprehensive income. This change will remove the corridor method and eliminate the ability for entities to recognise all changes in the defined benefit obligation and in plan assets in profit or loss, which currently is allowed under IAS 19, and that the expected return on plan assets recognised in profit or loss is calculated based on the rate used to discount the defined benefit obligation. The Company is in process of reviewing the implications of the revised standard on its financial statements.

- IAS 28 (Revised) ‘Associates and joint ventures' (effective for periods beginning on or after January 1, 2013). The revised standard includes the requirements for joint ventures, as well as associates, to be equity accounted following the issue of IFRS 11.

There are no other standards, amendments and interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. BASIS OF PREPARATION

3.1 Accounting conventions

These financial statements have been prepared under the historical cost convention as modified by:

- recognition of certain employee retirement benefits at present value
- certain financial instruments at fair value

3.2 Critical accounting estimates and judgments

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

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

- Provision for current tax and deferred tax (Note 4.1)
- Provision for staff retirement (Note 4.2)
- Useful lives and depreciation rates of property, plant and equipment (Note 4.4)
- Classification and impairment of investment (Note 4.5 and 4.10)
- Net realisable value of stock-in-trade (Note 4.8)
- Provision for impairment of trade debts and other receivables (Note 4.9)

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred income 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 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 an un-funded gratuity scheme for all its permanent employees. Provision is made in accordance with the requirements of International Accounting Standard (IAS)-19 "Employee Benefits". The amount recognized in the balance sheet represents the present value of defined benefit obligations as adjusted for unrecognized actuarial gains and losses. Cumulative net unrecognized actuarial gains and losses at the end of previous year which exceeds 10% of the greater of the present value of the Company's obligation is amortized over the average expected remaining working lives of the employees. Details of the schemes are given in note 9.2 to these financial statements.

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 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.

Gains and losses on disposal of assets, if any, are recognized as and when 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 subject to 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

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Non-financial assets

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets and investment property 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 recognised 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.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised for the asset in prior years. Reversal of impairment loss is recognized as income.

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 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, except in transit which is valued at cost accumulated to the balance sheet date, 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

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 outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

4.10 Investments

Regular way purchase or sale of investments

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

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;

- power over more than half of the voting rights by virtue of an agreement with other investors;
- power to govern the financial and operating policies of the entity under a statute or an agreement;
- power to appoint or remove the majority of the members of the board of directors or equivalent governing body and control of the entity is by that board or body; or
- power to cast the majority of votes at meetings of the board of directors or equivalent governing body and control of the entity is by that board or body.

On January 31, 2012, the Company acquired 100% shares of Indus Lyallpur Limited (formerly MIMA Cotton Mills Limited) making it a wholly owned subsidiary. Before acquisition of the subsidiary, the investment in associate and joint venture were accounted for using the equity method of accounting as prescribed by International Accounting Standards 28 and 31 respectively. They were initially recognized at cost and subsequently adjusted to recognize the Company's share of profit or loss and other comprehensive income of the associate and joint venture. When the Company's share of losses exceed its interest, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Company has an obligation or has made payments on behalf of the investee.

After the acquisition of the subsidiary, the investment in associate and joint venture are stated at cost in these separate financial statements, their carrying value as at January 31, 2012 being deemed as their cost. 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. A reversal of impairment loss is recognized in the profit and loss account adjusted for impairment, if any, in the recoverable amounts of such investments.

Financial assets at fair value through profit or loss

These include investments held for trading and those that are designated at fair value through profit or loss at inception. Investments are classified as held for trading if acquired principally for the purpose of selling in the short term. They are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

Derivative Financial instruments

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 the 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 currency translation

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 concide 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. These are initially measured at cost, which is the fair value of the consideration given and received respectively. These financial assets and liabilities are subsequently measured at fair value, amortized cost or cost, as the case may be. Any gain or loss on the recognition and derecognition of the financial assets and liabilities is included in the net profit and loss for the period to which it relates.

4.16 Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at fair value through profit or loss where the financial liability is either held for trading or it is designated as at fair value through profit or loss. Financial liabilities at fair value through profit or loss are recognized on trade date basis and stated at fair value, with any resultant gain or loss recognized in profit or loss.

4.17 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.

4.18 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, demand drafts in transit and balances with banks on current and deposit accounts.

4.19 Dividend distribution

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

5. SHARE CAPITAL

2012	*2011*		*Note*	*2012*	*2011*
----- No. of shares -----				***Rupees in '000***	
Authorised capital					
45,000,000	45,000,000	Ordinary shares of Rs.10/- each		450,000	450,000
Issued, subscribed and paid up capital					
		Ordinary shares of Rs.10/- each			
9,637,116	9,637,116	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 Issued in 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.

6. RESERVES

	Note	*2012*	*2011*
		Rupees in '000	
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	4,000,000
		5,022,432	4,022,432

6.1 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 and (b) consideration to shareholders of YTML as per the Scheme of Amalgamation. (Refer note 5.1)

	Note	2012	2011
		Rupees in '000	
7. LONG-TERM FINANCING			
Secured			
From banking companies	7.1 & 7.2	981,595	310,019
Less: Payable within one year shown under current liabilities		(90,883)	(50,405)
		890,712	259,614

7.1 The particulars of above long-term loans are as follows:

Type and nature of loan	2012 Amount outstanding (Rupees in '000)	2012 Limit (Rupees in '000)	Mark up rate per annum	Terms of repayments
Demand finance loans	7,291	308,099	13.07%	Quarterly and half yearly
Fixed assets finances	1,286	2,058	13.14%	Half yearly
Term finances	893,483	2,731,518	9% to 14.27%	Quarterly and half yearly
Long Term Financing - Export Oriented Projects	77,089	136,257	6% to 7%	Quarterly and half yearly
Musharakah Agreement	2,446	7,138	12.98%	Quarterly
	981,595	**3,177,933**		

Type and nature of loan	2011 Amount outstanding (Rupees in '000)	2011 Limit (Rupees in '000)	Mark up rate per annum	Terms of Repayments
Demand finance loans	83,540	281,665	14.77% to 15%	Quarterly and half yearly
Fixed assets finances	1,801	2,058	13.51% to 15.01%	Half yearly
Term finances	118,566	1,729,154	14.33% to 15.03%	Quarterly and half yearly
Long Term Financing - Export Oriented Projects	103,620	162,692	6% to 11.10%	Quarterly and half yearly
Musharakah Agreement	2,492	7,138	12.98%	Quarterly
	310,019	2,182,707		

