



Indus  
Dyeing  
&  
Manufacturing  
Company  
Limited

ANNUAL REPORT

2015



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONTENTS

Company Information .....	2
Vision and mission statement .....	4
Directors' report to the shareholders .....	5
Key operating and financial results .....	10
Pattern of holding of shares .....	11
Statement of compliance with the Code of Governance .....	13
Review report to the members on statement of compliance with best practices of Code of Corporate Governance .....	15
Notice of annual general meeting .....	16
Auditors' report .....	19
Balance sheet .....	20
Profit & loss account .....	21
Statement of other comprehensive income .....	22
Cash flow statement .....	23
Statement of changes in equity .....	24
Notes to the financial statement .....	25
Form of proxy .....	101
Dividend mandate form .....	103

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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

### Group Chief financial officer

Mr. Mohammad Adil Ashraf

### Chief financial officer

Mr. Arif Abdul Majeed

### Chief Internal auditor

Mr. Yaseen Hamidia

### Legal Advisor

Mr. M. Yousuf Naseem (Advocates & Solicitors)

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## **Registered office**

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

Tel. 111 - 404 - 404  
Fax. 009221 - 35693594

## **Symbol of the company**

IDYM

## **Website**

[www.indus-group.com/web/download.htm](http://www.indus-group.com/web/download.htm)

## **Auditors**

M/s Deloitte Yousuf Adil  
Chartered Accountants

## **Registrar & Share Transfer Office**

Evolution Factor ( Pvt ) Ltd.  
407-408, Al - Ameer Centre,  
Shahrah-e-Iraq, Saddar, Karachi.

Tel. 35662023 - 24  
Fax. 35221192

## **Factory location**

- |   |  |      |                                       |
|---|--|------|---------------------------------------|
| 1 | P 1 S.I.T.E.<br>Hyderabad, Sindh.  | Tel. | 0223 - 880219 & 252                   |
| 2 | Plot # 3 & 7, Sector - 25,<br>Korangi Industrial Area, Karachi.                          | Tel. | 021- 35061577 - 9                     |
| 3 | Muzaffargarh, Bagga Sher,<br>District Multan.  | Tel. | 0662 - 490202 - 205                   |
| 4 | Indus Lyallpur Limited.<br>38 Kilometre, Shaikhupura Road,<br>District Faisalabad.       | Tel. | 041 - 4689235 - 6                     |
| 5 | Indus Home Limited.<br>2.5 Kilometre,<br>Off Manga Raiwind Road,<br>Manga Mandi, Lahore. | Tel. | 042 - 35385021 - 7<br>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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## DIRECTORS' REVIEW FOR THE YEAR ENDED JUNE 30, 2015

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, 2015 before the Fifty Eighth Annual General Meeting of the Company.

## BUSINESS OVERVIEW

Your Company earned post-tax profit of Rs 299 million as compared to Rs 1,996 million for the corresponding period. During the period under review the sales increased to Rs 26,560 million from Rs 24,034 million. i.e 10.41% due to increase in capacity and production of yarn. However, the profit decreased significantly due to the decrease in yarn prices, reducing the cotton and yarn stock to net realizable value (NRV) basis and the existence of gain from the previously held joint venture in the comparative year.

Earnings per share of the Company on a standalone basis were Rs. 15.29 per share as compared to Rs.65.72 last year. The consolidated earnings per share were Rs. 16.59 per share as compared to Rs. 110.47 per share for last year.

The consolidated financial highlights of the Company are as under:

	For the Year Ended June 30, 2015	For the Year Ended June 30, 2014
	(Rupees in 000)	
Sales	26,560,067	24,034,425
Provision against stock to NRV basis	(242,071)	-
Gross profit	2,184,056	2,487,947
Other operating Income	103,697	222,332
Net gain from previously held interest in Joint venture	-	686,459
Provision for Taxation	(174,941)	130,216
Profit for the year	299,887	1,996,643
Un-appropriated profit brought forward	5,443,438	3,733,735
Un-appropriated profit carried forward	5,470,799	5,443,438
Earnings per share – basic and diluted (net)	Rs. 16.59	Rs. 110.47



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## BUSINESS SITUATION

The textile industry of the Country is going through the toughest period in recent years. Both internal and external factors contributed towards the dismal performance of the industry. Most significant factors were the lackluster demand of textile products in international market mainly in China and the strengthening of Pak Rupee against US Dollar. Serious internal issues such as the hike in electricity tariff, energy crisis and political instability also affected Pakistan's spinning sector very badly.

During the year little support was received from the factors like; significant reduction in the discount rates during the year and the fall in cotton prices. As a result of bumper cotton crop locally and internationally, cotton prices fell sharply. In fact, during the period under review, trading of cotton in international market was done at the rates which were the lowest in the past four years.

In order to mitigate the above explained situation the management is vigilant of issues and constantly working to increase efficiencies. The balancing and modernization programs are well under way and efforts are being made to reduce production cost without compromising quality. Effective plans have been devised for procurement of raw material and exploration of new markets is going on for our products.

During the year under review your company has decided to explore opportunities in the renewable energy sector. A wholly owned subsidiary with the name of Indus Wind Energy Limited is incorporated for this purpose and applications has been put forth for obtaining letter of Intent from the Government to develop wind energy farms.

## FUTURE OUTLOOK

The industry still provides the major share of exports and employment opportunities, there is more than a greater need for steps in right direction to revive it. China will likely remain the main market for yarn while the demand from Europe and the USA will be negligible. In order to maintain the global share of cotton yarn supplies; there is a need to devise national policy to overcome the competitive disadvantages Pakistan have in terms of cost as compared to other regional players like India and Bangladesh.

## INVESTOR EDUCATION

The Securities Exchange Commission of Pakistan has initiated an investor education program, 'Jamapunji'. The idea behind the creation of 'Jamapunji' is to equip the general public with skills and knowledge to make informed financial decisions and manage their money wisely. An informational message of the same is annexed with this report. Also the web link is available on the home page of the Company's website.

## 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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.



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## BOARD AND COMMITTEE MEETINGS

During the year ended June 30, 2015, a total of 4 meetings each of the Board of Directors and the Board Audit Committee were held. The position of attendance during respective tenure was as follows:

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

\*\* 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

Apart from the following transactions, the Directors, CEO, CFO and Company Secretary have not traded in Company shares during the year.

