INDUS DYEING & MANUFACTURING COMPANY LIMITED

57th Annual Report and Accounts 2014

CONTENTS

Company profile

Board of Directors

1	Mian Mohammad Ahmed	Chairman
2	Mr. Shahzad Ahmed	Chief Executive
3	Mian Riaz Ahmed	
4	Mr. Naveed Ahmed	
5	Mr. 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.

DIRECTORS' REVIEW

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

BUSINESS SITUATION

The change in both the yarn market and manufacturing dynamics has necessitated 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

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS
OF INDUS DYEING & MANUFACTURING CO. LIMITED
AS AT JUNE 30, 2014
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%

	No.	Shares	Total
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

MUTUAL FUND	**2**		
CDC-Trustee National Investment (UNIT) Trust		525,295	
MCBFSL-Trustee Pak Oman		2,080	
			527,375
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 Departmeni Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2013-2014

N A M E	Purchase	Sold
NIL	NIL	NIL

STATEMENT OF COMPLIANCE
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.

11) The Directors' report for this year has been prepared in compliance with the requirement of the 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

M. Yousuf Adil Saleem & Co

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

INDUS DYEING & MANUFACTURING COMPANY LIMITED
UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	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	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

INDUS DYEING & MANUFACTURING COMPANY LIMITED
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

	Issued, subscribed and paid up capital	Reserves				
		Capital		Revenue		
		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

INDUS DYEING & MANUFACTURING COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2014

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.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities — **Effective from accounting period beginning on or after January 01, 2013**

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.

IAS 28 (Revised 2011) – Investments in Associates and Joint 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.

IFRS 13 – Fair Value Measurement — **Effective from accounting period beginning on or after 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.

4.10.4 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 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	2013		Note	2014	2013
No. of shares				Rupees in '000	
		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 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

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

Type and nature of loan	2014 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		

Type and nature of loan	2013 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.

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:

	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

9.1 Provision for gratuity

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 Rupees in '000	2013
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

On secured loans from banking companies

		2014	2013
- 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

12.1 These carry mark-up ranging from 3 month KIBOR + 0.15% to 1 month KIBOR + 2.00% (2013: 1 month KIBOR + 0.5% to 1 month 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	Dep. Rate
	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	5
Non-factory buildings	117,088	1,520	118,608	71,320	4,631	75,951	42,657	10
Office building	50,687	59,629	110,316	2,574	3,652	6,226	104,090	5
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	10
Electric installations	100,067	94,361	194,428	63,235	6,818	70,053	124,375	10
Power generators	372,858	181,911 19,573 *	574,342	179,001	28,456 7,996 *	215,453	358,889	10
Office equipment	2,240	8,804	11,044	86	562	648	10,396	10
Furniture and fixtures	17,940	759	18,699	6,672	1,145	7,817	10,882	10
Vehicles	172,821	17,344 (6,378)	183,789	52,178	26,563 (4,969)	73,772	110,017	20
	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) *	- -	-	10
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	Negotiation
2	Plant and machinery	4,956	(2,198)	2,758	2,825	67	Indus Lyallpur Limited (subsidiary)	Negotiation
3	Plant and machinery	8,961	(8,805)	156	215	59	Mohammad Ikram	Negotiation
4	Plant and machinery	2,136	(1,957)	179	200	21	Mohammad Khursheed	Negotiation
5	Plant and machinery	2,324	(1,499)	825	1,450	625	Zahid Jee Textile Mills Limited	Negotiation
6	Vehicle	269	(261)	8	50	42	M. Rashid Khan	Negotiation
7	Vehicle	483	(369)	114	150	36	M. Rashid Khan	Negotiation
8	Vehicle	306	(295)	11	50	39	M. Rashid Khan	Negotiation
9	Vehicle	46	(3)	43	38	(5)	Adamjee insurance co 2nd floor, adamjee insurance building, i.i. chundrigarh road, karachi	Insurance Claim
10	Vehicle	38	(23)	15	25	10	Adamjee insurance co 2nd floor, adamjee insurance building, i.i. chundrigar road, karachi	Insurance Claim
11	Vehicle	41	(30)	11	5	(7)	Mr. Nadeem Ul Haq	Negotiation
12	Vehicle	56	(53)	3	3	(1)	Mr. Abdul Ghaffar	Negotiation
13	Vehicle	47	(38)	9	5	(4)	Mr. Imran Saeed An employee	As per Company policy
14	Vehicle	3,101	(2,448)	653	800	147	Sh. Zeeshan Rauf An employee	As per Company policy
15	Vehicle	504	(419)	85	150	65	Mr. Zafar Saleh An employee	As per Company policy
16	Vehicle	48	(38)	10	5	(6)	Mr. Aamir Patni An employee	As per Company policy
17	Vehicle	1,439	(991)	448	500	52	Mr. Hasnain Iqbal An employee	As per Company policy
	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.

	2014	2013
	Rupees in '000	

15.3 Investment in subsidiaries

Indus Home Limited (IHL)

	2014	2013
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.

15.4 Indus Lyallpur Limited (ILP)

	2014	2013
	Rupees in '000	
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.

16. LONG TERM DEPOSITS

	Note	2014	2013
		Rupees in '000	
Electricity		3,790	3,754
Others		315	315
		4,105	4,069

17. STORES, SPARES AND LOOSE TOOLS

	Note	2014	2013
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).

18. STOCK-IN-TRADE

	2014	2013
	Rupees in '000	
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			
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			
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	2013
			(Rupees in '000)	
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	2013
			Rupees in '000	
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	2013		2014	2013
No. of shares / units			Rupees in '000	
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	**2013**		**2014**	**2013**
No. of units			Rupees in '000	
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

		Note	2014	2013
			Rupees in '000	
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

28.2 Other

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

30.1 It includes staff retirement benefits Rs. 6.74 million (2013: Rs. 4.27 million).

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)

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:

		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)

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:

2014

Particulars	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

2013

Particulars	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	Credit rating 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	3,281,930	3,281,930	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

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
	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

INDUS DYEING & MANUFACTURING

COMPANY LIMITED

CONSOLIDATED ANNUAL REPORT AND ACCOUNTS

JUNE 30, 2014.

CONTENTS

Key Operating and Financial Results.

	2012	2013	2014
Operating data			
Turnover	15,583,895	20,375,904	24,301,493
Less : Commission expense	(198,399)	(353,707)	(267,068)
Sales (net)	15,385,496	20,022,197	24,034,425
Gross profit	2,252,618	3,630,687	2,487,947
Profit before tax	1,789,888	2,523,383	1,866,427
Profit after tax	1,571,477	2,547,734	1,996,643
Financial data			
Gross assets employed	10,938,552	12,698,532	20,272,036
Return on equity	21.28%	28.51%	18.75%
Current assets	4,311,122	5,826,529	9,316,161
Shareholders equity	7,384,527	8,936,904	10,646,575
Long term debts and deferred liabilities	1,187,985	808,605	2,395,176
Current liabilities	2,366,040	2,950,413	7,227,675
Key ratios			
Gross profit ratio	14.64%	18.13%	10.35%
Net profit ratio	10.21%	12.72%	8.31%
Debt / equity ratio	07 : 93	12 : 88	16 : 84
Current ratio	1.82	1.97	1.29
Earning per share (basic and diluted)	86.95	140.96	110.47
Dividend (percentage)			
- Cash	350%	100% Int	150%
- Stock	-	-	-
- Specie dividend	-	100 : 09	-
Statistics			
Production volume (tons)	42,057	52,894	63,821

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **Indus Dyeing & Manufacturing Company Limited** (the Holding Company) and its subsidiary companies (together the Group) as at June 30, 2014 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of the Holding Company and a subsidiary company namely Indus Lyallpur Limited. The financial statements of a subsidiary Indus Home Limited which were audited by other firm of auditors whose report has been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiary is based solely on the report of such other auditors. The financial statements of a subsidiary, Indus Home USA Inc. (Subsidiary of Indus Home Limited) are unaudited. These consolidated financial statements are the responsibility of the Holding Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

Our audit was conducted in accordance with the International Standards of Auditing and accordingly included such tests of accounting records and such other audit procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the Group as at June 30, 2014 and the results of their operations for the year then ended.