7.2 These finances are secured by joint pari passu equitable mortgage on land, building and plant and machinery.

8. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

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

	2012		2011	
	Minimum lease payments	Present value	Minimum lease payments	Present value
	Rupees in '000		Rupees in '000	
Within one year	5,172	4,637	26,864	24,966
After one year but not more than five years	2,272	2,231	7,532	6,889
Total minimum lease payments	7,444	6,868	34,396	31,855
Less: Amount representing finance charges	(576)	-	(2,541)	-
Present value of minimum lease payments	6,868	6,868	31,855	31,855
Less: Current portion	(4,637)	(4,637)	(24,966)	(24,966)
	2,231	2,231	6,889	6,889

8.1 These represents finance lease arrangements entered into with the financial institution for generator. During the year , the Company has terminated finance lease arrangement for plant and machinery which was maturing on January 2015 by paying the outstanding amount. Remaining lease rentals for generator are payable in equal quarterly installments upto August 2013. Interest rates for both the leases range from 12.68% to 15.12% (2011 : 12.93% to 16.29%) per annum have been used as discounting factor. The Company intends to exercise the option to purchase the leased assets upon completion of the lease period. Liabilities are secured against demand promissory notes and security deposits.

9. DEFERRED LIABILITIES

	Note	2012	2011
		Rupees in '000	
Deferred taxation	9.1	162,414	165,922
Staff retirement gratuity	9.2	84,869	79,385
Infrastructure fee	9.3	47,759	47,759
		295,042	293,066

9.1 Deferred taxation

	2012	2011
Deferred tax liability on taxable temporary differences:		
Accelerated tax depreciation allowance	161,541	175,278
Leased assets	964	4,141
Share of profit	7,641	
	170,145	179,419
Deferred tax assets on deductible temporary differences:		
Provision for staff retirement gratuity	(6,251)	(9,110)
Liabilities against assets subject to finance lease	(506)	(3,656)
Unrealised exchange loss	-	(189)
Fair value loss on other financial assets	(643)	(27)
Provision for doubtful debts	(257)	(400)
Provision for slow moving and obsolete stores and spares	(74)	(115)
	(7,731)	(13,497)
	162,414	165,922

9.1.1 Deferred tax has been calculated in accordance with the requirement of Technical Release -27 of Institute of Chartered Accountants of Pakistan taking in to consideration turnover trend of three years including current year.

9.2 Staff retirement gratuity

The Company operates an approved Defined Benefit Gratuity Scheme (the Scheme) for all permanent employees. Minimum qualifying period for entitlement of gratuity is six months continuous service with the Company. Provisions are made to cover the obligation under the Scheme on the basis of actuarial valuation and charged to income. The most recent valuation was carried out as at June 30, 2012.

Projected Unit Credit Method based on following significant assumptions was used for the valuation of the Scheme.

	2012	***2011***
	Rupees in '000	
Defined benefit plan		
(a) Movement in liability		
Opening balance	79,385	73,877
Charge for the year	29,900	24,241
Paid during the year	(24,416)	(18,733)
Closing balance	84,869	79,385
(b) Reconciliation		
Present value of defined benefit obligation	84,869	79,385
Unrecognized actuarial loss	-	-
Unrecognized past service cost	-	-
	84,869	79,385
(c) Charge for the year		
Current service cost	18,786	14,831
Interest cost	11,114	8,865
Actuarial loss recognised	-	545
	29,900	24,241
(d) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	79,385	73,877
Current service cost	18,786	14,831
Interest cost	11,114	8,865
Benefits paid	(24,416)	(18,733)
Actuarial loss recognised	-	545
Closing defined benefit obligation	84,869	79,385

The principal assumptions used in the valuation of gratuity are as follows:

	2012	*2011*
Discount rate	14%	12%
Expected rate of salary increase	13%	13%
Average expected remaining working life of employees	6 years	6 years

Amounts for the current and previous four years are as follows:

	2012	*2011*	*2010*	*2009*	*2008*
	Rupees in '000				
Present value of the defined benefit obligation	84,869	79,385	73,877	69,694	50,836

9.3 It represent infrastructure fee / cess payable to Excise and Taxation Officer (ETO) in respect of imported goods under Sindh Finance Ordinance 2001. An amount of Rs 51.87 million (2011: Rs. 104.42 million) in this respect has also been included in trade and other payables in note 10. In the year 2010-11, the High Court of Sindh has passed an interim order to return the bank guarantees in respect of infrastructure fee / cess payable on goods imported before December 28, 2006. Further the Honorable Court has also ordered to pay off 50% of the infrastructure fee / 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, considering the possible future legal action by the ETO against the order and has classified such provision under non current liabilities.

	Note	*2012*	*2011*
		Rupees in '000	
However, as a matter of prudence, the company has made provision as follows:			
Balance at July 01,		104,418	69,317
Provision during the year		13,013	35,101
		117,431	104,418
Payment made during the year		(52,542)	-
Balance at June 30,		64,889	104,418

10. TRADE AND OTHER PAYABLES

	Note	2012	2011
Creditors		41,287	70,629
Accrued liabilities		245,967	191,045
Infrastructure fee	9.3	64,889	104,418
Workers' profit participation fund	10.1	73,398	114,152
Advance from customers		7,895	10,269
Unclaimed dividend		32,997	5,105
Withholding tax payable		545	79
Unrealised loss on derivative financial instrument		8,731	-
Others	10.2	16,674	6,901
		492,383	502,598

	Note	2012	2011
		Rupees in '000	

10.1 Workers' profit participation fund

Balance at beginning of the year		114,152	87,174
Allocation for the year		73,398	114,152
Interest charged during the year on the funds utilized by the Company		9,320	4,371
		196,870	205,697
Payments made during the year		(123,472)	(91,545)
Balance at end of the year		73,398	114,152

10.2 This includes Rs. 12.68 million (2011: Rs. 1 million) due to associated undertakings.

11. INTEREST / MARK-UP PAYABLE

		2012	2011
On secured loans from banking companies			
- Long-term financing		19,349	6,104
- Short-term borrowings		5,629	18,147
On lease liabilities		-	775
		24,978	25,026

12. SHORT-TERM BORROWINGS

	Note	2012	2011
From banking companies - secured			
Running finances	12.1	689,164	127,003
Finance against export	12.2	695,481	140,522
Finance against imported merchandise	12.3	-	210,920
	12.4	1,384,645	478,445
From related parties - unsecured			
Directors	12.5	5,464	5,512
		1,390,109	483,957

12.1 These are subject to mark-up ranging from 12.91% to 13.79% (2011: 14.28% to 15.66%). These are secured against hypothecation charge over raw material, finished goods, stores and spares, and receivables.