<u>Name of Director</u>	<u>Purchase</u>	<u>Sale</u>
Mian Muhammad Ahmed	Nil	600

## DIVIDEND

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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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. Deloitte Yousuf Adil, Chartered Accountants, whose tenure finished on June 30, 2015, being eligible have offered themselves for reappointment. The Audit Committee has recommended the appointment of M/s. Deloitte Yousuf Adil, Chartered Accountants as the statutory auditors of the Company for the year ending June 30, 2016.

## 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 Officer

Karachi: October 02, 2015



Naveed Ahmed  
Director



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## Key operating and financial results

	2010	2011	2012	2013	2014	2015
<b>Operating data</b>						
Turn over	11,022,484	18,454,163	15,282,814	17,943,482	18,849,796	20,514,846
Less : commission	(110,889)	(200,640)	(195,676)	(331,466)	(233,064)	(229,803)
Sales ( net )	10,911,595	18,253,523	15,087,138	17,612,016	18,616,732	20,285,043
Gross profit	2,539,455	2,897,663	2,228,151	3,274,429	2,052,994	1,604,924
Profit before tax	1,996,637	2,275,270	1,416,385	2,323,393	1,059,747	423,937
Profit after tax	1,858,465	2,131,260	1,252,047	2,347,529	1,187,803	276,346
<b>Financial data</b>						
Gross assets	6,940,121	7,910,067	10,255,699	11,315,251	16,124,298	15,667,103
Return on equity	43.12%	34.03%	17.72%	27.89%	12.74%	2.96%
Current assets	2,606,690	3,593,265	3,930,128	4,849,357	6,343,867	5,637,231
Shareholders equity	4,310,394	6,263,546	7,064,724	8,416,927	9,325,254	9,330,865
Long term debts and deferred liabilities	963,705	559,569	1,187,985	802,608	1,995,294	1,401,166
Current liabilities	1,666,022	1,086,952	2,002,990	2,095,716	4,803,750	4,935,072
<b>Key ratios</b>						
Gross profit ratio	23.27%	15.87%	14.77%	18.59%	11.03%	7.91%
Net profit	17.03%	11.68%	8.30%	13.33%	6.38%	1.36%
Debt / equity ratio	18 : 82	08 : 92	14 : 86	09 : 91	18 : 82	13 : 87
Current ratio	1.56	3.31	1.96	2.31	1.32	1.14
Earning per share ( basic and diluted )	102.83	117.92	69.27	129.89	65.72	15.29
Dividend ( percentage )						
- Cash	50%	150%	350%	100% Int	150% Int	150% Int
- Stock	-	-	-	-	-	-
- Specie dividend	-	-	-	100 : 09	-	-
<b>Statistics</b>						
Production ( tons )	40,507	40,465	40,257	43,427	50,785	51,565

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF INDUS DYEING & MANUFACTURING CO. LIMITED

AS AT 30-06-2015

Form 34

THE COMPANIES ORDINANCE, 1984(SECTION 236)

No. of Shareholders	Shareholding		Total Shares Held
	From	To	
1,253	1	100	43,826
143	101	500	36,387
34	501	1,000	33,070
25	1,001	5,000	50,970
9	5,001	15,000	54,246
4	15,001	50,000	121,099
2	50,001	100,000	161,640
5	100,001	500,000	1,816,128
3	500,001	800,000	1,854,580
2	800,001	1,100,000	1,769,890
3	1,200,001	1,500,000	4,014,401
2	1,500,001	1,985,000	3,644,128
1	2,880,001	4,475,000	4,473,367
<b>1,486</b>			<b>18,073,732</b>

### Categories of shareholding

Shareholders	No. of Share Holders	Shares Held	Percentage
Individuals	1,458	352,322	1.95%
Joint Stock Companies	6	480,017	2.66%
Financial Institutions	2	281,184	1.56%
Insurance Companies	1	446,605	2.47%
Mutual Fund	2	525,845	2.91%
Directors, CEO their Spouses & Minor Children	17	15,987,759	88.46%
	<b>1,486</b>	<b>18,073,732</b>	<b>100.00%</b>

#### INDIVIDUALS

1,458

352,322

#### JOINT STOCK COMPANIES

6

Treet Corporation Ltd.	478,060
N.H Capital Fund Limited	10
Darson Securities (Pvt.) Ltd.	5
Kamal Factory (Pvt) Ltd	1,400
S.H. Bukhari Securities (Pvt) Ltd	525
United Securities (Pvt) Ltd	17

**480,017**

#### FINANCIAL INSTITUTIONS

2

National Bank of Pakistan	267,657
National Investment Trust	13,527

**281,184**



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

<b>INSURANCE COMPANIES</b>	<b>1</b>		
State Life Insurance Corp. of Pakistan		446,605	
			<u>446,605</u>
<b>MUTUAL FUND</b>	<b>2</b>		
CDC-Trustee National Investmet (UNIT) Trust		525,295	
CDC-Trustee Akd Index Tracker Fund		550	
			<u>525,845</u>
<b>Directors and their spouses</b>	<b>17</b>		
Mian Mohammad Ahmed		1,400,249	
Mian Riaz Ahmed		100	
Mr. Shahzad Ahmed		1,349,792	
Mr. Naveed Ahmed		1,264,360	
Mr. Kashif Riaz		4,473,367	
Mr. Imran Ahmed		1,982,250	
Mr. Irfan Ahmed		1,661,878	
Mr. Shafqat Masood		39,785	
Mr. Shahwaiz Ahmed		1,092	
Mr. Sheikh Nishat Ahmed		100	
Mrs. Salma Jabeen		78,820	
Mrs. Yasmeen Riaz		886,750	
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	
			<u>15,987,759</u>
			<u>18,073,732</u>

## Shareholders holding 10% or more voting interest in the company as at June 30, 2015

Name	Holding	Percentage
Mr. Kashif Riaz	4,473,367	24.75
Mr. Imran Ahmed	1,982,250	10.97