Chartered Accountants

Engagement Partner:
Nadeem Yousuf Adil

Date: October 03, 2014
Place: Karachi

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2014

	Note	2014	2013
		Rupees in '000	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised 45,000,000 ordinary shares of Rs. 10 each		450,000	450,000
Issued, subscribed and paid up capital	6	180,737	180,737
Reserves	7	5,022,400	5,022,432
Unappropriated profit		5,443,438	3,733,735
		10,646,575	8,936,904
SHARE OF ASSOCIATE'S SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax		2,610	2,610
Non current liabilities			
Long-term financing	8	2,162,009	690,369
Deferred liabilities	10	233,167	118,236
		2,395,176	808,605
Current liabilities			
Trade and other payables	11	1,350,904	838,134
Interest / mark-up payable	12	124,960	31,200
Short-term borrowings	13	5,011,046	1,847,512
Current portion of:			
long-term financing	8	740,765	231,345
liabilities against assets subject to finance lease	9	-	2,222
		7,227,675	2,950,413
CONTINGENCIES AND COMMITMENTS	14		
		20,272,036	12,698,532

	Note	2014	2013
		Rupees in '000	
ASSETS			
Non current assets			
Property, plant and equipment	15	10,916,339	5,470,659
Long-term investments	16	24,198	1,396,305
Long-term deposits	17	15,338	5,039
		10,955,875	6,872,003
Current assets			
Stores, spares and loose tools	18	586,753	231,354
Stock-in-trade	19	5,712,763	4,027,035
Trade debts	20	1,954,394	1,129,122
Loans and advances	21	285,637	114,251
Trade deposits and short-term prepayments	22	4,786	7,784
Other receivables	23	93,702	26,364
Other financial assets	24	164,223	13,464
Tax refundable	25	429,263	132,916
Cash and bank balances	26	84,640	144,239
		9,316,161	5,826,529
		20,272,036	12,698,532

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014	2013 (Restated)
		Rupees in '000	
Sales - net	27	**24,034,425**	20,022,197
Cost of goods sold	28	**(21,546,478)**	(16,391,510)
Gross profit		**2,487,947**	3,630,687
Other income	29	**222,332**	22,395
		2,710,279	3,653,082
Distribution cost	30	**(606,333)**	(430,696)
Administrative expenses	31	**(301,257)**	(208,304)
Other operating expenses	32	**(105,440)**	(281,043)
Finance cost	33	**(520,077)**	(343,136)
		(1,533,107)	(1,263,179)
		1,177,172	2,389,903
Share of loss from joint venture - net of tax	16.1	**(41,525)**	61,469
Share of profit from associate - net of tax	16.2	**2,796**	74,109
Gain on remeasurement of previously held interest in IHL	5.2	**389,056**	-
Bargain purchase gain on acquisition of IHL	5	**338,928**	
Loss on investment in associate distributed to owners as specie dividend		**-**	(2,098)
		689,255	133,480
Profit before taxation		**1,866,427**	2,523,383
Taxation	34	**130,216**	24,351
Profit for the year- attributable to ordinary equity holders of the Holding company		**1,996,643**	2,547,734
			(Restated)
Earnings per share - basic and diluted	35	**110.47**	140.96

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

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

	2014	2013 (Restated)
	Rupees in '000	
Profit for the year (as restated)	1,996,643	2,547,734
Items that may be reclassified subsequently to profit and loss		
Exchange loss on translation of foreign subsidiary	(32)	-
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of defined benefit liability -net of tax	(15,779)	(13,923)
Total other comprehensive income for the year- attributable to ordinary equity holders of the Holding company	1,980,832	2,533,811

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED 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	Exchange translation reserve	Unappropriated profit	Total
	Rupees in '000'						
Balance at June 30, 2012	**180,737**	**10,920**	**11,512**	**5,000,000**	**-**	**2,181,358**	**7,384,527**
Comprehensive income for the year;							
Profit for the year (as restated)	-	-	-	-	-	2,547,734	2,547,734
Other comprehensive income for the year (as restated) Note 4.21	-	-	-	-	-	(13,923)	(13,923)
Total comprehensive income for the year	-	-	-	-	-	2,533,811	2,533,811
Associate's share of surplus on revaluation of property plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	1,469	1,469
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 16.2)	-	-	-	-	-	(439,191)	(439,191)
Interim cash dividend for the period ended March 31, 2013 @ Rs. 10 per share		-	-	-	-	(180,737)	(180,737)
Cost of issue of shares	-	-	-	-	-	(1,500)	(1,500)
Balance at June 30, 2013	**180,737**	**10,920**	**11,512**	**5,000,000**	**-**	**3,733,735**	**8,936,904**
Comprehensive income for the year;							
Profit for the year	-	-	-	-	-	1,996,643	1,996,643
Exchange loss on translation of foreign subsidiary	-	-	-	-	(32)	-	(32)
Other comprehensive income for the year	-	-	-	-	-	(15,779)	(15,779)
Total comprehensive income for the year	-	-	-	-	(32)	1,980,864	1,980,832
Associate's share of surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	-	-	246	246
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)
Cost of issue of shares						(301)	(301)
Balance at June 30, 2014	**180,737**	**10,920**	**11,512**	**5,000,000**	**(32)**	**5,443,438**	**10,646,575**

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED 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	36	**821,243**	2,045,800
	Taxes paid - net		**(110,700)**	(237,481)
	Finance cost paid		**(426,317)**	(346,525)
	Gratuity paid		**(62,900)**	(21,458)
	Net cash generated from operating activities		**221,326**	1,440,336
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payment for acquisition of subsidiary - net of cash and running finance acquired		**(1,611,522)**	-
	Payment for purchase of items of property, plant and equipment		**(2,652,726)**	(1,064,420)
	Proceeds from disposal of items of property, plant and equipment	15.2	**58,055**	11,437
	Purchase of other financial assets		**(123,361)**	-
	Proceeds from disposal of other financial assets		**-**	2,000
	Payment for long-term deposits		**(3,585)**	(446)
	Dividend received		**1,151**	19,440
	Net cash used in investing activities		**(4,331,988)**	(1,031,989)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term finance obtained / repaid -net		**1,021,551**	(99,664)
	Loans from directors - net		**(9,490)**	4,026
	Repayment of liabilities against assets subject to finance lease		**(2,222)**	(4,646)
	Cost of issue of shares		**(301)**	(1,500)
	Dividend paid		**(298,019)**	(521,079)
	Net cash generated / (used in) from financing activities		**711,519**	(622,863)
	Net decrease in cash and cash equivalents (A+B+C)		**(3,399,143)**	(214,516)
	Cash and cash equivalents at beginning of the year		**(1,693,783)**	(1,479,267)
	Effects of exchange rate changes on cash and cash equivalent		**166,520**	-
	Cash and cash equivalents at end of the year	37	**(4,926,406)**	(1,693,783)

The annexed notes from 1 to 46 form an integral part of these consolidated financial statements.

Shahzad Ahmed
Chief Executive

Naveed Ahmed
Director

1. THE GROUP AND ITS OPERATIONS

1.1 The "Group" consists of Indus Dyeing & Manufacturing Company Limited (the Holding Company), its subsidiaries and an associate.

1.1.1 Holding Company

Indus Dyeing & Manufacturing Company Limited (the Holding 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 Holding Company is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi. The Holding Company is currently listed on Karachi Stock Exchange Limited. The principal activity of the Holding Company is manufacturing and sale of yarn. The manufacturing facilities of the Holding Company are located in Karachi, Hyderabad and Muzaffargarh. The Holding Company is also operating two ginning units including one on leasing arrangements in District Multan.

1.1.2 Subsidiary Companies

Indus Lyallpur Limited - 100% owned

Indus Lyallpur Limited (the Subsidiary Company) is an unlisted public company limited by shares, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984. Principal business of the Subsidiary Company is manufacturing and sale of yarn. Mill is located at 38th kilometer, Shaikhupura road, District Faisalabad in the province of Punjab. Registered office of the Subsidiary Company is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi. The Holding Company acquired 71,540,000 ordinary shares representing hundred percent of paid up capital of the Subsidiary Company @ 6.85 per share for aggregate consideration of Rs. 490 million on January 31, 2012.

Indus Home Limited - 100% owned

Indus Home Limited (the Subsidiary Company) was incorporated in Pakistan as a public limited Company on May 18, 2006 under the Companies Ordinance 1984. The registered office of the Company is located at 174 Abu Bakar Block, New Garden Town, Lahore. Principal business activities of the Subsidiary Company are to manufacture and export the greige and finished terry cloth and other textile products. The manufacturing facility of the Company is located at Manga Mandi, Lahore. On November 21, 2013, the Holding 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 Holding Company acquired controlling interest in Indus Home Limited by way of 100% ownership.

Indus Home USA Inc. (100% owned through Indus Home Limited)

Indus Home USA Inc. has been established during the year. The principal business activities of the Company is to act as commission agent to generate sales order in textile sector.

1.1.3 Associated Company

Sunrays Textile Mills Limited was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on the Karachi Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The Company is also operating a ginning unit and an ice factory on leasing arrangements. The registered office of the Company is situated at Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab. The Holding Company has 0.99% voting rights in the Company and it is regarded associate due to common directorship.