12.2 These are subject to mark-up ranging from 2.24% to 2.5% (2011: 2.25 %) on foreign currency borrowing amount. These are secured against charge over stocks and book debt.

12.3 These are subject to mark-up at nil (2011: 1.85% to 3.44%) on foreign currency borrowing amount. These arrangements are secured against pledge of stock, lien on export documents and letter of credits, and pari passu charge over current assets.

12.4 The Company has aggregate short-term borrowing facilities amounting to Rs. 6,290 million (2011: Rs. 6,250 million) from various commercial banks. These are secured against hypothecation charge over raw material, finished goods, stores and spares, and receivables.

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

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

In the year 2011, the Lahore High Court has struck down the aforementioned amendments to the WWF Ordinance. Further, the management also expects that decision of the petition of the similar case in the honorable High Court of Sindh on the subject will also support the companies of similar nature of business. The management is of the opinion that recording of WWF liability is no longer applicable to the Company as the total income of the Company falls under FTR. The aggregate unrecognised amount of WWF as at June 30, 2012 amounted to Rs. 69.3 million (June 30, 2011 :Rs. 41 million). If the same were recognised , EPS per unit as at June 30, 2012 / the net profit for the year then ended would have been lower by Rs. .0016 per unit and Rs. 28.3 million respectively.

		2012	*2011*
		Rupees in '000	
13.1.2	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
13.1.3	Guarantees issued by banks on behalf of the Company and outstanding	96,820	182,674

13.2 Commitments

	2012	*2011*
Letters of credit for raw material and stores and spares	1,295,276	50,759
Letters of credit for property, plant and equipment	153,470	1,088,319
Civil work contracts	17,532	100,117
Foreign currency forward contracts	385,900	991,496

14. PROPERTY, PLANT AND EQUIPMENT

		2012	*2011*
		Rupees in '000	
Operating assets	14.1	3,881,784	2,790,546
Capital work in progress	14.2	69,312	9,815
		3,951,096	2,800,361

14.1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost at July 1, 2011	Additions/ (disposal) transfer in / (out) * during the year	Cost at June 30 2012	Accumulated depreciation at July 1 2011	Depreciation/ (adjustment) transfer in / (out) * for the year	Accumulated depreciation at June 30 2012	Carrying value at June 30 2012	Dep. Rate
	< - - - - - - - - - - - - - -	- - - - - - - - - - - - - -	- - - - - - - -	Rupees in '000'	- - - - - - - - - - - - - -	- - - - - - - - - - - -	- - - - - - - >	%
Freehold land	14,902	-	14,902	-	-	-	14,902	-
Leasehold land	5,296	44,075	49,371	-	-	-	49,371	-
Factory buildings	741,191	70,111	811,302	249,470	25,755	275,225	536,077	5
Non-factory buildings	106,874	-	106,874	62,559	4,432	66,991	39,883	10
Office building	-	32,001	32,001	-	533	533	31,468	5
Plant and machinery	4,194,091	1,187,963 25,202 * (87,424)	5,319,832	2,237,403	268,869 3,654 * (83,877)	2,426,049	2,893,783	10
Electric installations	99,835	-	99,835	54,649	4,519	59,168	40,667	10
Power generators	298,839	62,694 (6,575)	354,958	144,013	20,051 (5,640)	158,424	196,534	10
Factory equipment	709	- (709)	-	522	5 (527)	-	-	20
Office equipment	5,898	- (3,244)	2,654	2,960	270 (2,969)	261	2,393	10
Furniture and fixtures	21,137	- (5,284)	15,853	13,941	715 (5,216)	9,440	6,412	10
Vehicles	69,351	43,885 (20,367)	92,869	38,142	11,291 (13,777)	35,656	57,213	20
	5,558,123	1,440,729 (123,604)	6,900,450	2,803,659	336,440 (112,006)	3,031,747	3,868,703	
Leased								
Power generator	19,573	-	19,573	5,039	1,453	6,492	13,081	10
Plant and machinery	25,202	- (25,202) *	-	3,654	- (3,654) *	-	-	10
June 30, 2012	5,602,898	1,440,729 (123,604)	6,920,023	2,812,352	337,893 (112,006)	3,038,239	3,881,784	

* These amount represent transfer from leased assets to own assets

for comparative period

Particulars	Cost at July 1, 2010	Additions/ (disposals) during the year	Cost at June 30 2011	Accumulated depreciation at July 1 2010	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30 2011	Carrying value at June 30	Dep. Rate
	< ------		Rupees in '000'				------ >	%
Owned								
Freehold land	14,902	-	14,902	-	-	-	14,902	-
Leasehold land	3,696	1,600	5,296	-	-	-	5,296	-
Factory buildings	704,896	36,295	741,191	224,409	25,061	249,470	491,721	5
Non-factory buildings	106,874	-	106,874	57,635	4,924	62,559	44,315	10
Plant and machinery	4,120,227	122,771 (52,852)	4,190,146	2,058,538	208,907 (30,042)	2,237,403	1,952,743	10
Electric installations	99,835	-	99,835	49,628	5,021	54,649	45,186	10
Power generators	298,839	-	298,839	126,810	17,203	144,013	154,826	10
Factory equipment	1,576	- (867)	709	1,315	52 (845)	522	187	20
Office equipment	14,505	- (8,607)	5,898	11,126	335 (8,501)	2,960	2,938	10
Furniture and fixtures	21,137	-	21,137	13,141	800	13,941	7,196	10
Vehicles	68,891	10,983 (6,578)	73,296	34,127	8,021 (4,006)	38,142	35,154	20
	5,455,378	171,649 (68,904)	5,558,123	2,576,729	270,324 (43,394)	2,803,659	2,754,464	
Leased								
Plant and machinery	44,775	-	44,775	4,684	4,009	8,693	36,082	10
June 30, 2012	5,500,153	171,649 (68,904)	5,602,898	2,581,413	274,333 (43,394)	2,812,352	2,790,546	