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2014-2015

NAME	Purchase	Sold	Gift
MIAN MOHAMMAD AHMED	NILL	600	400,000
Mr. Shahzad Ahmed	NILL	NILL	(400,000)
Mian Riaz Ahmed	NILL	NILL	202,754
Mrs. Yasmeen Riaz	NILL	NILL	(202,754)
Mr. Kashif Riaz	NILL	NILL	1,590,419
Mian Riaz Ahmed	NILL	NILL	(1,590,419)

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Karachi Stock exchange 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 representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board includes:

Category	Names
Independent Directors	Mr. Sheikh Nishat Ahmed
Executive Directors	Mr. Shahzad Ahmed (CEO) Mr. Naveed Ahmed Mr. Shafqat Masood
Non-Executive Directors	Mr. Mian Mohammad Ahmed Mr. Shahwaiz Ahmed Mr. Mian Riaz Ahmed Mr. Kashif Riaz Mr. Irfan Ahmed Mr. Farooq Hassan

The independent director meets the criteria of independence under clause i (b) of the Code.

- 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 taxpayers 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 stock exchange, has been declared as a defaulter by that stock exchange.
- 4) 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.
- 5) There was no casual vacancy occurred in the Board during the year.
- 6) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been 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.

## INDUS DYEING & MANUFACTURING COMPANY LIMITED

- 9) The Company is in the process of arranging training course and certification under director's training program.
- 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 requirements of the CCG 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 shareholding.
- 14) The company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The Board has formed an Audit Committee. It comprises of three members, of whom all are the non-executive directors. 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 a Human Resource (HR) and Remuneration Committee. It comprises of three members, all of whom are non-executive directors. The chairman of the committee is an independent director.
- 18) The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are 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 (ICAP), 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 ICAP.
- 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 CCG have been complied with by the company.



Shahzad Ahmed  
Chief Executive Officer

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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, 2015 to comply with the Listing Regulation of the Karachi Stock Exchange, where the Company is listed.

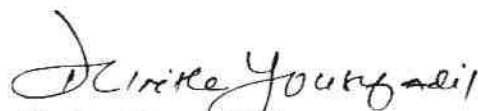
The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and 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 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 the approval of the 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, 2015.

Further, we highlight a non-compliance with the requirement of the Code as mentioned in paragraph 9 where it has been stated that the Company is in the process of arranging training course and certification under directors training program for certain directors.



Chartered Accountants

Engagement Partner:

Naresh Kumar

Date : October 02, 2015

Place : Karachi

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 58<sup>th</sup> 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 Saturday, October 31, 2015 at 2:30 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To confirm the minutes of 57<sup>th</sup> Annual General Meeting held on October 29, 2014.
2. To receive consider and adopt the Audited Accounts together with the Directors' and Auditors' report for the period ended June 30, 2015.
3. To appoint auditors for the ensuing year, and to fix their remuneration (Messer Deloitte Yousuf Adil 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

Karachi  
Date; October 02, 2015

Ahmed Faheem Niazi  
Company Secretary



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## **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 than 48 hours before the time of holding the meeting.
- ii) The Share Transfer Books of the Company will remain closed from Wednesday, October 24, 2015 to October 31, 2015 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 23, 2015. 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	12.5%
(b)	Rate of deduction for non-filer of income tax returns	17.5%

## **INDUS DYEING & MANUFACTURING COMPANY LIMITED**

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.

### **Withholding Tax on Dividend in case of Joint Account Holders**

In order to enable the Company to follow the directives of the regulations to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the principal shareholder) for deduction of withholding Tax on dividends of the Company, shareholders are requested to please complete the forms (earlier dispatched) to furnish the shareholding ratio details of themselves as principal shareholder and their joint holders to the company's share registrar, enabling the company to compute withholding Tax of each shareholder accordingly. In the event of non-receipt of the information by 23 October 2015, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

### **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.

### **E-mailing of Annual Report along with Notice of Annual General Meeting**

Interested Members are encouraged to send their e-mail address with their consent (to opt for transmission of annual reports and AGM notices through e-mail) at company's registered office to enable the company to transmit the annual report along with AGM notice through e-mail as per SECP's notification dated: 10<sup>th</sup> September 2014.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

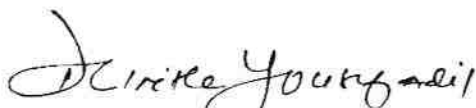
## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed unconsolidated balance sheet of **Indus Dyeing & Manufacturing Company Limited** (the Company) as at June 30, 2015 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;
  - (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, 2015 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:**  
Naresh Kumar


**Date: October 02, 2015**  
**Place: Karachi**

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees in '000	2014 Rupees in '000		Note	2015 Rupees in '000	2014 Rupees in '000
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>Share capital and reserves</b>				<b>Non-current assets</b>			
Authorised share capital 45,000,000 ordinary shares of Rs. 10 each		<b>450,000</b>	450,000				
Issued, subscribed and paid up capital	5	<b>180,737</b>	180,737	Property, plant and equipment	13	<b>6,335,837</b>	6,186,646
Reserves	6	<b>5,022,432</b>	5,022,432	Long-term investments	14	<b>3,689,930</b>	3,589,680
Unappropriated profits		<b>4,127,696</b>	4,122,085	Long-term deposits	15	<b>4,105</b>	4,105
		<b>9,330,865</b>	9,325,254			<b>10,029,872</b>	9,780,431
<b>Non-current liabilities</b>				<b>Current assets</b>			
Long-term financing	7	<b>1,234,038</b>	1,854,537	Stores, spares and loose tools	16	<b>227,362</b>	214,102
Deferred liabilities	8	<b>167,128</b>	140,757	Stock-in-trade	17	<b>3,580,278</b>	3,911,410
		<b>1,401,166</b>	1,995,294	Trade debts	18	<b>1,193,858</b>	1,525,774
<b>Current liabilities</b>				Loans and advances	19	<b>276,015</b>	264,106
Trade and other payables	9	<b>979,963</b>	1,008,746	Trade deposits and short-term prepayments	20	<b>9,322</b>	3,813
Interest / mark-up payable	10	<b>54,888</b>	91,359	Other receivables	21	<b>15,523</b>	29,813
Short-term borrowings	11	<b>3,234,465</b>	3,261,930	Other financial assets	22	<b>167,943</b>	144,566
Current portion long term financing	7	<b>665,756</b>	441,715	Tax refundable	23	<b>113,289</b>	205,980
		<b>4,935,072</b>	4,803,750	Cash and bank balances	24	<b>53,641</b>	44,303
<b>CONTINGENCIES AND COMMITMENTS</b>						<b>5,637,231</b>	6,343,867
	12	<b>15,667,103</b>	16,124,298			<b>15,667,103</b>	16,124,298