1.2 Basis of Consolidation

- The consolidated financial statements include the financial statements of the Holding Company, its subsidiaries and an associate company together - "the Group".
- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control the company is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis.
- Material inter-group balances and transactions have been eliminated.
- Non-Controlling Interest in equity of the subsidiary companies are measured at fair value as of the acquisition date of the subsidiaries.

1.3 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Holding Company, liabilities incurred by the Holding Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognised in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit and loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the Group's net assets in the event of liquidation is measured at fair value at the date of the acquisition.

2. STATEMENT OF COMPLIANCE

2.1 These consolidated 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 (IASB) 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 preparation

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

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

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 Group's operations or are not expected to have significant impact on the Group's consolidated 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.

Amendments to IFRS 7 Financial Instruments: Disclosures - Offsetting financial assets and financial liabilities

Effective from accounting period beginning on or after January 01, 2013

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.

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 Group's operations or are not expected to have significant impact on the Group's consolidated 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, an entity 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.

IAS 28 (Revised 2011) – Investments in Associates and Joint 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 novated 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 initiaapplication of IFRS 10 is different from that before t

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.

IFRS 13 – Fair Value Measurement — **Effective from accounting period beginning on or after 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 consolidated financial statements in conformity with the approved accounting standards as applicable in Pakistan, requires management to make estimates, assumptions and use of judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

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

- Provision for current tax and deferred tax (Note 10.1 and 34)
- Provision for staff retirement benefits (Note 10.2-10.4)

- Depreciation rates of property, plant and equipment (Note 15.1)
- Classification and impairment of investment (Note 16 and 24)
- Net realisable value of stock-in-trade (Note 19)
- Provision for impairment of trade debts and other receivables (Note 20.4)
- Fair value of net assets acquired in business combination (Note 5)

4. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

4.1 Taxation

Current

Provision for current taxation is based on taxability of certain income streams of the Group 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 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

4.2.1 Defined benefit plan

The Holding Company

The Holding 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.

Indus Lyallpur Limited

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.

Indus Home Limited

The Company operates an unfunded gratuity scheme for all its employees who are eligible under the scheme. Provision is made annually to cover the liability under the scheme. Future contribution rate of this scheme includes allowances for surplus and deficit. The latest actuarial valuation was carried on 30 June 2014, using projected unit credit method. The company's policy with regard to actuarial gains / losses is to follow minimum recommended approach under IAS 19 "Employee Benefits".

4.2.2 Compensated absences

The Group 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 Group or not.

4.4 Property, plant and equipment

4.4.1 Owned

Property, plant and equipment owned by the Group 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 15.1 .

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 Group 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

4.5.1 Financial assets

The Group assesses at each reporting date whether there is an indication that an asset or a group of asset is impaired. If any indication exists or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is higher of an asset's fair value less cost to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discontinued to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specified to the assets. In determining fair value less cost to sell, an appropriate valuation model is used.

The Group assesses at each reporting 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 an 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 thefinancial asset or the group of financial assets carried at amortized cost are recognized in profit and loss account.

4.5.2 Non-financial assets

The Group 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. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.6 Leases

As lessee

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 Group 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 Group'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. Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessarily to be incurred in order to make the sale.

4.8 Stock in trade

Stock in trade 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 and scrap	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 4.5.2. Balances considered bad and irrecoverable are written off when identified.

4.9.1 Provision for doubtful receivables

Provision for doubtful debts and receivables are estimated at each year end on the basis of events and conditions surrounding their recoverability and are being set-off from their respective amounts.

4.10 Investments

4.10.1 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 Group.

4.10.2 Investment in associate

Associate is an entity over which the Holding Company has significant influence, but not control, generally accompanying a shareholding of 20% to 50% of the voting rights or common directorship.

Such investments are accounted for using equity method of accounting and initially are recognized at cost and subsequently adjusted to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses exceeds 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 Group has an obligation or has made payments on behalf of the investee.

4.10.3 Investment in joint venture

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.

The Group recognises its interest in the joint venture using equity method of accounting. Investment in joint venture is initially recognized at cost and subsequently adjusted to recognise the Group's share of the profit or loss and other comprehensive income of the joint venture. When the Group's shares of losses exceeds its interest, the carrying amount of that interest is reduced to zero and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments

4.10.4 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".

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.

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.

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.

4.10.5 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 other income/ other operating expenses.

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

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 consolidated financial statements are presented in Pak Rupees, which is the Group'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 Group 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 Group 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 Group becomes party to the contractual provisions of the instrument and derecognised when the Group 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 Group 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 Group 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

For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current, savings 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 Group's shareholders is recognised as a liability in the consolidated financial statements in the period in which the dividends are approved by the Group's shareholders/directors as appropriate.

4.18.2 Specie dividend

Distribution of specie dividend to the Group's shareholders is recognised as a liability in these consolidated financial statements in the period in which the dividends are approved by the Group's shareholders/ directors 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 Group 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 and loss account.

4.19 Export rebate, research and development support and local taxes rebate

Export rebate and research and development support are recognized when these become due and there is reasonable assurance that these will be received.

4.20 Earnings per share

The Group 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 Holding 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 of the Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

4.21 Change in accounting policy

IAS 19 - Employee Benefits (as revised in 2011)

In the current year, the group 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 Group 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 Group 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	16,402,510	(11,000)	16,391,510
Administrative expenses	211,227	(2,923)	208,304
	16,613,737	**(13,923)**	**16,599,814**
Profit after taxation	2,533,811	13,923	2,547,734
Earnings per share	140.19	0.74	140.93
Effect on Statement of Comprehensive Income			
Other comprehensive income for the year	-	13,923	(13,923)

The effect of restatement has not been incorporated from Indus Home Limited because the company was acquired during the year. The effect of restatement in Indus Lyallpur Limited was not material, therefore not effect has been incorporated.

5. BUSINESS COMBINATION

During the year the Holding Company has acquired the entire shareholding of WestPoint Pakistan LLC in Indus Home Limited (The Joint venture) comprising of 75 million ordinary shares of Rs. 10 each representing 50% of total issued share capital of Indus Home Limited at aggregate purchase consideration of USD 12 million (Rs. 1,293 million) thus making it a wholly owned subsidiary. The fair value of the identifiable assets and liabilities of the subsidiary as at the date of acquisition date i.e. November 21, 2013 and corresponding carrying values immediately before the acquisition were as follows:

	Fair value recognized on acquisition	Carrying value
	Rupees in '000	
Non current assets		
Property plant and equipment	3,651,588	2,873,337
Long term deposit and deferred cost	6,714	6,715
	3,658,302	2,880,051
Current assets		
Stock in trade	859,581	859,581
Stores, spares and loose tools	240,238	240,238
Trade debtors	48,464	48,464
Advances, deposits, prepayment and other receivables	219,450	219,450
Sales tax refundable	92,849	92,849
Cash and bank balances	6,578	6,578
	1,467,160	1,467,160

	Fair value recognized on acquisition	Carrying value
	Rupees in '000	
Current liabilities		
Short term bank borrowings	324,980	324,980
Current portion of long term loans	306,259	306,259
Creditors, accrued and other liabilities	326,063	235,768
Provision for taxation	82,549	82,549
	1,039,851	949,556
Non current liabilities		
Long term loans	959,511	959,511
Less current maturity of loan term loans	(306,259)	(306,259)
	653,252	653,252
Deferred liabilities -Staff Gratuity	78,268	78,268
- Taxation	387	387
	78,655	78,655
Net assets	**3,353,704**	**2,665,748**

5.1 Gain on bargain purchase arising on the acquisition has been recognized as follows:

	Rupees in '000
Consideration transferred	1,293,120
Fair value of previously held interest in Indus Home Limited	1,721,656
	3,014,776
Fair value of net assets acquired and liabilities assumed	3,353,704
Gain on bargain purchase	**338,928**

5.2 **Net cash outflow on acquisition of subsidiary**

Consideration paid in cash	1,293,120
Cash acquired	(6,578)
Short term borrowings	324,980
	1,611,522

5.3 **Re-measurement of previously held interest in Indus Home Limited**

Fair value on date of acquisition	1,721,655
Less: Carrying value on date of acquisition (note 5.4)	(1,332,599)
Gain on re-measurement of previously held interest	**389,056**

5.4 **Previous investment in joint venture**

Carrying amount as at July 01, 2013	1,374,124
Share of loss for the period from July 01, 2013 to November 21, 2013	(41,525)
Carrying amount on the date of acquisition	**1,332,599**

5.5 **Provisional values**

The Company is in the process to determine the fair values of the assets and liabilities of Indus Home Limited. Therefore, the amounts reported for the fair values of the assets and liabilities are provisional and will be updated, if required, when the process will be completed

5.6 In order to ensure early cash realisation and to expedite the exit process, the previous investor WestPoint Pakistan LLC sold its interest in Indus Home Limited to the Holding Company at value considerably lower than the fair value net assets of the subsidiary. As a result of the transaction executed at discounted terms, the Holding Company has recognized bargain purchase gain amounting to Rs. 389.056 million (Refer note 5.3).