14.1.1 Allocation of depreciation

	Note	*2012*	*2011*
		--------Rupees in '000'--------	
Manufacturing expense	27.2	325,353	265,512
Administrative expense	30	12,539	8,821
		337,893	**274,333**

14.2 Capital work in progress

	2012	2011
Advance against Civil work for factory building	69,312	9,815

14.3 Disposals of property, plant and equipment

	Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceed	Gain	Sold to	Mode of disposal
		----------------------------------	*Rupees in '000'*	----------------------------------				
1	Plant and machinery	3,013	(2,969)	44	50	6	Abdul Waheed Shop # 64, Kabari Market-Sher Shah, Karachi	Negotiation
2	Plant and machinery	4,013	(3,955)	58	63	5	Mr.Imran Kabari Market, Sher Shah, Karachi	Negotiation
3	Plant and machinery	4,825	(4,757)	68	100	32	Mr.Imran Kabari Market, Sher Shah, Karachi	Negotiation
4	Plant and machinery	4,225	(3,866)	359	375	16	Mr.Zulfiqar Kabari Market, Sher Shah, Karachi	Negotiation
5	Plant and machinery	37,900	(37,421)	479	500	21	Abdul Hafeez Chotki Gitti, Hyderabad	Negotiation
6	Plant and machinery	5,720	(4,060)	1,660	1,660	-	Indus Lyallpur Limited	Negotiation
7	Plant and machinery	3,050	(2,953)	97	110	13	Baba Khalid Kissana Mori, Hyderabad	Negotiation
8	Plant and machinery	4,625	(4,249)	376	400	24	J.A Textile Mills Ltd 29 Km Shaikhu Pura Road, Faisalabad	Negotiation
9	Plant and machinery	20,052	(19,646)	407	431	24	Ilyas Kabriya Shop # 13 Islamabad, Hyderabad	Negotiation
10	Vehicle	709	(641)	69	200	131	Amir Shahab An employee	Negotiation
11	Vehicle	55	(8)	47	50	2	Iqbal Patni An employee	Negotiation
12	Vehicle	959	(889)	70	100	30	Qaiser Nazeer An employee	Negotiation
13	Vehicle	504	(333)	171	200	29	Malik Abdul Momin An employee	Negotiation
14	Vehicle	660	(436)	224	250	26	Danish Raza An employee	Negotiation
15	Vehicle	13	(13)	-	-	-	Kabaria	Negotiation
16	Vehicle	42	(35)	7	9	2	Yaqoob Ahmed An employee	Negotiation
17	Vehicle	2,458	(1,965)	493	650	157	Mian Naveed Ahmed Director	Negotiation

18	Vehicle	2,410	(1,927)	483	650	167	Mian Shahzad Ahmed Director	Negotiation
19	Vehicle	2,410	(1,898)	512	700	188	Mian Muhammad Ahmed Director	Negotiation
20	Vehicle	2,410	(1,898)	512	700	188	Mian Imran Ahmed Director	Negotiation
21	Vehicle	589	(404)	184	200	16	Irfan Ishaq 29/Ii L Tillan Chuck # 128/9 Chicha Watni	Negotiation
22	Vehicle	33	(32)	0	4	4	Baoo Basheer An employee	Negotiation
23	Vehicle	44	(42)	2	7	5	Imtiaz Khan An employee	Negotiation
24	Vehicle	1,880	(447)	1,433	1,800	367	Adamjee Insurance Co 2Nd Floor, Adamjee Insurance Building, I.I. Chundrigar Road, Karachi	Insurance claim
25	Vehicle	589	(510)	79	80	1	Adamjee Insurance Co 2Nd Floor, Adamjee Insurance Building, I.I. Chundrigar Road, Karachi	Insurance claim
26	Vehicle	1,920	(589)	1,331	1,752	421	Adamjee Insurance Co 2Nd Floor, Adamjee Insurance Building, I.I. Chundrigar Road, Karachi	Insurance claim
27	Vehicle	1,799	(1,016)	783	1,650	867	Adamjee Insurance Co 2Nd Floor, Adamjee Insurance Building, I.I. Chundrigar Road, Karachi	Insurance claim
28	Vehicle	884	(694)	190	225	35	Sardar Muhammad Ramay House # 107 F B Area Township, Sadiqabad	Negotiation
29	Furniture and fixtures	5,284	(5,216)	69	75	6	Zubair Kabari Shop # 6 Kabari Market, Sher Shah, Karachi	Negotiation
30	Power generators	1,136	(684)	452	452	-	Indus Lyallpur Limited	Negotiation
31	Power generators	5,439	(4,957)	482	500	18	United Spinning United Spinning Site, Hyderabad	Negotiation
32	Office equipment	3,244	(2,969)	275	280	5	Zubair Kabari Shop # 6 Kabari Market, Sher Shah, Karachi	Negotiation
33	Factory equipment	709	(527)	182	190	8	Zaheer Shah Scrap Merchant Kabari Market, Sher Shah, Karachi	Negotiation
	2012	**123,604**	**(112,005)**	**11,599**	**14,414**	**2,815**		
	2011	**68,904**	**(43,394)**	**25,510**	**27,236**	**1,726**		

	Note	2012	2011
		Rupees in '000	

15. LONG TERM INVESTMENTS

	Note	2012	2011
Investment in a joint venture	15.1	1,198,084	1,214,517
Investment in an associate	15.2	332,768	298,617
Investment in a subsidiary	15.3	490,000	-
Advance against purchase of shares	15.4	350,000	-
		2,370,852	1,513,134

For purpose of accounting under equity method, results of associate and joint venture have been derived from reviewed financial statements for the period ended December 31, 2011.

15.1 Investment in a joint venture

- Indus Home Limited

	Note	2012	2011
		Rupees in '000	
Cost		750,000	750,000
Share of post acquisition profits			-
Opening		464,517	415,996
Share of (loss) / profit for the year		(16,433)	48,521
		448,084	464,517
	15.1.1	1,198,084	1,214,517

	2012	2011
Number of shares held	74,999,997	74,999,997
Cost of investment (Rupees in '000)	750,000	750,000
Ownership interest	49.99%	49.99%

Indus Home Limited is a jointly controlled entity which is involved in the manufacturing, export and sale of greige and finished terry towel and other textile products.