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

		2015	2014
	Note	Rupees in '000	
Sales - net	25	20,285,043	18,616,732
Cost of goods sold	26	(18,680,119)	(16,563,738)
Gross profit		1,604,924	2,052,994
Other income	27	63,969	116,653
		1,668,893	2,169,647
Distribution cost	28	(484,198)	(409,421)
Administrative expenses	29	(219,055)	(219,953)
Other operating expenses	30	(117,137)	(79,016)
Finance cost	31	(424,566)	(401,510)
		(1,244,956)	(1,109,900)
Profit before tax		423,937	1,059,747
Taxation	32	(147,591)	128,056
Profit for the year		276,346	1,187,803
Rupees			
Earnings per share - basic and diluted	33	15.29	65.72

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
Note	Rupees in '000	
Profit for the year	276,346	1,187,803
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	8.1 371	(8,370)
Total other comprehensive income for the year	371	(8,370)
Total comprehensive income for the year	276,717	1,179,433

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

		2015	2014
	Note	Rupees in '000	
<b>A CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	34	2,134,756	924,452
Taxes paid - net		(77,367)	(86,832)
Finance cost paid		(461,037)	(335,858)
Long-term deposits paid		-	(36)
Gratuity paid	8.1	(28,823)	(27,781)
<b>Net cash generated from operating activities</b>		<b>1,567,529</b>	<b>473,945</b>
<b>B CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment		(755,907)	(2,424,653)
Proceeds from disposal of property, plant and equipment	13.2	7,074	26,470
Payment for investment in other financial assets - net		(19,561)	(124,385)
Payment for investment in subsidiary companies	15	(100,250)	(1,388,120)
Dividends received		2,648	2,176
<b>Net cash used in investing activities</b>		<b>(865,996)</b>	<b>(3,908,512)</b>
<b>C CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term finance		460,318	2,144,085
Repayment of long-term finance		(856,776)	(769,547)
Loans from directors - net		-	(9,490)
Repayment of liabilities against assets subject to finance lease		-	(2,222)
Dividends paid		(270,842)	(298,019)
<b>Net cash generated from / (used in) financing activities</b>		<b>(667,300)</b>	<b>1,064,807</b>
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>34,233</b>	<b>(2,369,760)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(3,217,627)</b>	<b>(945,524)</b>
Effect of exchange rate changes on cash and cash equivalents		2,570	97,657
<b>Cash and cash equivalents at end of the year</b>	35	<b>(3,180,824)</b>	<b>(3,217,627)</b>

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director


# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Reserves					Total
	Capital		Revenue			
	Issued, subscribed and paid up capital	Share premium	Merger reserve	General reserve	Unappropriated profits	
Rupees in '000'						
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 ended June 30, 2014:						
Profit for the year	-	-	-	-	1,187,803	1,187,803
Other comprehensive income for the year net of tax	-	-	-	-	(8,370)	(8,370)
Total comprehensive income for the year	-	-	-	-	1,179,433	1,179,433
Transactions with owners recognised directly in equity						
1st Interim cash dividend @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
2nd Interim cash dividend @ 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
Comprehensive income for the year ended June 30, 2015:						
Profit for the year	-	-	-	-	276,346	276,346
Other comprehensive income for the year net of tax	-	-	-	-	371	371
Total comprehensive income for the year	-	-	-	-	276,717	276,717
Transactions with owners recognised directly in equity						
1st interim Interim cash dividend @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
2nd Interim cash dividend @ Rs. 10 per share	-	-	-	-	(180,737)	(180,737)
Balance at June 30, 2015	180,737	10,920	11,512	5,000,000	4,127,696	9,330,865

The annexed notes from 1 to 44 form an integral part of these unconsolidated financial statements.

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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 Lodhran. The Company has the following group entities:

- Indus Lyallpur Limited - Wholly owned subsidiary
- Indus Home Limited - Wholly owned subsidiary
- Indus Home USA Inc. - Wholly owned subsidiary of Indus Home Limited
- Indus Wind Energy Limited - Wholly owned subsidiary (control acquired during the year)
- 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, 2015:

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. 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 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
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
IFRIC 21 - Levies	

#### 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 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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.
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

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 (Note 32)
- Provision for gratuity (Note 8.1)
- Depreciation rates of property, plant and equipment (Note 13)
- Classification and impairment of investment (Note 14 and 22)
- Net realisable value of stock-in-trade (Note 17)
- Provision for impairment of trade debts and other receivables (Note 18 & 21)

## 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.



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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 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 13.1.

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.

## 4.5 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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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 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.

## 4.7 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined by 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.

## 4.8 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.

## 4.9 Investments

### 4.9.1 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.

### 4.9.2 Investment in associate and subsidiaries

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.

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 and associate 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.

### 4.9.3 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.

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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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.

## 4.9.4 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.

## 4.10 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.

## 4.11 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 where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

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

## 4.12 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.

## 4.13 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.

## 4.14 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.

## 4.15 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.

## 4.16 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 4.17 Dividend distribution

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.