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2014	2013			2014	2013
No. of shares			Note	Rupees in '000	
		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	6.1	**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

6.1 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.

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

6.3 The Holding 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 Holding Company. All shares rank equally with regard to the Holding Company's residual assets.

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

	Note	2014	2013
		Rupees in '000	
7. RESERVES			
Capital			
Share premium	7.1	**10,920**	10,920
Merger reserve	7.2	**11,512**	11,512
		22,432	22,432
Revenue			
General reserve		**5,000,000**	5,000,000
Exchange translation reserve		**(32)**	-
		5,022,400	5,022,432

7.1 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.

7.2 Merger reserve represents excess of (a) assets of YTML over its liabilities merged with the Holding Company over (b) consideration to shareholders of YTML as per the Scheme of Amalgamation (Refer note 6.1).

	Note	2014	2013
		Rupees in '000	
8. LONG-TERM FINANCING			
Secured			
From banking companies	8.1 & 8.2	**2,902,774**	921,714
Less: Payable within one year		**(740,765)**	(231,345)
		2,162,009	690,369

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

	2014			
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	1 month KIBOR + 0.5 % to 3 month KIBOR + 1.5%	Quarterly
Long term financing - Export oriented projects	834,339	3,609,000	6% to 12.6%	Quarterly and half yearly
Musharikah agreement	518,102	900,000	3 month KIBOR + 1%	Quarterly
	2,902,774	7,039,000		

	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 - Export Oriented Projects	43,211	120,000	6% to 9.7%	Quarterly and half yearly
Musharakah Agreement	57,498	300,000	3 month KIBOR + 1%	Quarterly
	921,714	2,002,058		

8.2 These finances are secured by charge over property, plant and equipment and land and buildings of the Group.

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

9. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

The future minimum lease payments to which the Group 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)
	-	-	-	-

9.1 These represent finance lease arrangement entered into with a financial institution for generator. During the year, the Group has excersized the option to purchase the leased asset.

	Note	2014	2013
		Rupees in '000	
10. DEFERRED LIABILITIES			
Deferred taxation	10.1	**1,461**	-
Staff retirement gratuity:			
- the Holding Company	10.2	**140,757**	112,239
- Indus Lyallpur Limited	10.3	**10,307**	5,997
- Indus Home Limited	10.4	**80,642**	-
		233,167	118,236

10.1 Deferred taxation

10.1.1 The Holding Company

As the Holding Company's export sales were more than 80% of the total sales, management opted for the Income Tax Circular No. 20 of 1992, according to which local sales of goods (manufactured) as well as waste material, not constituting more than 20% of such production, may also be treated as export sales if the assessee opts to pay tax on such sales at the rate applicable to export sales. As a result, management recognized the provision for taxation for local sale at rate applicable to export sales. Consequently, no deferred tax has been recognised by the Company in respect of assets and liabilities pertaining to income under Final Tax Regime.

10.1.2 Indus Lyallpur Limited - the Subsidiary Company

Management of the Subsidiary Company has restricted the benefit of deferred tax asset only to the extent of taxable temporary differences amounting to Rs. 83.904 million (2013: 93.404 million) and remaining net deferred tax asset of Rs. 26.584 million (2013: Rs. 60.641 million) has not been recognized in the books. The taxable temporary differences include temporary differences arising on fair value adjustments at the time of acquisition.

10.1.3 Indus Home Limited - the Subsidiary Company

The deferred tax liability recongized in these consolidated financial statements represents deferred tax liability in respect of unrealized export debtors relating to Indus Home Limited. The income of the subsidiary falls under Final Tax Regime; accordingly no deferred tax in respect of fair value adjustments of assets and liabilities has been recognized in these consolidated financial statements.

10.2 Staff retirement gratuity - the Holding Company

The Holding 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 consolidated financial statements are as follows:

Significant actuarial assumptions

	2014	2013
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		
Actuarial (gain) / losses from changes in demographic assumptions	**-**	-
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)

10.3 Staff retirement gratuity - Indus Lyallpur Limited

Significant actuarial assumptions

	2014	2013
Discount rate	12%	-
Expected rate of increase in salary level	11%	-

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
	Rupees in '000	
Present value of defined benefit obligation	10,307	5,997
Movement in net defined liability		
Balance at the beginning of the year	5,997	-
Recognized in profit and loss account		
Current service cost	5,613	-
Interest cost	720	6,186
	6,333	6,186
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	(200)	-
Benefits paid	(1,823)	(189)
Present value of defined benefit obligation as at 30 June 2014	10,307	5,997
Actuarial gains and losses		
Actuarial (gain) / losses from changes in demographic assumptions	-	-
Experience adjustments	(200)	-
	(200)	-

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%	(531)	653
Salary growth rate	1%	653	(540)

10.4 Staff retirement gratuity - Indus Home Limited

Significant actuarial assumptions

	2014	2013
Discount rate	**13.25%**	11.00%
Expected rate of increase in salary level	**12.25%**	10.00%
Average expected remaining working life of employees	**7 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
	Rupees in '000	
Present value of defined benefit obligation	**80,642**	65,103
Movement in net defined liability		
Balance at the beginning of the year	**65,103**	57,871
Recognized in profit and loss account		
Current service cost	**21,599**	27,557
Interest cost	**6,075**	7,523
	27,674	35,080
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**7,609**	3,867
Benefits paid	**(19,744)**	(31,715)
Present value of defined benefit obligation as at 30 June 2014	**80,642**	65,103
Actuarial gains and losses		
Actuarial (gain) / losses from changes in demographic assumptions	**-**	-
Experience adjustments	**7,609**	3,867
	7,609	3,867

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%	(5,026)	5,835
Salary growth rate	1%	6,106	(5,362)

	Note	2014	2013
		Rupees in '000	

11. TRADE AND OTHER PAYABLES

	Note	2014	2013
Creditors	11.1	557,390	135,389
Accrued liabilities		277,289	301,761
Foreign bills payable		67,227	-
Infrastructure cess	11.2	190,609	143,891
Workers' Profit Participation Fund	11.3	62,273	133,317
Advance from customers		23,682	14,801
Due to directors and associate		5,385	-
Unclaimed dividend / dividend payable		27,217	54,130
Withholding tax payable		2,781	1,962
Unrealised loss on derivative financial instruments		-	441
Others		137,051	52,442
		1,350,904	838,134

11.1 This includes Rs. Nil (2013: Rs. 2.27 million) due to related parties.

11.2 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%.

11.3 Workers' Profit Participation Fund

	Note	2014	2013
		Rupees in '000	
Balance at beginning of the year		133,317	73,398
Allocation for the year		62,273	133,317
Interest charged during the year on the funds utilized by the Group	33	5,329	5,648
		200,919	212,363
Payments made during the year		(138,646)	79,046
Balance at end of the year		62,273	133,317

12. INTEREST / MARK-UP PAYABLE

	Note	2014	2013
On secured loans from banking companies			
- Long-term financing		84,304	19,180
- Short-term borrowings		40,656	12,020
		124,960	31,200

13. SHORT-TERM BORROWINGS

	Note	2014	2013
From banking companies - secured			
Running finance / cash finance arrangements	13.1	675,182	1,001,568
Finance against import / export	13.2	4,335,864	836,454
	13.3	5,011,046	1,838,022
From related parties - unsecured			
Directors and their spouses	13.4	-	9,490
		5,011,046	1,847,512

13.1 These carry mark-up ranging from 3 month KIBOR + 0.15% to 1 month KIBOR + 2.00% (2013: 1 month KIBOR + 0.5% to 3 month KIBOR + 1%). These are secured against charge over current assets of the Group.

13.2 These carry mark-up ranging from 1 month LIBOR + 0.4% to 1 month LIBOR + 2.5% (2013: 1 month LIBOR + 0.5% to 1 month LIBOR + 1.1%) on foreign currency borrowing amounts. These arrangements are secured against charge over current assets of the Group and lien on import and export documents.

13.3 The Group has aggregate short-term borrowing facilities amounting to Rs. 14,848 million (2013: Rs. 9,074 million) from various commercial banks. These are secured against current assets with upto 25% margin.