15.1.1 The share of assets and liabilities of the jointly controlled entity at December 31, 2011 are as follows:

	December 31, 2011	June 30, 2011
	Rupees in '000	
Current assets	1,042,355	1,072,338
Non-current assets	1,380,090	1,419,968
	2,422,445	2,492,306
Current liabilities	(699,514)	(723,001)
Non-current liabilities	(524,846)	(554,788)
	1,198,084	1,214,517

15.1.2 Summarized financial highlights of Indus Home Limited as at and for the year ended December 31, 2011 are as follows:

	December 31, 2011	June 30, 2011
Total assets	4,845,859	4,985,610
Total liabilities	2,449,211	2,556,090
Revenue	2,477,810	5,927,560
(Loss) / profit for the year	(32,872)	97,528

	Note	2012	2011
		Rupees in '000	

15.2 Investment in an associate

- Sunrays Textile Mills Limited

	Note	2012	2011
Cost		42,382	42,382
Share of post acquisition profits			
Opening		256,235	200,826
Dividend received		(5,086)	(5,086)
Share of associate's reversal of deferred tax liability on account of incremental depreciation		974	2,630
Share of profit from associate for the year		38,263	57,865
		290,386	256,235
	15.2.1	332,768	298,617

	2012	2011
Number of shares held	1,695,290	1,695,290
Cost of investment (Rupees in thousand)	42,382	42,382
Ownership interest	24.57%	24.57%
Market value (Rupees in thousand)	54,249	57,640

Market value of this investment is Rs. 54,249 million, however, as these are long term strategic investment as part of group holding's within management control, the market value does not reflect the true worth of the investment.

	December 31, 2011	June 30, 2011
	Rupees in '000	

15.2.1 The share of assets and liabilities of the associate at and for the year ended December 31, 2011 are as below:

	December 31, 2011	June 30, 2011
Current assets	442,541	304,701
Non-current assets	220,801	217,123
	663,342	521,824
Current liabilities	313,227	203,319
Non-current liabilities	17,347	19,889
	330,574	223,208
	332,768	298,616

15.2.2 Summarized financial highlights as at and for the period ended December 31, 2011 are as follows:

	December 31, 2011	June 30, 2011
Total assets	2,699,873	2,123,881
Total liabilities	1,345,471	908,480
Revenue	1,975,416	5,185,456
Profit for the year	155,736	234,689

15.3 During the year, the company acquired 71,540,000 Ordinary shares of Indus Lyallpur Limited (formerly MIMA Cotton Mills Limited) @ 6.85 per share aggregating to Rs. 490 million, making it a wholly owned subsidiary of the company. In addition to the total price to be paid as consideration for the shares, the company has also agreed to assume the obligation of the subsidiary in respect of retained liabilities up to an amount of Rs. 100 million, resulting in a total cost of acquisition of Rs. 590 million. The effective date of acquisition is January 31, 2012. MIMA Cotton Mills Limited is an unlisted public limited company, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984. Principal business of the Company is manufacturing and sale of yarn.

15.4 This represent amount paid to Indus Lyallpur Limited (formerly MIMA Cotton Mills Limited) as advance for purchase of right shares to be issued by that Company.

16. LONG TERM DEPOSITS

	Note	*2012*	*2011*
		Rupees in '000	
Electricity		1,815	1,475
Lease	16.1	979	3,499
Telephone		453	453
Others		376	60
		3,623	5,487

16.1 It represents interest free deposit paid at inception of lease and are adjustable on maturities of lease arrangements.

17. STORES, SPARES AND LOOSE TOOLS

	Note	*2012*	*2011*
		Rupees in '000	
Stores, spares and loose tools	17.1	166,735	152,906
Less: Provision for slow moving and obsolete stock		(1,000)	(1,000)
		165,735	151,906

17.1 It include stores and spares in transit amounting to Rs. 8.24 million (2011: Rs 2.55 million).

18. STOCK-IN-TRADE

	2012	2011
Raw material		
- in hand	1,365,304	1,304,277
- in transit	736,584	114,390
	2,101,888	1,418,667
Work-in-process	198,360	250,719
Finished goods	271,970	279,141
Packing material	32,107	36,782
Waste	18,010	27,819
	2,622,335	2,013,128

19. TRADE DEBTS

	Note	2012	2011
		Rupees in '000	
Considered good			
Secured			
Foreign debtors		318,344	178,177
Local debtors	19.1	261,170	268,350
		579,514	446,527
Unsecured			
Local debtors	19.2	194,124	749,098
		773,638	1,195,625
Considered doubtful		3,493	3,493
		777,131	1,199,118
Less: Provision for doubtful debts	19.3	(3,493)	(3,493)
		773,638	1,195,625

19.1 This include Rs. 1.52 million (2011 : Rs. 10.87 million) due from joint venture and associate.

19.2 This include Rs. 1.74 million (2011 : Rs. 0.52 million) due from other related parties.

19.3 Movement of provision

	Note	2012	2011
		Rupees in '000	
Opening balance		3,493	1,904
Charge for the year		-	1,589
Reversal during the year		-	-
Written off during the year		-	-
Closing balance		3,493	3,493

20. LOANS AND ADVANCES

	Note	2012	2011
Considered good			
Loans to staff		10,461	8,948
Advance income tax - net	20.1	56,024	56,191
Letters of credit		2,030	3,723
Advances to			
- Suppliers		9,667	12,521
- Others		6,951	13,832
		16,618	26,353
		85,133	95,215

20.1 Advance income tax - net

	2012	2011
Advance income tax	218,937	241,438
Less: Provision for taxation	(162,913)	(185,247)
	56,024	56,191

	Note	2012	2011
		Rupees in '000	

21. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Considered good			
Security deposits			
- Lease		-	2,520
- Others		728	683
Prepayments		822	307
Margin deposits		-	9
		1,550	3,519

22. OTHER RECEIVABLES

Considered good			
Cotton claims		5,997	7,516
Others		6,439	2,765
		12,436	10,281

23. OTHER FINANCIAL ASSETS

Carrying value of investment at fair value through profit and loss - at beginning of the year			
- listed equity securities		7,772	6,977
Unrealised gain on re-measurement at fair value		4,665	5,412
	23.1	12,437	12,389
Unrealised gain on derivative financial instruments		-	1,932
		12,437	14,321