### 4.17.1 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.

## 5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2015 Number of shares	2014 Number of shares	Note	2015 Rupees in '000	2014 Rupees in '000
9,637,116	9,637,116	Ordinary shares of Rs.10/- each fully paid in cash	96,371	96,371
5,282,097	5,282,097	Other than cash	52,821	52,821
3,154,519	3,154,519	Issued to the shareholders of YTML Issued as bonus shares	31,545	31,545
<b>18,073,732</b>	<b>18,073,732</b>		<b>180,737</b>	<b>180,737</b>

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	2015 Rupees in '000	2014 Rupees in '000
<b>6 RESERVES</b>			
<b>Capital</b>			
Share premium	6.1	10,920	10,920
Merger reserve	6.2	11,512	11,512
		<b>22,432</b>	<b>22,432</b>
<b>Revenue</b>			
General reserve	6.3	5,000,000	5,000,000
		<b>5,022,432</b>	<b>5,022,432</b>

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)

6.3 This represents reserves created out of profits of the company

## 7 LONG-TERM FINANCING

### Secured

From banking companies  
Less: Payable within one year

Note	2015 Rupees in '000	2014 Rupees in '000
7.1 & 7.2	1,899,794	2,296,252
	(665,756)	(441,715)
	<b>1,234,038</b>	<b>1,854,537</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 7.1 Particulars of long-term financing

Type and nature of loan	2015			
	Amount outstanding	Sanctioned amount	Mark up rate per annum	Terms of repayments
	Rupees in '000			
Term finances	1,790,898	2,981,988	3 month KIBOR + 0.5% to 1.5%	Quarterly
Long term financing	108,285	191,454	5.50% to 11.60%	Half yearly and quarterly
Musharikhah agreement	611	2,446	3 month KIBOR + 0.75 to 1%	Quarterly
	<b>1,899,794</b>	<b>3,175,888</b>		

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	1 month KIBOR + 0.5 % to 0.75%	Quarterly
Long term financing	227,817	895,000	6% to 11.5%	Quarterly and half yearly
Musharikhah agreement	518,102	900,000	3 month KIBOR + 1%	Quarterly
	<b>2,296,252</b>	<b>4,325,000</b>		

7.2 These finances are secured by charge over property, plant and equipment 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.

	Note	2015	2014
		Rupees in '000	
<b>8 DEFERRED LIABILITIES</b>			
Provision for gratuity	8.1	167,128	140,757
		<b>167,128</b>	<b>140,757</b>



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 8.1 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, 2015 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these financial statements are as follows

	2015	2014
<b>Significant actuarial assumptions</b>		
Discount rate	9.50%	13.25%
Expected rate of increase in salary level	8.50%	12.25%
Average expected remaining working life of employees	8 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.

	2015 Rupees in '000	2014
<b>Present value of defined benefit obligation</b>	<b>167,128</b>	<b>140,757</b>
<b>Movement in net defined benefit liability</b>		
Balance at the beginning of the year	140,757	112,239
Recognised in profit and loss account		
Service cost	38,824	37,602
Interest cost	16,741	10,327
	55,565	47,929
Recognised in other comprehensive income		
Actuarial (gains) / losses on remeasurement of obligation	(371)	8,370
Benefits paid	(28,823)	(27,781)
<b>Balance at the end of the year</b>	<b>167,128</b>	<b>140,757</b>
<b>Actuarial gains and losses</b>		
Experience adjustments - (gain) / loss	(371)	8,370
	(371)	8,370

### 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:

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

Impact on defined benefit obligation		
Change in assumptions	Increase	Decrease
	----- (Rupees in '000) -----	

Discount rate	1%	(17,750)	21,243
Salary Growth Rate	1%	21,243	(18,051)

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors	9.1	115,407	310,025
Accrued liabilities		631,537	411,921
Infrastructure cess		138,311	168,390
Workers' Profit Participation Fund	9.2	208	56,938
Advance from customers		25,854	15,177
Unclaimed dividends / dividends payable		27,481	27,217
Withholding tax payable		3,962	2,001
Others		37,203	17,077
		<b>979,963</b>	<b>1,008,746</b>

9.1 This includes Rs. 3.807 million (2014: Rs. 249.884 million due to related parties) due from related parties.

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>9.2 Workers' Profit Participation Fund</b>			
Balance at beginning of the year		56,938	121,679
Allocation for the year		23,008	56,938
Interest charged during the year on the funds utilized by the Company	31	2,494	4,240
		<b>82,440</b>	<b>182,857</b>
Payments made during the year		<b>(82,232)</b>	<b>(125,919)</b>
		<b>208</b>	<b>56,938</b>
<b>10 INTEREST / MARK-UP PAYABLE</b>			
On secured loans from banking companies:			
- Long-term financing		24,384	71,181
- Short-term borrowings		30,504	20,178
		<b>54,888</b>	<b>91,359</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>11</b>	<b>SHORT-TERM BORROWINGS</b>		
	<b>From banking companies - secured</b>		
Running finance / cash finance arrangements	11.1	2,117,906	303,010
Finance against export/ import	11.2	1,116,559	2,958,920
	11.3	<b>3,234,465</b>	3,261,930
<b>11.1</b>	These carry mark-up ranging from 1 month Kibor + 0.10% to 3 month Kibor + 1.25% and 6 month Kibor -0.2% (2014: 3 month KIBOR + 0.15% to 1 month KIBOR + 2.00%). These are secured against charge over current assets of the Company with upto 25% margin.		
<b>11.2</b>	These carry mark-up ranging from 1 month LIBOR + 1% to 3 % (2014: 1 month LIBOR + 0.4% to 1 month LIBOR + 2.5%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Company.		
<b>11.3</b>	The Company has aggregated short-term borrowing facilities amounting to Rs. 9,043 million (2014: Rs. 9,558 million) from various commercial banks. These are secured against charge over current assets of the Company with upto 25% margin.		
	Note	2015 Rupees in '000	2014
<b>12</b>	<b>CONTINGENCIES AND COMMITMENTS</b>		
<b>12.1</b>	<b>Contingencies</b>		
<b>12.1.1</b>	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
<b>12.1.2</b>	Guarantees issued by banks on behalf of the Company	44,010	49,820
<b>12.1.3</b>	Guarantees issued by banks in favor of gas companies	19,306	19,306
<b>12.1.4</b>	Bank guarantees against payment of infrastructure cess	144,042	123,042
<b>12.2</b>	<b>Commitments</b>		
	Letters of credit for raw material and stores and spares	921,943	671,250
	Letters of credit for property, plant and equipment	83,378	74,304
	Civil work contracts	21,980	70,000
<b>13</b>	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
Operating fixed assets	13.1	6,270,213	6,109,008
Capital work-in-progress	13.3	65,624	77,638
		<b>6,335,837</b>	6,186,646