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

14. CONTINGENCIES AND COMMITMENTS

		2014	2013
		Rupees in '000	
14.1	**Contingencies**		
14.1.1	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
14.1.2	Guarantees issued by banks on behalf of the Group	49,820	49,820
14.1.3	Guarantees issued by banks in favour of gas distribution companies	114,227	37,586
14.1.4	Bank guarantees against payment of infrastructure cess	144,695	103,042
14.2	**Commitments**		
	Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases	753,013	1,635,029
	Civil work contracts	70,000	176,350
	Foreign currency forward contracts	803,586	99,660

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2014	2013
		Rupees in '000	
Operating fixed assets	15.1	10,812,951	5,371,700
Capital work-in-progress	15.3	103,388	98,959
		10,916,339	5,470,659

15.1 Operating fixed assets

Particulars	Cost at July 1, 2013	Additions/ (disposal) during the year	Cost at June 30, 2014	Accumulated depreciation at July 1, 2013	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2014	Carrying value at June 30, 2014	Dep. Rate
	2014							
	< ----------	----------	----------	Rupees in '000'	----------	----------	---------- >	%
Owned								
Freehold land	85,001	135,700	220,701	-	-	-	220,701	-
Leasehold land	49,371	1,664	51,035	-	-	-	51,035	-
Factory buildings	1,127,543	907,960	2,035,503	317,971	75,467	393,438	1,642,065	10
Non-factory buildings	117,088	1,520	118,608	71,320	4,631	75,951	42,657	10
Office building	50,687	59,629	110,316	2,574	3,652	6,226	104,090	5
Plant and machinery	6,696,906	4,489,152	11,040,356	2,760,863	628,358	3,302,895	7,737,461	10
		(145,702)			(86,326)			
Electric installations	116,625	94,361	210,986	65,505	8,354	73,859	137,127	10
Power generators	373,994	381,957	775,524	179,685	37,005	224,686	550,838	10
		19,573 *			7,996 *			
Factory equipment	2,500	141,783	144,251	272	8,380	8,636	135,615	10-20
		(32)			(16)			
Office equipment	2,240	34,998	35,904	86	3,935	2,944	32,960	30
		(1,334)			(1,077)			
Furniture and fixtures	17,940	19,111	37,015	6,672	2,270	8,923	28,092	10
		(36)			(19)			
Vehicles	179,399	37,299	208,231	54,419	29,721	77,921	130,310	20
		(8,467)			(6,219)			
	8,819,294	6,305,134	14,988,430	3,459,367	801,773	4,175,479	10,812,951	
		(155,571)			(93,657)			
Leased								
Power generator	19,573	- *	-	7,800	196	-	-	10
		(19,573)			(7,996)			
June 30, 2014	8,838,867	6,305,134	14,988,430	3,467,167	801,969	4,175,479	10,812,951	
		(155,571)			(93,657)			

* These assets represent assets transferred from leased assets to owned assets

Operating fixed assets

Particulars	Cost at July 1, 2012	Additions/ (disposal) during the year	Cost at June 30, 2013	Accumulated depreciation at July 1, 2012	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2013	Carrying value at June 30, 2013	Dep. Rate
	2013							
	< ----------	----------	----------	Rupees in '000'	----------	---------- >		%
Owned								
Freehold land	85,001	-	85,001	-	-	-	85,001	-
Leasehold land	49,371	-	49,371	-	-	-	49,371	-
Factory buildings	984,549	142,994	1,127,543	278,834	39,137	317,971	809,572	10
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	5,801,990	959,871	6,696,906	2,421,283	396,492	2,760,863	3,936,043	10
		(64,955)			(56,912)			
Electric installations	116,393	232	116,625	59,850	5,655	65,505	51,120	10
Power generators	356,094	17,900	373,994	159,108	20,577	179,685	194,309	10
Factory equipment	2,500	-	2,500	208	64	272	2,228	10-20
Office equipment	2,654	-	2,240	261	239	86	2,154	10
		(414)			(414)			
Furniture and fixtures	15,853	6,050	17,940	9,440	1,154	6,672	11,268	10
		(3,963)			(3,922)			
Vehicles	97,959	84,009	179,399	35,733	20,388	54,419	124,980	20
		(2,569)			(1,702)			
	7,651,239	1,239,956	8,819,294	3,032,241	490,076	3,459,367	5,359,927	
		(71,901)			(62,950)			
Leased								
Power generator	19,573	-	19,573	6,492	1,308	7,800	11,773	10
June 30, 2013	7,670,812	1,239,956	8,838,867	3,038,733	491,384	3,467,167	5,371,700	
		(71,901)			(62,950)			

15.1.1 **Allocation of depreciation**

		2014	2013
		--------Rupees in '000'--------	
Manufacturing expense	28.2	762,428	467,557
Administrative expense	31	39,345	23,827
		801,773	491,384

15.1.2 Additioins include operating fixed assets of the subsidiary acquired during the year

15.2 Disposals of operating fixed assets:

	Particulars	Cost	Accumulated depreciation	Net book 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 Ltd.	Negotiation
2	Plant and machinery	4,000	(365)	3,635	2,960	(675)	EFU House	Insurance Claim
3	Plant and machinery	8,961	(8,805)	156	215	59	Mohammad Ikram	Negotiation
4	Plant and machinery	2,136	(1,957)	179	200	21	Mohammad Khursheed	Negotiation
5	Plant and machinery	2,324	(1,499)	825	1,450	625	Zahid Jee Textile Mills Ltd.	Negotiation
6	Plant and machinery	49,000	(13,577)	35,423	30,340	(5,083)	Adamjee Insurance	Insurance Claim
7	Vehicle	269	(261)	8	50	42	M. Rashid Khan	Negotiation
8	Vehicle	483	(369)	114	150	36	M. Rashid Khan	Negotiation
9	Vehicle	306	(295)	11	50	39	M. Rashid Khan	Negotiation
10	Vehicle	46	(3)	43	38	(5)	Adamjee Insurance	Insurance Claim
11	Vehicle	38	(23)	15	25	10	Adamjee Insurance	Insurance Claim
12	Vehicle	41	(30)	11	4	(7)	Mr. Nadeem ul Haq	Negotiation
13	Vehicle	56	(53)	3	2	(1)	Mr. Abdul Ghaffar	Negotiation
14	Vehicle	47	(38)	9	5	(4)	Mr. Imran Saeed An employee	As per Company polic
15	Vehicle	3,101	(2,448)	653	800	147	Sh. Zeeshan Rauf An employee	Negotiation
16	Vehicle	504	(419)	85	150	65	Mr. Zafar Saleh An employee	As per Company polic
17	Vehicle	48	(38)	10	4	(6)	Mr. Aamir Patni An employee	As per Company polic
18	Vehicle	1,439	(991)	448	500	52	Mr. Hasnain Iqbal An employee	Negotiation
19	Vehicle	765	(424)	341	416	75	Irfan Khan	Negotiation
20	Vehicle	1,326	(826)	500	650	150	Sarfraz Ali	Negotiation
21	Other (Asset having individual cost less than 50,000)	1,401	(1,113)	288	46	(242)		
	2014	**155,571**	**(93,657)**	**61,914**	**58,055**	**(3,859)**		
	2013	71,901	(62,950)	8,951	11,437	2,486		

	Note	2014	2013
		Rupees in '000	

16.2 Investment in associate
- Sunrays Textile Mills Limited

	Note	2014	2013
Cost		1,716	42,382
Share of post acquisition profits			
Opening		20,465	361,226
Dividend received		(1,025)	(18,326)
Share of revaluation of property, plant and equipment		-	2,610
Share of surplus on property, plant and equipment on account of incremental depreciation - net of deferred tax		246	1,469
Share of profit from associate for the year		2,796	74,109
Share of post acquisition profits distributed as specie dividend		-	(400,623)
		22,482	20,465
Cost of shares distributed as specie dividend		-	(40,666)
	16.2.1	24,198	22,181
Number of shares held		68,654	68,654
Ownership interest		0.99%	0.99%
Market value (Rupees in '000)		16,651	13,319
Cost of investment (Rupees in '000)		1,716	1,716

16.2.1 The principal business of the Company is to manufacture and sale of yarn. The registered office of Sunrays Textile Mills Limited is located in Karachi and the place of business is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

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

16.2.3 Summarized financial highlights as at and for the period ended June 30 are as follows:

	Note	2014	2013
		Rupees in '000	
Total assets		3,572,356	2,673,897
Total liabilities		1,164,054	444,589
Revenue		4,731,619	4,385,980
Profit for the year		282,460	531,267

17. LONG-TERM DEPOSITS

		2014	2013
Electricity		11,118	3,754
Others		4,220	1,285
		15,338	5,039

18. STORES, SPARES AND LOOSE TOOLS

	Note	2014	2013
Stores, spares and loose tools	18.1	616,408	232,354
Less: provision for slow moving and obsolete stock		(29,655)	(1,000)
		586,753	231,354

18.1 It include stores and spares in transit amounting to Rs. 60.96 million (2013: Rs 12.746 million).

	Note	2014	2013
		Rupees in '000	
19. STOCK-IN-TRADE			
Raw material			
- in hand		3,603,313	3,316,147
- in transit		163,490	137,593
		3,766,803	3,453,740
Work-in-process		789,693	234,495
Finished goods		1,020,058	234,809
Packing material		47,512	37,982
Waste		88,697	66,009
		5,712,763	4,027,035
20. TRADE DEBTS			
Considered good			
Secured			
Foreign debtors		1,335,957	505,109
Local debtors		16,453	401,562
	20.1	1,352,410	906,671
Unsecured			
Foreign debtors		105,440	-
Local debtors	20.2	496,544	222,451
		1,954,394	1,129,122
Considered doubtful		5,230	8,393
		1,959,624	1,137,515
Less: provision for doubtful debts	20.3	(5,230)	(8,393)
	20.4	1,954,394	1,129,122

20.1 These are secured against letters of credit in favour of the Group.

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

	2014	2013
	Rupees in '000	
Indus Home Limited	-	13,205
Sunrays Textile Mills Limited (Associate)	-	58
	-	13,263

	2014	2013
	Rupees in '000	
20.3 Movement of provision		
Opening balance	8,393	3,493
Charge for the year	-	4,900
Reversal	(3,163)	-
Closing balance	5,230	8,393

20.4 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.