23.1 *Market value of other financial assets*

2012	***2011***		***2012***	***2011***
No. of shares / certificates / units			***Rupees in '000***	
30,000	43,748	Fauji Fertilizer Company Limited	3,332	6,578
11,231	-	HBL Money Market Fund	1,155	-
195	-	Meezan Sovereign Fund	10	-
106,310	-	NAFA Government Security Liquid Fund	1,068	-
7,000	7,000	Pakistan State Oil Company Limited	1,651	1,852
100,000	100,000	Pakistan International Airlines Corporatic	220	214
60,500	60,500	United Bank Limited	4,742	3,746
2,571	-	UBL Liquidity Plus Fund	259	-
			12,437	12,389

		Note	2012	2011
			Rupees in '000	
24.	**TAX REFUNDABLE**			
	Sales tax refundable		47,980	27,362
	Income tax refundable		51,256	-
			99,236	27,362
25.	**CASH AND BANK BALANCES**			
	With banks			
	- in deposit accounts	25.1	9,123	32,409
	- in current accounts		141,151	40,471
			150,274	72,880
	Cash in hand		7,354	9,028
			157,628	81,908

25.1 This includes term deposit receipts amounting to Rs. 7.67 million (2011: Rs. 23.26million) kept as lien on account of guarantees provided by the banks for a period of 12 months carrying markup at the rate of 8% to 10% per annum (2011: 5% to 10.2%).

		Note	2012	2011
26.	**SALES**			
	Export sales	26.1 and 26.2	12,510,583	15,073,082
	Less: Commission		(144,489)	(119,751)
			12,366,094	14,953,331
	Local sales			
	Yarn		2,489,738	3,016,653
	Waste		282,493	364,428
			2,772,231	3,381,081
	Less: Brokerage		(51,187)	(80,889)
			2,721,044	3,300,192
			15,087,138	18,253,523

26.1 It include exchange gain of Rs.4.33 million (2011: Rs 0.79 million) and indirect export of Rs. 3,156.91 million (2011: Rs.7,399.46 million).

26.2 It include indirect export to associated undertakings of Rs. 354.46 million (2011: Rs.520.28million).

	Note	2012	2011
		Rupees in '000	

27. COST OF GOODS SOLD

	Note	2012	2011
Raw material consumed	27.1	10,506,457	13,700,429
Manufacturing expenses	27.2	2,225,684	1,857,371
Outside purchases - yarn		57,507	17,838
		12,789,648	15,575,638
Work in process			-
- Opening		250,719	121,321
- Closing		(198,360)	(250,719)
		52,359	(129,398)
Cost of goods manufactured		12,842,007	15,446,240
Finished goods			-
- Opening		306,960	216,580
- Closing		(289,980)	(306,960)
		16,980	(90,380)
		12,858,987	15,355,860

27.1 Raw material consumed

	2012	2011
Opening stock	1,304,277	1,128,435
Purchases	10,567,484	13,876,271
	11,871,761	15,004,706
Closing stock	(1,365,304)	(1,304,277)
	10,506,457	13,700,429

27.2 Manufacturing expenses

	Note	2012	2011
Salaries, wages and benefits	27.2.1	560,735	511,356
Fuel, water and power		744,850	609,532
Stores and spares consumed		309,398	256,302
Packing material consumed		221,061	180,277
Repairs and maintenance		22,684	17,108
Insurance		16,409	5,501
Rent, rates and taxes		1,820	1,580
Depreciation on property, plant and equipment	14.1	325,353	265,512
Other		23,374	10,203
		2,225,684	1,857,371

27.2.1 It include staff retirement benefits Rs. 26.8 million (2011: Rs. 21.22 million).

	Note	2012	2011
		Rupees in '000	

28. OTHER OPERATING INCOME

	Note	2012	2011
Profit of ice factories	31.1	-	403
Gross profit on trading of raw cotton	28.1	1,452	31,797
Other income	28.2	28,608	60,993
		30,060	93,193

28.1 Gross profit on trading of raw cotton

	2012	2011
Sales		
- Export	-	122,533
- Local	134,047	319,584
	134,047	442,117
Less: Cost of goods sold		
- Export	-	(107,619)
- Local	(132,595)	(302,701)
	(132,595)	(410,320)
	1,452	31,797

28.2 Other income

	2012	2011
Income from non financial assets		
Scrap sale	4,503	4,744
Storage income	544	864
Gain on disposal of property, plant and equipment	2,815	1,726
Insurance claim and other	-	33
Income from financial assets		
Gain on disposal of other financial assets	17,449	2,846
Dividend income	1,170	1,913
Profit on fixed deposits	2,127	477
Exchange gain on foreign currency forward contracts	-	31,986
Exchange gain on foreign currency transactions	-	12,665
Unrealised gain on derivative financial instrument	-	1,932
Unrealised gain on other financial assets	-	1,807
	28,608	60,993

29. DISTRIBUTION COST

	2012	2011
Freight and forwarding	287,344	229,970
Export development surcharge	25,197	19,986
Advertisement	1,159	1,444
Insurance	7,159	4,133
	320,859	255,533

		Note	2012	2011
			Rupees in '000	

30. ADMINISTRATIVE EXPENSES

	Note	2012	2011
Salaries and benefits	30.1	63,706	51,650
Repairs and maintenance		1,901	1,748
Postage and telephone		6,103	5,398
Traveling and conveyance		7,502	9,695
Vehicles running		6,368	5,023
Printing and stationery		4,973	3,346
Rent, rates and taxes		7,541	6,195
Utilities		10,830	7,115
Entertainment		658	1,162
Fees and subscription		6,042	2,625
Insurance		4,368	3,067
Legal and professional		195	431
Charity and donations	30.2	2,121	2,026
Auditors' remuneration	30.3	1,815	1,566
Depreciation on property, plant and equipment	14.1	12,539	8,821
Provision for doubtful debts		-	-
Others		8,660	5,659
		145,322	115,527

30.1 It includes staff retirement benefits Rs. 3.016 million (2011: Rs.3.02 million).

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

30.3 Auditors' remuneration

	2012	2011
Audit fee	1,100	1,000
Half year limited review fee	298	225
Fee for certifications and other	252	125
Out of pocket expenses	165	216
	1,815	1,566