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 13.1 Operating Fixed Assets

Particulars	2015							Depreciation Rate
	Cost at July 01, 2014	Additions / transfer* / (disposal) during the year	Cost at June 30, 2015	Accumulated depreciation at July 01, 2014	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2015	Carrying value at June 30, 2015	
	Rupees in '000'							%
<b>Owned</b>								
Freehold land	14,902	-	14,902	-	-	-	14,902	-
Leasehold land	51,035	-	51,035	-	-	-	51,035	-
Factory buildings	1,182,203	47,349	1,229,552	336,875	43,718	380,593	848,959	5
Non-factory buildings	118,608	58,998	177,606	75,951	9,584	85,535	92,071	10
Office building	110,316	-	110,316	6,226	5,205	11,431	98,885	5
Plant and machinery	7,413,211	602,761 19,573* (17,889)	8,017,856	2,976,774	467,236 7996* (15,127)	3,428,883	4,588,973	10
Electric installations	194,428	-	194,428	70,053	12,438	82,491	111,937	10
Power generators	574,342	39,429 (19,573)* (6,808)	587,390	215,453	36,204 (7996)* (5,971)	245,686	341,704	10
Office equipment	11,044	103	11,147	648	1,049	1,697	9,450	10
Furniture and fixtures	18,699	167	18,866	7,817	1,097	8,914	9,952	10
Vehicles	183,789	19,114 (10,069)	192,834	73,772	23,838 (7,121)	90,489	102,345	20
June 30, 2015	9,872,577	767,921 (34,566)	10,605,932	3,763,569	600,369 (28,219)	4,335,719	6,270,213	

This represents reclassification of assets within property, plant and equipment made during the year for the purpose of better presentation.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

2014

Particulars	Cost at July 01, 2013	Additions / transfer / (disposal) during the year	Cost at June 30, 2014	Accumulated depreciation at July 01, 2013	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2014	Carrying value at June 30, 2014	Depreciation Rate
	Rupees in '000'							%
<b>Owned</b>								
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	
<b>Leased</b>								
Power generator	19,573	- (19,573) *	-	7,800	196 (7,996) *	-	-	10
	7,545,917	2,430,693 (104,035)	9,872,577	3,369,332	473,787 (79,550)	3,763,569	6,109,008	

## 13.1.1 Allocation of depreciation

	Note	2015 Rupees in '000'	2014 Rupees in '000'
Manufacturing expense	26.2	569,180	441,865
Administrative expense	29	31,189	31,922
		<b>600,369</b>	<b>473,787</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 13.2 Disposals of operating fixed assets

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
Rupees in '000'							
1 Plant and machinery	285	(267)	18	25	7	M/s Muhammad Ikram	Negotiation
2 Plant and machinery	3,552	(3,028)	524	550	26	M/s Muhammad Kamran	Negotiation
3 Plant and machinery	985	(972)	13	40	27	M/s Abdul Sattar	Negotiation
4 Plant and machinery	4,815	(4,003)	812	847	35	M/s Sohail Sheikh	Negotiation
5 Plant and machinery	4,999	(4,145)	854	855	1	M/s Indus Lylalpur Limited	Negotiation
6 Plant and machinery	3,052	(2,712)	340	345	5	M/s Muhammad Shafiq	Negotiation
7 Vehicle	1,169	(1,079)	90	115	25	Mrs. Rehman Attallah	Negotiation
8 Vehicle	1,239	(930)	309	375	66	Ghulam Murtaza (employee)	Company policy
9 Vehicle	50	(18)	32	18	(14)	Noman (employee)	Company policy
10 Vehicle	1,725	(1,392)	333	400	67	Anjum Muhtaq	Negotiation
11 Vehicle	834	(592)	242	200	(42)	Abideen Rizvi (employee)	Company policy
12 Vehicle	42	(19)	23	23	-	Masood Rizvi (employee)	Company policy
13 Vehicle	51	(26)	25	29	4	Nabeel Traders	Negotiation
14 Vehicle	516	(325)	191	280	89	Sheikh Muzzamil (employee)	Company policy
15 Vehicle	674	(489)	185	170	(15)	Malik Abdul Momin (employee)	Company policy
16 Vehicle	44	(2)	42	42	-	Adamjee Insurance company	Insurance claim
17 Vehicle	995	(769)	226	300	74	Arif A Majeed (employee)	Company policy
18 Vehicle	44	(18)	26	17	(9)	Muhammad Ashraf (employee)	Negotiation
19 Vehicle	2,023	(944)	1,079	1,300	222	Sajjad Ahmed Shakir	Negotiation
20 Vehicle	612	(494)	118	120	2	Iqrash Awan	Company policy
21 Vehicle	52	(24)	28	23	(5)	Javed Patni (employee)	Company policy
22 Power generator	6,808	(5,971)	837	1,000	163	M/s Sohail Sheikh	Negotiation
<b>2015</b>	<b>34,566</b>	<b>(28,219)</b>	<b>6,347</b>	<b>7,074</b>	<b>727</b>		
<b>2014</b>	<b>104,035</b>	<b>(79,550)</b>	<b>24,485</b>	<b>26,470</b>	<b>1,985</b>		

13.2.1 This includes sale of operating fixed assets to Indus Lylalpur Limited (a subsidiary company) amounting to Rs. 1 million (2014; Rs. 2,825 million).



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>13.3 Capital work-in-progress</b>			
Civil works		32,619	45,071
Advance against purchase of vehicles		6,664	8,476
Advance against implementation of ERP		26,341	24,091
	13.3.1	<b>65,624</b>	<b>77,638</b>

## 13.3.1 Capital work-in-progress

	Civil works	Plant and machinery	Advance against purchase of vehicles	Furniture and fixture	Advance against implementation of ERP	Total
	(Rupees '000)					
<b>As at June 30, 2013</b>	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)
<b>As at June 30, 2014</b>	45,071	-	8,476	-	24,091	77,638
Additions during the year	38,326	20,017	15,550	-	12,614	86,507
Transferred to operating fixed assets	(50,778)	(20,017)	(17,362)	-	(10,364)	(98,521)
<b>As at June 30, 2015</b>	<b>32,619</b>	<b>-</b>	<b>6,664</b>	<b>-</b>	<b>26,341</b>	<b>65,624</b>

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>14 LONG TERM INVESTMENTS</b>			
Investment in associate	14.1	13,476	13,476
Investment in subsidiaries	14.2.1, 14.2.2 & 14.2.3	3,676,454	3,576,204
		<b>3,689,930</b>	<b>3,589,680</b>

14.1 The investment has been classified as investment in associates due to common directorship.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

2015 2014  
Rupees in '000

## 14.2 Investment in subsidiaries

### 14.2.1 Indus Home Limited (IHL)

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

IHL is a wholly owned subsidiary of the Company and is involved in the business of griegie, 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 statements.