21.

	Note	2014	2013
		Rupees in '000	
Considered good			
Loans to staff		14,908	9,508
Advance income tax - net	21.1	218,211	63,918
Advances to:			
- Suppliers		40,827	29,255
- Others		11,691	11,570
		52,518	40,825
		285,637	114,251

21.1 **Advance income tax - net**

	Note	2014	2013
Advance income tax		258,001	300,852
Less: Provision for taxation		-	(138,063)
Less: Workers' Welfare Fund	21.1.1	(39,790)	(98,871)
		218,211	63,918

21.1.1 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 Holding Company together with other stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the Holding 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 Group has recognized aggregate provision amounting to Rs.144.482 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 Group.

22. **TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**

	Note	2014	2013
		Rupees in '000	
Considered good			
Security deposits:			
- Lease		-	979
- Others		683	-
Prepayments		4,103	6,805
		4,786	7,784

23. **OTHER RECEIVABLES**

	Note	2014	2013
		Rupees in '000	
Considered good			
Cotton claims		14,233	14,241
Rebate refundable		58,945	-
Others		20,524	12,123
		93,702	26,364

24. OTHER FINANCIAL ASSETS

	Note	2014	2013
At fair value through profit and loss - held for trading			
Investment in ordinary shares of listed companies	24.1	**18,536**	12,880
Investment in units of mutual funds	24.1	**126,027**	584
Derivative financial asset		**19,660**	-
		164,223	13,464

24.1 Market value of other financial assets

2014	2013		2014	2013
No. of shares / units			**Rupees in '000**	
		Investment in ordinary shares of listed companies		
30,000	30,000	Fauji Fertilizer Company Limited	**3,367**	3,223
11,088	1,728	Pakistan State Oil Company Limited	**4,312**	2,243
60,500	195	United Bank Limited	**10,198**	6,508
100,000	-	Pakistan International Airlines Corporation Limited	**659**	906
			18,536	**12,880**
		Investment in units of mutual funds		
1,884	7,904	HBL Money Market Fund	**189**	175
236	7,000	Meezan Sovereign Fund	**12**	48
8,533	100,000	NAFA Government Security Liquid Fund	**86**	79
1,247,392	60,500	Askari Sovereign Cash Fund	**125,436**	-
3,029	2,811	UBL Liquidity Plus Fund	**304**	282
			126,027	584
			144,563	13,464

25. TAX REFUNDABLE

	Note	2014	2013
		Rupees in '000	
Sales tax refundable		**208,807**	87,316
Income tax refundable		**219,296**	44,440
Others		**1,160**	1,160
		429,263	132,916

26. CASH AND BANK BALANCES

	Note	2014	2013
		Rupees in '000	
With banks			
- in deposit accounts	26.1	-	7,676
- in current accounts		**78,531**	131,481
		78,531	139,157
Cash in hand		**6,109**	5,082
		84,640	144,239

26.1 This includes term deposit receipts amounting to Rs. Nil (2013: Rs. 7.67 million).

	Note	2014	2013
		Rupees in '000	
27. SALES - net			
Export sales	27.1 & 27.2	20,247,300	16,673,632
Less: Commission		(207,563)	(291,832)
		20,039,737	16,381,800
Local sales			
Yarn		3,848,431	3,476,108
Waste		360,442	287,441
		4,208,873	3,763,549
Less:			
Sales tax @ 2% on local sales		154,680	61,277
Brokerage		59,505	61,875
		(214,185)	(123,152)
		24,034,425	20,022,197

27.1 It include exchange loss of Rs. 19.6 million (2013: exchange gain of Rs. 10.21 million) and indirect export of Rs. 3,432 million (2013: Rs. 3,542.36 million).

27.2 It include indirect exports to related undertakings of Rs. Nil (2013: Rs. 167.61 million).

	Note	2014	2013 (Restated)
		Rupees in '000	
28. COST OF GOODS SOLD			
Raw material consumed	28.1	17,985,349	13,329,158
Manufacturing expenses	28.2	5,259,729	3,029,291
Outside purchases - yarn		(335,465)	19,530
		22,909,613	16,377,979
Work in process			-
- Opening		234,495	213,916
- Closing		(789,693)	(234,495)
		(555,198)	(20,579)
Cost of goods manufactured		22,354,415	16,357,400
Finished goods			-
- Opening		300,818	334,928
- Closing		(1,108,755)	(300,818)
		(807,937)	34,110
		21,546,478	16,391,510

		Note	2014	2013
			Rupees in '000	
28.1	**Raw material consumed**			
	Opening stock		**3,316,147**	1,585,691
	Purchases		**18,459,297**	15,132,533
			21,775,444	16,718,224
	Cost of raw cotton sold		**(186,782)**	(72,919)
	Closing stock		**(3,603,313)**	(3,316,147)
			17,985,349	13,329,158
28.2	**Manufacturing expenses**			
	Salaries, wages and benefits	28.2.1	**1,192,385**	785,377
	Fuel, water and power		**1,933,356**	982,929
	Packing material consumed		**456,125**	290,949
	Stores and spares consumed		**747,610**	405,648
	Repairs and maintenance		**57,171**	29,716
	Insurance		**53,882**	27,161
	Rent, rates and taxes		**2,538**	2,167
	Depreciation on operating fixed assets	15.1.1	**762,428**	467,557
	Other		**54,234**	37,787
			5,259,729	3,029,291

28.2.1 It includes staff retirement benefits Rs. 65.831 million (2013: Rs. 50.417 million).

		Note	2014	2013
			Rupees in '000	
29.	**OTHER INCOME**			
	Gross profit on trading of raw cotton	29.1	**4,498**	8,310
	Other income	29.2	**217,834**	14,085
			222,332	22,395
29.1	**Gross profit on trading of raw cotton**			
	Sales			
	- Export		**-**	71,549
	- Local		**191,280**	9,680
			191,280	81,229
	Less: Cost of goods sold			
	- Export		**-**	(63,348)
	- Local		**(186,782)**	(9,571)
			(186,782)	(72,919)
			4,498	8,310

29.2 Other income

	Note	2014	2013
Income from non-financial assets:			
Scrap sale		7,017	6,163
Storage income		-	416
Reversal of provision for obsolescence		13,829	2,486
Gain on disposal of operating fixed assets		1,196	
		Rupees in '000	
Income from financial assets:			
Gain on disposal of other financial assets		-	3,027
Unrealised gain on other financial assets		26,374	1,114
Dividend income		1,151	879
Profit on fixed deposits		1,715	-
Unrealised gain on revaluation of foreign currency loans		166,552	-
		217,834	14,085

30. DISTRIBUTION COST

	2014	2013
Export		
Ocean freight	164,106	131,173
Export development surcharge	35,291	32,714
Other export charges	236,778	174,169
	436,175	338,056
Local freight	80,502	77,169
Salaries and wages	19,580	-
Commission	30,006	-
Travelling and conveyance	6,456	-
Telephone and postage	5,195	-
Insurance	14,888	13,302
Other	13,531	2,169
	606,333	430,696

31. ADMINISTRATIVE EXPENSES

	Note	2014	2013 (Restated)
		Rupees in '000	
Salaries and benefits	31.1	88,285	51,298
Director's remuneration		51,839	45,160
Meeting fees		234	278
Repairs and maintenance		4,270	3,267
Postage and telephone		9,464	7,585
Traveling and conveyance		14,526	10,319
Vehicles running		9,369	10,950
Printing and stationery		6,142	5,786
Rent, rates and taxes		13,325	8,270
Utilities		12,995	8,399
Entertainment		3,716	2,184
Fees and subscription		11,125	5,955
Insurance		7,858	3,768
Legal and professional		6,727	3,870
Charity and donations	31.2	2,993	1,243
Auditors' remuneration	31.3	2,830	2,419
Depreciation on operating fixed assets	15.1.1	39,345	23,827
Provision for doubtful debts		-	4,900
Advertisement		1,417	1,367
Others		14,797	7,459
		301,257	208,304

