

DIRECTOR'S REPORT

The Directors present the Annual Report together with the Company's consolidated audited accounts for the year ended June 30, 2012.

	2012	2011
	(Rupees in thousand)	
OPERATING RESULTS		
Sales – Net	15,385,496	18,253,523
Gross Profit	2,252,619	2,897,663
Profit before taxation	1,789,888	2,275,270
Profit after taxation	1,571,477	2,131,260
Earning per share	Rs 86.95	Rs 117.92

PRESENT YEAR ASSESSMENT

During the year under review net sales are recorded at Rs. 15,385.496 million as compared to Rs. 18,253.523 million last year, lowered by 15.71%. Gross profit is Rs 2,252.619 million lowered by 22.26% as compared to last year. The reason for this drop was lower prices of cotton yarn. However the Company did end up with an overall after tax profit of Rs 1,571.477 million. Despite all odds 2011/12 has been a good year for your company as our overall results are much better considering the sharp fall in cotton prices. It is only due to better cost control measures and timely procurement of raw material.

Your company acquired 100% shares of MIMA Cotton Mills Limited which consist of 23,640 spindles with necessary back process including one set of comber machines and captive power plant. The name of MIMA Cotton Mills Limited was changed to Indus Lyallpur Limited. By the grace of God Indus Lyallpur Limited started production at the end of February 2012 and now is fully operational and exporting its products.

During the year Rs 1,502.275 million were invested in fixed assets as part of the Company's expansion/BMR plan to increase its spinning capacity, improve the quality and reduce the manufacturing cost. Depreciation cash flow, long term loans and retained earnings were used to finance this expansion/BMR plan. Our spinning capacity increased to 158,917 spindles as compare to last year 130,224 spindles.

DIVIDEND

The Directors of the company are pleased to recommend the final cash dividend 200.00 % i.e. Rs 20.00 per share.

DIRECTORS REMUNIRATION

The Board of Directors has increased monthly tax free remuneration of Chairman, Chief Executive and Directors in the Board meeting held on October 04, 2012 as follows:

Mian Mohammed Ahmed	– Chairman	Rs 300,000 to Rs 600,000
Mr. Shahzad Ahmed	– Chief Executive	Rs 300,000 to Rs 600,000
Mr. Imran Ahmed	– Director	Rs 300,000 to Rs 600,000
Mr. Naveed Ahmed	– Director	Rs 300,000 to Rs 600,000
Mr. Shafqat Masood	– Director	Rs 300,000 to Rs 600,000
Mr. Shahwaiz Ahmed	– Director	Rs 200,000

The said remuneration is in addition to the company maintained car, medical expenses, residential utilities, recreational and telephone expenses.

FUTURE OUT LOOK

In order to fully utilize the business potential we are continuing BMR plan to get optimum results. We hope to earn good profit in next year, as the prices of raw cotton and yarn are stable and there is a good margin.

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

As required by the Code of Corporate Governance, Directors are pleased to report that:

- a) The Financial Statement prepared by the Management, present fairly its state of affairs, the result of its operations, Cash Flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment.
- d) International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements.
- e) Internal Auditors is continuously reviewing the existing system of internal control and other procedures. The process of review will continue and any weakness in controls will have immediate attention of the management.
- f) There are no significant doubts upon the company's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Key operating and financial data for last six years is annexed.
- i) The information about statutory payments on account of taxes, duties and levies is given in the notes to the accounts.
- j) During the period under review, there has been no trading in shares of the Company by the CEO, Directors, Financial Officer, Company Secretary, their spouses and minor children.
- k) During the year under review five (5) meetings were held.

Attendance by each Director is as follows:

	Name of Director	Attendance
1	Mian Mohammad Ahmed	3
2	Mian Riaz Ahmed	3
3	Mr. Shahzad Ahmed	4
4	Mr. Naveed Ahmed	4
5	Mr. Imran Ahmed	4
6	Mr. Irfan Ahmed	4
7	Mr. Kashif Riaz	3
8	Mr. Shafqat Masood	5
9	Mr. Shahwaiz Ahmed	4
10	Mr. Farooq Hassan	5

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2012 is annexed.

THANKS AND GRATITUDE

Your Directors are pleased to put on record their appreciation and gratitude to the executives, officers, staff members and workers of the company in performance of their duties. Your Directors would also like to put on record their profound and sincere gratitude to valued customers, regulators, external auditors, bankers and our shareholders.

For and behalf of the Board
Karachi: October 04, 2012.

Shahzad Ahmad
Chief Executive