2015 2014  
Rupees in '000

### 14.2.2 Indus Lyallpur Limited (ILP)

Opening	1,085,000	990,000
Investment made during the year	100,000	95,000
Closing	1,185,000	1,085,000

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.

2015 2014  
Rupees in '000

### 14.2.3 Indus Wind Energy (IWE)

Opening	-	-
Investment made during the year	250	-
Closing	250	-

IWE is a wholly owned subsidiary of the Company and is involved in the business of generation and distribution of power. The subsidiary is incorporated in Pakistan as public unlisted company on February 21, 2015. Investment in IWE is carried at cost in these unconsolidated financial statement.

Note 2015 2014  
Rupees in '000

## 15 LONG TERM DEPOSITS

Electricity	3,790	3,790
Others	315	315
	4,105	4,105

## 16 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	16.1	228,362	215,102
Less: Provision for slow moving and obsolete stock		(1,000)	(1,000)
		227,362	214,102

16.1 It include stores and spares in transit amounting to Rs. 9.792 million (2014: Rs. 3.739 million).

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>17 STOCK-IN-TRADE</b>			
Raw material			
- in hand	17.1	2,403,864	2,945,123
- in transit		446,654	142,545
		<b>2,850,518</b>	3,087,668
Work-in-process		243,052	309,978
Finished goods	17.1 & 17.2	416,984	386,515
Packing material		44,271	43,958
Waste		25,453	83,291
		<b>3,580,278</b>	3,911,410

**17.1** The stock of raw material in hand and finished goods have been written down to their net realisable values by Rs.173 million and Rs.27 million respectively

**17.2** The stock of finished goods include stock of usable waste amounting to Rs.22.75 million (2014: Rs. 20.79 million)

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>18 TRADE DEBTS</b>			
<b>Considered good</b>			
<b>Secured</b>			
Foreign debtors		756,270	1,127,513
Local debtors		70,693	309,812
	18.1 & 18.2	<b>826,963</b>	1,437,325
<b>Unsecured</b>			
Local debtors	18.1 & 18.3	366,895	93,679
		<b>1,193,858</b>	1,531,004
Considered doubtful		-	-
		<b>1,193,858</b>	1,531,004
Less: Provision for doubtful debts	18.5	-	(5,230)
		<b>1,193,858</b>	1,525,774

**18.1** This includes balances due from the related parties amounting to Rs. 18.38 million (2014: nil) which are not past due.

**18.2** These are secured against letters of credit in favor of the Company.

**18.3** 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, to assess their recoverability.

	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>18.4 Aging of local debtors</b>		
From 1 to 30 days	1,066,316	1,344,151
From 30 to 60 days	72,041	90,290
From 60 to 90 days	35,188	96,563
From 90 to 180 days	20,313	-

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 (Rupees in '000)	2014 (Rupees in '000)
<b>18.5 Movement of provision</b>			
Opening balance		5,230	8,393
During the year		-	-
Reversal		(5,230)	(3,163)
Closing balance		-	5,230
<b>19 LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Loans to staff		15,740	13,254
Advance income tax - net	19.1	234,065	211,598
Advances to:			
- Suppliers		10,568	27,712
- Others		15,642	11,542
		26,210	39,254
		276,015	264,106
<b>19.1 Advance income tax - net</b>			
Advance income tax		395,786	233,676
Provision for taxation		(148,509)	-
Workers Welfare Fund	19.1.1	(13,212)	(22,078)
		234,065	211,598
<b>19.1.1</b>	Prior to certain amendments made through the Finance Acts of 2006 & 2008, Workers 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. 158.7 million for the years from 2010 to 2015, although management, based on advice of the legal advisor, is confident that the ultimate decision would be in favor of the Company.			
		2015 Rupees in '000	2014 Rupees in '000
<b>20 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Considered good</b>			
Trade deposits		1,577	683
Prepayments		7,745	3,130
		9,322	3,813
<b>21 OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Cotton claims		6,165	14,233
Others		9,358	15,580
		15,523	29,813