31.1 It includes staff retirement benefits Rs.16.105 million (2013: Rs.4.41 million).

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

	2014	2013
	Rupees in '000	
31.3 Auditors' remuneration		
Indus Home Limited (Ernst & Young Ford Rhodes Sidat Hyder)		
Audit fee	450	-
Out of pocket expenses	119	-
	569	-
Indus Dyeing & Manufacturing Company Limited and Indus Lyallpur Limited (M.Yousuf Adil Saleem & Co.)		
Audit fee	1,600	1,543
Half year limited review fee	300	298
Fee for certifications and other	280	252
Out of pocket expenses	81	165
	2,261	2,258

32. OTHER OPERATING EXPENSES

	2014	2013
Workers' Profit Participation Fund	62,273	133,317
Workers' Welfare Fund	26,800	126,761
Loss on disposal of fixed assets	5,100	-
Exchange loss on foreign currency forward contracts	-	20,524
Exchange loss on foreign currency transactions	-	441
Unrealised loss on derivative financial instrument	11,267	-
	105,440	281,043

33. FINANCE COST

	2014	2013
Mark-up on:		
- long-term finance	249,698	110,142
- liabilities against assets subject to finance lease	32	415
- short-term borrowings	230,181	215,378
Discounting charges on letters of credit	11,502	1,395
Interest on Workers' Profit Participation Fund	5,233	5,648
Bank charges and commission	23,431	10,158
	520,077	343,136

34. TAXATION

	2014	2013 (Restated)
	Rupees in '000	
Current	25,337	144,689
Prior	(157,014)	(6,626)
Deferred	1,461	(162,414)
	(130,216)	(24,351)

34.1 Reconciliation between accounting profit and taxable income

	2014	2013
Accounting profit before tax	**1,866,427**	2,523,383
Tax rate %	**34%**	35%
Tax on accounting profit	**634,585**	883,184
Effect of:		
Income chargeable to tax at reduced rates	**475,850**	28,993
Prior year charge	**(157,014)**	(6,626)
Income that is not taxable in determining tax liability	**(234,347)**	(46,718)
Tax impact of tax credit	**(214,705)**	-
Tax charge for the year as per accounts	**(130,216)**	(24,351)

35. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2014	2013 (Restated)
Profit for the year	**Rupees in '000**	**1,996,643**	2,547,734
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)	**Rupees**	**110.47**	140.96

	Note	2014	2013 (Restated)
		Rupees in '000	

36. CASH GENERATED FROM OPERATIONS

	Note	2014	2013 (Restated)
Profit before taxation		1,866,427	2,523,383
Adjustments for:			
Depreciation	15.1.1	801,773	491,384
Provision for gratuity	10.2 - 10.4	81,936	40,902
(Reversal)/ provision for doubtful debts	20	(3,163)	4,900
Unrealised (gain) / loss on other financial assets	29.2	(26,374)	(3,027)
Unrealised gain on revaluation of foreign currency loan		(166,552)	-
Unrealised loss on derivative financial instrument	32	11,267	441
Gain on disposal of operating fixed assets		(1,196)	(2,486)
Gain from bargain purchase		(338,928)	-
Gain on remeasurement of previously held interest in IHL		(389,056)	-
Dividend income		(1,151)	(1,114)
Share of profit from associate	16.2	(2,796)	(74,109)
Share of loss/ (profit) from joint venture	16.1	41,525	(61,469)
Loss on distribution of specie dividend		-	2,098
Finance cost	33	520,077	343,136
Cash generated before working capital changes		2,393,789	3,264,039
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(115,161)	(45,806)
Stock-in-trade		(826,147)	(1,123,809)
Trade debts		(773,645)	(299,595)
Loans and advances		(215,056)	52,204
Trade deposits and short term prepayments		2,998	(5,421)
Other receivables		152,112	(13,286)
		(1,774,899)	(1,435,713)
Increase / (decrease) in current liability			
Trade and other payables		202,353	217,474
Cash generated from operations		821,243	2,045,800

37. CASH AND CASH EQUIVALENTS

	Note	2014	2013 (Restated)
Cash and bank balances	26	84,640	144,239
Short-term borrowings	13	(5,011,046)	(1,838,022)
		(4,926,406)	(1,693,783)

38. 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 Group are given below:

2014

Particulars	Chief Executive Officer	Directors Executive	Directors Non-Executive	Executives	Total
	-----Rupees in '000-----				
Remuneration including benefits	24,285	23,480	12,600	78,092	138,457
Medical	580	730	-	1,920	3,230
Utilities	904	1,094	-	735	2,733
Travelling	3,431	-	-	4,364	7,795
Vehicle running	300	-	-	2,977	3,277
Retirement benefits	-	-	-	12,564	12,564
Bonus and others	-	-	-	64,152	64,152
Meeting fee	40	120	74	-	234
Total	29,540	25,424	12,674	164,804	232,442
Number of persons	2	6	5	75	

2013

Particulars	Chief Executive Officer	Directors Executive	Directors Non-Executive	Executives	Total
	-----Rupees in '000-----				
Remuneration	6,480	34,164	-	17,547	58,191
Utilities	549	951	-	-	1,500
House rent	720	3,796	-	1,755	6,271
Retirement benefits	-	-	-	10,856	10,856
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

38.1 Group maintained cars and cellular phones are provided to Chief Executive Officer and directors.

39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of an associate (Sunrays Textiles Mills Limited), entities with common directorship, key management personnel and post employment benefit scheme. The Group carries out transactions with related parties on agreed terms. Short-term loan obtained from directors are disclosed in note 13 to the consolidated financial statements. Remuneration of key management personnel is disclosed in note 38 to the consolidated financial statements and amount due in respect of staff retirement benefits is disclosed in note 10.3. Other significant transactions with related parties are as follows:

Relationship	Nature of transactions	2014	2013
		Rupees in '000	
Associate	Sale of yarn	753,766	-
	Purchase of yarn	12,871	12,285
	Processing charges	7,255	-
	Quality claims	5,501	-
Joint Venture	Sale of yarn	-	234,765
	Contract manufacturing cost	-	10,302
	Purchase of generator	-	4,000
	Purchase of cotton	-	1,208
	Rental income	-	-
Directors	Amount paid	155,377	113,248
	Amount received	151,263	117,515
Other related parties (common directorship)			
	Godown Rent	476	-
	Expenses adjusted / reimbursed	5	1,979

Relationship	Nature of transactions	2014	2013
		Rupees in '000	
Balances with related parties:			
Associate - payable		137	627
Joint Venture - receivable		-	13,205
Directors and their spouses - payable		-	9,490
Directors and their spouses - receivable		5,376	-
Other related parties- Due to common directorship:			
- Receivable		-	58
- Payable		3,170	2,641

40. FINANCIAL RISK MANAGEMENT

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

The Group'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 Group's operations. The Group has loans and advances, trade and other receivables, cash and bank balances and short-term deposits that arrive directly from its operations. The Group also holds long-term and short term investments, and enters into derivative transactions.

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

40.1 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 Group's performance to developments affecting a particular industry. The Group's does not have any significant exposure to customers from any single country or single customer.

Credit risk of the Group 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:

	2014	2013
	Rupees in '000	
Long-term deposits	**15,338**	5,039
Trade debts	**1,954,394**	1,129,122
Loans to staff	**14,908**	9,508
Trade depòsits	**683**	979
Other receivables	**93,702**	26,364
Bank balances	**78,531**	139,157
	2,157,556	1,310,169

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 Group 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 Group'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 Al-Habib 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
Faysal Bank Limited	PACRA	AA	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+

40.2 Liquidity risk management

Liquidity risk is the risk that the Group 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 Group 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 Group'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 Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected working capital requirements (refer note 13). Following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

40.2.1 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 Group can be required to pay.

	Carrying Values	Contractual (	Less than 1 month	1 to 3 mor	3 month:	1 - 5 years
	------- Rupees in '000' -------					
Trade and other payables	1,071,559	1,071,559	1,071,559	-	-	-
Long-term financing	2,902,774	3,369,946	3,485	10,314	875,131	2,481,016
Short-term borrowings	5,011,046	5,076,318	1,721,453	3,121,607	233,258	-
Interest / mark-up payable	124,960	124,960	122,508	2,452	-	-
2014	9,110,339	9,642,783	2,919,005	3,134,373	1,108,389	2,481,016
Trade and other payables	544,163	544,163	544,163	-	-	-
Long-term financing	921,714	927,374	2,529	46,267	182,549	696,029
Liabilities against assets subject to finance lease	2,222	2,222	-	2,222	-	-
Short-term borrowings	1,847,512	2,232,976	1,957,962	-	275,014	-
Interest / mark-up payable	31,200	31,200	31,200	-	-	-
2013	3,346,811	3,737,935	2,535,854	48,489	457,563	696,029

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

40.2.2 The exposure of the Group'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	**5,011,046**	1,847,512
- Long-term loans	**2,880,390**	878,503
- Liabilities against assets subject to finance lease	-	2,222

40.3 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 Group'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.