31. OTHER OPERATING EXPENSES

	Note	2012	2011
Workers' profit participation fund		73,398	114,152
Exchange loss on foreign currency forward contracts		20,735	-
Exchange loss on foreign currency transactions		48,134	-
Unrealised loss on derivative financial instrument		8,731	-
Unrealised loss on other financial assets		747	
Loss of ice factories	31.1	983	-
		152,728	114,152

31.1 (Loss)/ profit of ice factories

	Note	2012	2011
Sales		2,711	7,188
Cost of goods sold	31.1.1	(3,694)	(6,785)
		(983)	403

		Note	2012	2011
			Rupees in '000	
31.1.1	**Cost of goods sold**			
	Salaries, wages and benefits		496	1,193
	Fuel and power		2,441	4,711
	Repairs and maintenance		110	378
	Lease rentals		163	200
	Stationery and others		274	260
	Salt and ammonia gas		210	43
			3,694	6,785

32. FINANCE COST

	2012	2011
Mark-up on:		
- long-term finance including long-term murabaha finance	101,551	75,945
- liabilities against assets subject to finance lease	1,144	5,117
- short-term borrowings	120,552	172,296
Discounting charges on letters of credit	1,999	72,227
Interest on workers' profit participation fund	9,320	4,371
Bank charges and commission	10,181	6,804
	244,747	336,760

33. TAXATION

	2012	2011
Current	162,913	185,247
Prior year's	4,933	8,262
Deferred	(3,508)	(49,499)
	164,338	144,010

34. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2012	2011
Profit for the year	Rupees in '000	1,252,047	2,131,260
Average number of ordinary shares	No. of shares	18,073,732	18,073,732
Earnings per share - Basic and diluted	Rupees	69.27	117.92

		Note	2012	2011
			Rupees in '000	
35.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		1,416,385	2,275,270
	Adjustments for:			
	Depreciation		337,893	274,333
	Provision for gratuity		29,900	24,241
	Provision for doubtful debts		-	1,589
	Unrealised loss/ (gain) on other financial assets		747	(1,807)
	Gain on disposal of other financial assets		(17,449)	(2,846)
	Unrealised loss/ (gain) on derivative financial instrument		8,731	(1,932)
	(Gain) / Loss on disposal of property, plant and equipment		(2,815)	(1,726)
	Dividend income		(1,170)	(1,913)
	Share of profit from associate		(38,263)	(57,865)
	Share of (loss) / profit from joint venture		16,433	(48,521)
	Finance cost		244,747	336,760
	Cash generated before working capital changes		1,995,139	2,795,583
	Working capital changes:			
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		(13,829)	(1,124)
	Stock-in-trade		(609,207)	(441,184)
	Trade debts		421,987	(475,253)
	Loans and advances		9,915	(15,687)
	Trade deposits and short term prepayments		1,969	(656)
	Other receivables		(2,155)	3,972
	Other financial assets		1,932	-
	Tax refundable		(20,618)	(5,246)
			(210,006)	(935,178)
	Increase / (decrease) in current liability			
	Trade and other payables		(46,838)	60,584
	Cash generated from operations		1,738,295	1,920,989

36. CASH AND CASH EQUIVALENTS

	Note	2012	2011
Cash and bank balances	25	157,628	81,908
Running finance	12	(689,164)	(127,003)
		(531,536)	(45,095)

37. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

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

	2012			
	----------------------Rupees in '000--------------------			
Particulars	**Chief Executive Officer**	**Directors**	**Executives**	**Total**
Remuneration	3,240	14,040	5,895	23,175
Medical	360	1,560	655	2,575
Retirement benefits	-	-	546	546
Total	3,600	15,600	7,096	26,296

Particulars	Chief Executive Officer	Directors	Executives	Total
	2011			
	Rupees in '000			
Remuneration	2,160	6,480	3,512	12,152
House rent	240	720	390	1,350
Retirement benefits	-	-	599	599
Total	2,400	7,200	4,501	14,101
Number of persons	1	3	6	10

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

37.2 Meeting fee of Rs. 0.045 million (2011: 0.025 million) paid to a non-executive director.

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of a subsidiary (Indus Lyallpur Limited (formerly MIMA Cotton Mills Limited)), an associate (Sunrays Textiles Mills Limited),a joint venture (Indus Home Limited), Riaz Cotton Factory, Silver Seeds, MB Industries, Gailawala Cotton Company and key management personnel and post employment benefit scheme. The Company in the normal course of business carries out transactions with related parties. Short term loan obtained from directors are disclosed in note 12 to the financial statements. Remuneration of key management personnel is disclosed in note 37 to the 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	*2012*	*2011*
		Rupees in '000	
Subsidiary	Purchase Of Waste	3,048	-
	Purchase Of Cotton	6,838	-
	Sale of Machinery	2,113	-
	Sale Of Stores & Spares	101	-
	Contract Manufacturing Cost	10,354	-
	Advance given against issue of right shares	350,000	-
	Payments made on behalf of subsidiary	919,628	-
	Payments made by subsidiary on behalf of the Company	569,628	-
Associate	Sale of yarn	6,445	66,458
	Purchase of yarn	40,955	17,658
	Payments made on behalf of associate	24,962	22,411
	Payments made by associate on behalf of the Company	25,903	27,283

		2012	2011
		Rupees in '000	
Joint Venture	Sale of yarn	354,460	353,236
	Contract manufacturing cost	7,992	-
	Sale of stores and spares	-	1,396
	Rental income	544	864
	Payments made on behalf of joint venture	2,734	6,785
	Payments made by joint venture on behalf of the Company	2,778	6,216
Directors	Short term borrowing repaid	196,092	117,780
	Short term borrowing received	192,131	113,703
Other related parties	Expenses paid on behalf of associates	1,724	170
	Expenses adjusted / reimbursed	221	1,106

Balances with related parties

	2012	2011
Subsidiary - advance against purchase of shares	350,000	-
Associate		
- Receivable	-	420
- Payable	11,302	265
Joint Venture - receivable	1,480	10,870
Directors and their spouses - payable	5,464	5,512
Other related parties		
- Receivable	1,741	98
- Payable	1,383	733

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 the long term investments, 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:

	2012	***2011***
	Rupees in '000	
Long term investments	2,370,852	1,513,134
Long-term deposits	3,623	3,307
Trade debts	773,638	1,195,625
Loans and advances	29,109	39,024
Trade deposits and short-term prepayments	1,550	3,519
Other receivables	12,436	10,281
Other financial assets	12,437	14,321
Bank balances	150,274	72,880
	3,353,919	2,852,091

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	A1+	AA
Askari Commercial Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA
Bank Al-Habib Limited	PACRA	A1+	AA+
Bank Islami Pakistan Limited	PACRA	A1	A
Barclays Bank	S&P	A1	A
Citi Bank N.A	S&P	A+	A-1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A1	A
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A1+	AA+
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
J.S Bank Limited	PACRA	A1	A
KASB Bank Limited	PACRA	A3	BBB
Meezan Bank Limited	JCR-VIS	A1+	AA-
Muslim Commercial Bank Limited	PACRA	A1+	AA+
National Bank of Pakistan	JCR-VIS	A1+	AAA
Soneri Bank Limited	PACRA	A1+	AA-
Standard Chartered Bank Limited	PACRA	A1+	AAA
The Bank of Punjab Limited	PACRA	A1+	AA-
The Hong-Kong Shangai Bank Corporation	Moody's	A1	P-1
United Bank Limited	JCR-VIS	A1+	AA+

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.

	Effective interest rate	Less than 1 month	1 to 3 months	3 months - 1 year	1 - 5 years	More than 5 years	Total
	%	- - - - - - - -	- - - - - - - -	Rupees in '000'	- - - - - - - -	- - - - - - - -	- - - - - - - -
Trade and other payables	-	492,383	-	-	-	-	492,383
Long-term financing	6% - 14.27%	4,717	25,390	58,443	868,008	25,037	981,595
Liabilities against assets subject to finance lease	12.68%-14.19%	-	1,105	3,531	2,232	-	6,868
Short-term borrowings	12.68%-14.19%	499,729	890,381	-	-	-	1,390,109
Interest / mark-up payable	-	24,978	-	-	-	-	24,978
2012		1,021,806	916,876	61,974	870,240	25,037	2,895,933
Trade and other payables	-	502,598	-	-	-	-	502,598
Long-term financing	6% - 15.03%	2,529	9,839	40,528	257,123	-	310,019
Liabilities against assets subject to finance lease	12.93%-16.29%	20,926	958	3,082	6,889	-	31,855
Short-term borrowings	1.85%-15.66%	16,523	334,919	132,515	-	-	483,957
Interest / mark-up payable	-	25,026	-	-	-	-	25,026
2011		567,602	345,716	176,125	264,012	-	1,353,455

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.1,198 million (2011: Rs. 1,212 million) to unlisted equity securities of a joint venture 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. 332.76 million (2011: Rs. 298.62million) 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. 840 million (2011: Rs.Nil) to unlisted equity securities of a subsidiary which is held for strategic rather than trading purpose.

At the balance sheet date, the exposure to listed equity securities at fair value was Rs.12.43 million (2011: Rs. 12.39 million). A decrease / increase of 5% on the KSE market index would have an impact of approximately Rs.0.55 million (2011: Rs. 0.67 million) on the income of the Company, depending on whether or not the decline is significant and prolonged.

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 financial statements approximate their fair values.

39.5 *Financial instruments by category*

The accounting policies for financial instruments have been applied for line items below:

	Loan & advances	***Fair value through P&L***	***Total***
	- - - - - - - - - - - - - - -	***Rupees in '000***	**- - - - - - - - - - - - -**
Assets as per balance sheet - June 30, 2012			
Long-term investments	-	2,370,852	2,370,852
Trade debts	773,638	-	773,638
Loans and advances	29,109	-	29,109
Trade deposits and short-term prepayments	1,550	-	1,550
Other receivables	12,436	-	12,436
Other financial assets	-	12,437	12,437
Bank balances	157,628	-	157,628
	974,361	2,383,289	3,357,650

	Financial liabilities measured at amortized cost	Total
	Rupees in '000	
Liabilities as per balance sheet - June 30, 2012		
Long-term financing	981,595	981,595
Trade and other payables	492,383	492,383
Short-term borrowings	1,390,109	1,390,109
Liabilities against assets subject to finance lease	6,868	6,868
Interest / mark-up payable	24,978	24,978
	2,895,933	2,895,933

39.6 ***Fair value hierarchy***

The fair values of the financial instruments have been analysed in various fair value levels as follows:

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*
Fair value through P&L	- - - - - - - - - - - - - - - - - -	***Rupees in '000***	- - - - - - - - - - - - - - - - - -	
Other financial assets	12,437	-	-	12,437
Other financial liability		8,731		8,731
Total	12,437	8,731	-	21,168

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, 2012 and 2011 were as follows:

	2012	2011
	Rupees in '000	
Total borrowings (note 7,8 & 12)	2,378,572	825,831
Less: cash and bank balances (note 25)	157,628	81,908
Net debt	2,220,944	743,923
Total equity	7,064,724	6,263,546
Total capital	9,285,668	7,007,469
Gearing ratio	24%	11%

41. CAPACITY AND PRODUCTION

Spinning units

	2012	*2011*
Total number of spindles installed	139,237	130,224
Total number of spindles worked per annum (average)	138,172	130,166
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	103,342,087	98,306,122
Actual production for the year after conversion into 20 counts (lbs.)	88,750,231	89,208,438

Ginning units

	2012	*2011*
Installed capacity to produce cotton bales	135,000	135,000
Actual production of cotton bales	50,124	25,822
Number of shifts	2	2
Capacity attained in (%)	37.13%	19.13%

The reason for shortfall in the production of cotton bales is limited availability of raw cotton.

42. SEGMENT REPORTING

The Company's core business is manufacturing and sale of yarn and it generate 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 it 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, 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 has two leased ice factories and two leased and one owned ginning factory results of these operations are separately disclosed in note 28.1 and 28.2 of these financial statements respectively. The Company also holds investments in equity shares of listed Companies, long term strategic investments in a Joint venture, in an associated company and in a wholly owned subsidiary results of which is disclosed in note 15.1 and note 15.2 to these financial statements.

43. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In respect of current year, the directors proposed to pay cash dividend of Rs. 361.48 million (2011: Rs.180.74 million) @ Rs.10 (2011: Rs. 10) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the year of payment.

44. DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorised for issue on October 04, 2012 by the Board of Directors of the Company.

45. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Executive Officer ***Director***