40.3.1 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 Group's interest-bearing financial instruments is:

	Carrying amount 2014	2013
	Rupees in '000	
Fixed rate instruments		
Financial assets	-	7,676
Financial liabilities	**975,137**	-
Variable rate instruments		
Financial liabilities		
- KIBOR based	**3,495,787**	1,882,293
- LIBOR based	**3,442,896**	836,454

Fair value sensitivity analysis for fixed rate instruments

The Group 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 Group's profit before tax for the year ended June 30, 2014 would decrease / increase by Rs. 29.808 million (2012: Rs. 13.59 million). This is mainly attributable to the Group's exposure to interest rates on its variable rate borrowings determined on outstanding balance at year end.

40.3.2 **Foreign exchange risk management**

Exposure to currency risk

	2014 Rupees	US Dollar	2013 Rupees	US Dollar
Trade debts	1,296,776	13,156	505,109	5,112
Foreign currency loans	3,442,896	34,928	836,454	8,466
	4,739,672	48,084	1,341,563	13,578

	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 Group is exposed to foreign currency risk on sales, purchases and borrowings, which, are entered in a currency other than Pak Rupees. The Group 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. 124.667 million (2013: Rs. 16.57 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.

40.3.3 **Equity price risk management**

The Group's listed securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group 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 Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.
At the balance sheet date, the Group has exposure of Rs. 19.64 million (2013: Rs. 19.64 million) to listed equity securities of an associate which is held for strategic rather than trading purpose. The Group 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% on the KSE market index would have an impact of approximately Rs. 7.23 million (2013: Rs. 0.67 million) determined based on market value of investment at year end.

40.4 **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 salé.

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

40.5 Financial instruments by category

	Loan & advances	Fair value through profit & loss	Total
	Rupees in '000		
Assets as per balance sheet			
- June 30, 2014			
Long-term deposits	15,338	-	15,338
Trade debts	1,954,394	-	1,954,394
Loans	14,908	-	14,908
Trade deposits	683	-	683
Other receivables	93,702	-	93,702
Other financial assets	-	164,223	164,223
Bank balances	84,640	-	84,640
	2,163,665	164,223	2,327,888
Assets as per balance sheet			
- June 30, 2013			
Long-term deposits	5,039		5,039
Long-term investments	-	-	-
Trade debts	1,129,122	-	1,129,122
Loans	9,508	-	9,508
Trade deposits	979	-	979
Other receivables	26,364	-	26,364
Other financial assets	-	13,464	13,464
Bank balances	144,239	-	144,239
	1,315,251	13,464	1,328,715

	Financial liabilities measured at amortized cost	Total
	Rupees in '000	
Liabilities as per balance sheet		
- June 30, 2014		
Long-term financing	2,902,774	2,902,774
Trade and other payables	1,071,559	1,071,559
Short-term borrowings	5,011,046	5,011,046
Interest / mark-up payable	124,960	124,960
	9,110,339	9,110,339
Liabilities as per balance sheet		
- June 30, 2013		
Long-term financing	921,714	921,714
Trade and other payables	544,163	544,163
Short-term borrowings	1,847,512	1,847,512
Liabilities against assets subject to finance lease	2,222	2,222
Interest / mark-up payable	31,200	31,200
	3,346,811	3,346,811

40.6 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
	Rupees in '000			
Other financial assets	164,223	19,660	-	183,883
Other financial liability	-	-	-	-
Total	164,223	19,660	-	183,883

41. 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 8,9 & 13)	**7,913,820**	2,771,448
Less: cash and bank balances (note 26)	**(84,640)**	(144,239)
Net debt	**7,829,180**	2,627,209
Total equity	**10,646,575**	8,936,904
Total capital	**18,475,755**	11,564,113
Gearing ratio	**42%**	23%

42. CAPACITY AND PRODUCTION

Spinning units	**2014**	**2013**
Total number of spindles installed	**197,672**	171,072
Total number of spindles worked per annum (average)	**190,028**	162,603
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**134,046,800**	128,046,015
Actual production for the year after conversion into 20 counts (lbs.)	**134,317,644**	116,610,778

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%

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

Weaving unit	**2014** **Lbs**	**2013** **Lbs**
Normal capacity - Weaving	40,953,000	-
Actual Production - Weaving	19,377,882	-

43. NUMBER OF EMPLOYEES

The total average number of employees during the year as at June 30 are as follows:

	No. of employees	
	2014	**2013**
Average number of employees during the year	2,349	2,654
Number of employees as at 30 June 2014	4,384	2,662

44. SEGMENT REPORTING

The Group'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 Group has five yarn manufacturing units at Hyderabad, Karachi, Muzafargarh, Faisalabad and Lahore. 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 Group's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments. The Group also has two ginning units including one on leasing arrangement in District Multan. The Group also holds investments in equity shares of listed companies, long-term strategic investments in an associated company results of which are disclosed in note 16.1 and note 16.2 to these consolidated financial statment.

45. DATE OF AUTHORIZATION FOR ISSUE

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

46. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

FORM OF PROXY

57th Annual General Meeting

INDUS DYEING & MANUFACTURING COMPANY LIMITED

I / We --

-- **of** -- **In**

the district of ------------------ Being a member (s) of **INDUS DYEING & MANUFACTURING COMPANY LIMITED** hereby appoint -- of -------------------------

-------------------------as my proxy, and failing him,--of --------------

-------------- another Member of the Company to vote for me and on my behalf at the 57th Annual General Meeting of the company to be held on the 29th day of October 2014 and at my adjournment thereof.

Signed by the said Member

Signed this ___________day of ___________ 2014.

SIGNED IN THE PRESENCE OF :

1.Signature :-----------------------------------

Name:--

Address::--------------------------------------

CNIC/Passport No-----------------------------

2. Signature: ---------------------------

Name:--------------------------------

Address:----------------------------

CNIC/Passport No:------------------

Information required:		For Member (Shareholder)	For Proxy	For alternate Proxy(*)
Number of shares held			(if member)	
Folio No.				
CDC Account No.	Participant I.D.			
	Account no.			

(*) upon failing of appointed proxy.

Affix

Revenue

Stamp Rs.

5/-

Notes:

1. A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member.

2. This proxy Form, duly completed and signed, together with Board Resolution / power of Attorney, if any under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar, Corporate Support Service Pakistan (Pvt.) Ltd. 407-408, Al Ammera Centre Sharah Iraq, Saddar Karachi. Telephone No. 35662023-24, not later than 48 hours before the time of holding the meeting.

3. The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity its common seal should be affixed on the instrument.

4. Any alteration made in this instrument of proxy should be initialed by the person who signs it.

5. Attested copies CNIC or the passport of the beneficial owner and proxy shall be provided with the proxy from.

6. If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.

7. In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register for Members.

8. The proxy shall produce his / her original CNIC passport at the time of the meeting.

AFFIX
CORRECT
POSTAGE

The company Secretary
INDUS DYEING & MANUFACTURING CO. LTD.
Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi

DIVIDEND MANDATE FORM

Members of Indus Dyeing & Manufacturing Company Limited

Subject: Dividend Mandate Form

It is inform you that under section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan from time to time relating to the subject you being the registered shareholder of Indus Dyeing & Mfg. Co. Ltd. Are herby given the opportunity to authorize the Company to directly credit into your bank account cash dividend, if any, declared by the Company in future.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "✓" any of the following boxes:

YES NO

If yes, then please provide the following information:

(i) Shareholder's Detail	
Name of the Shareholder	
Folio No./ CDC Participants I D A/c No.	
CNIC NO.	
Passport No. (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	

(ii) Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

The company is hereby authorized to directly credit cash dividend declared by it, if any, from time to time, in the above-mentioned bank account.

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as they occur.

Date:

____

Signature of the Shareholder

Note:

- The shareholders who hold shares in physical form are requested to submit this Dividend Mandate Form duly filled-in to the Share Registrar concerned.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit this form directly to relevant Participant/ CDC Investor Account Service.
- Please attach attested photocopy of the CNIC / passport (in case of Foreign Shareholder).

AFFIX
CORRECT
POSTAGE

The company Secretary
INDUS DYEING & MANUFACTURING CO. LTD.
Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi

SPECIAL MERIT TROPHY
1997-98

THE FEDERATION OF PAKISTAN CHAMBERS OF COMMERCE & INDUSTRY

FPCCI

AWARDED TO
M/S INDUS DYEING & MANUFACTURING CO LIMITED
KARACHI
FOR EXPORT OF COTTON YARN