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

		Note	2015 Rupees in '000	2014 Rupees in '000
<b>22</b>	<b>OTHER FINANCIAL ASSETS</b>			
	At fair value through profit or loss - held for trading			
	Investment in ordinary shares of listed companies	22.1.1	20,189	18,536
	Investment in units of mutual funds	22.1.2	147,755	126,030
			<b>167,943</b>	<b>144,566</b>
<b>22.1</b>	<b>Particulars of other financial assets</b>			
<b>22.1.1</b>	<b>Investment in ordinary shares of listed companies</b>			
			2015 Number of shares / units	2014 Rupees in '000
			30,000	30,000
			11,088	11,088
			60,500	60,500
			100,000	100,000
		Fauji Fertilizer Company Limited	4,483	3,367
		Pakistan State Oil Company Limited	4,278	4,312
		United Bank Limited	10,341	10,198
		Pakistan International Airlines Corporation Limited	1,087	659
			<b>20,189</b>	<b>18,536</b>
<b>22.1.2</b>	<b>Investment in units of mutual funds</b>			
			1,996	1,884
			236	236
			10,934,967	8,533
			-	1,247,392
			413,576	-
			3,220	3,029
		HBL Money Market Fund	202	189
		Meezan Sovereign Fund	12	12
		NAFA Government Security Liquid Fund	105,429	86
		Askari Sovereign Cash Fund	-	125,439
		Faysal Asset Management	41,788	-
		UBL Liquidity Plus Fund	324	304
			<b>147,755</b>	<b>126,030</b>
<b>23</b>	<b>TAX REFUNDABLE</b>			
	Sales tax refundable		105,722	68,337
	Income tax refundable		7,567	137,643
			<b>113,289</b>	<b>205,980</b>
<b>24</b>	<b>CASH AND BANK BALANCES</b>			
	With banks			
	- in deposit accounts		9,534	-
	- in current accounts		38,584	39,165
			<b>48,118</b>	<b>39,165</b>
	Cash in hand		5,523	5,138
			<b>53,641</b>	<b>44,303</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>25 SALES</b>			
Export sales	25.1 & 25.2	16,515,350	15,550,457
Less: Commission		(183,123)	(177,644)
		<b>16,332,227</b>	<b>15,372,813</b>
Local sales			
Yarn		3,808,287	3,132,359
Waste		271,199	293,225
		<b>4,079,486</b>	<b>3,425,584</b>
Less:			
Sales tax @ 2% on local sales		(79,990)	(126,245)
Brokerage		(46,680)	(55,420)
		<b>(126,670)</b>	<b>(181,665)</b>
		<b>20,285,043</b>	<b>18,616,732</b>
<b>25.1</b>	It includes exchange loss of Rs. 34.95 million (2014: exchange gain 4.760 million) and indirect export of Rs. 1,446 million (2014: Rs.3,432 million).		
<b>25.2</b>	This includes indirect exports to related undertakings of Rs.672 million (2014: Rs. 373 million).		
	Note	2015 Rupees in '000	2014 Rupees in '000
<b>26 COST OF GOODS SOLD</b>			
Raw material consumed	26.1	13,687,212	13,328,211
Manufacturing expenses	26.2	3,820,572	3,302,636
Outside purchases - yarn		1,078,040	224,308
		<b>18,585,824</b>	<b>16,855,155</b>
Work in process			
- Opening		309,978	216,135
- Closing		(243,052)	(309,978)
		<b>66,926</b>	<b>(93,843)</b>
Cost of goods manufactured		<b>18,652,750</b>	<b>16,761,312</b>
Finished goods			
- Opening		469,806	272,232
- Closing	17.1 & 17.2	(442,437)	(469,806)
		<b>27,369</b>	<b>(197,574)</b>
		<b>18,680,119</b>	<b>16,563,738</b>
<b>26.1 Raw material consumed</b>			
Opening stock		2,945,123	2,638,291
Purchases		13,573,629	13,699,896
		<b>16,518,752</b>	<b>16,338,187</b>
Cost of raw cotton sold		(427,676)	(64,853)
Closing stock	17.1	(2,403,864)	(2,945,123)
		<b>13,687,212</b>	<b>13,328,211</b>



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>26.2 Manufacturing expenses</b>			
Salaries, wages and benefits	26.2.1	995,007	793,901
Utilities		1,447,233	1,262,595
Packing material consumed		338,956	279,262
Stores and spares consumed		369,040	426,404
Repairs and maintenance		36,302	39,845
Insurance		44,381	39,603
Rent, rates and taxes		2,029	1,897
Depreciation on operating fixed assets	13.1.1	569,180	441,866
Other		18,444	17,263
		<b>3,820,572</b>	<b>3,302,636</b>
<b>26.2.1</b>	It includes staff retirement benefits Rs. 48.166 million (2014: Rs. 49.560 million).		
<b>27 OTHER INCOME</b>			
Gross profit on trading of raw cotton		-	1,136
Other	27.1	63,969	115,517
		<b>63,969</b>	<b>116,653</b>
<b>27.1 Other</b>			
<b>Income from non-financial assets:</b>			
Scrap sale		5,368	5,319
Reversal of infrastructure cess provision		47,759	-
Gain on disposal of operating fixed assets		727	1,985
<b>Income from financial assets:</b>			
Unrealised gain on other financial assets		3,816	6,717
Unrealised gain on revaluation of foreign currency loans		2,570	97,657
Dividend income		2,648	2,176
Profit on Term Deposit Receipts		1,081	1,663
		<b>63,969</b>	<b>115,517</b>
<b>28 DISTRIBUTION COST</b>			
<b>Export</b>			
Ocean freight		154,304	121,009
Export development surcharge		39,511	30,812
Export charges		185,962	165,825
<b>Local</b>			
Freight		72,371	75,450
Others		19,069	2,924
Insurance		12,981	13,401
		<b>484,198</b>	<b>409,421</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>29 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	29.1	83,225	71,301
Directors' remuneration		25,200	33,251
Meeting fees		250	234
Repairs and maintenance		5,120	2,334
Postage and telephone		8,339	6,046
Traveling and conveyance		10,091	8,566
Vehicles running		7,006	7,047
Printing and stationery		5,585	5,648
Rent, rates and taxes		5,460	6,538
Utilities		10,182	9,754
Entertainment		2,293	3,260
Fees and subscription		7,827	6,895
Insurance		5,151	6,710
Legal and professional		1,613	1,064
Charity and donations	29.2	2,296	2,993
Auditors' remuneration	29.3	1,451	1,711
Depreciation on operating fixed assets	13.1.1	31,188	31,922
Advertisement		84	167
Others		6,694	14,512
		<b>219,055</b>	<b>219,953</b>
<b>29.1</b>	It includes staff retirement benefits Rs. 7.391 million (2014: Rs. 6.71 million).		
<b>29.2</b>	None of the directors and their spouses have any interest in the donees' fund.		
<b>29.3 Auditors' remuneration</b>			
Audit fee		1,100	1,100
Half year review fee		300	300
Fee for certifications		20	280
Out of pocket expenses		31	31
		<b>1,451</b>	<b>1,711</b>
<b>30 OTHER OPERATING EXPENSES</b>			
Loss from trading of raw cotton	30.1	44,269	-
Workers' Profit Participation Fund		23,008	56,938
Exchange loss on foreign currency transactions		36,648	-
Workers' Welfare Fund		13,212	22,078
		<b>117,137</b>	<b>79,016</b>
<b>30.1 Gross (loss) / profit on trading of raw cotton</b>			
Sales of raw cotton - Local		383,407	65,989
		<b>383,407</b>	<b>65,989</b>
Less: Cost of goods sold		(427,676)	(64,853)
		<b>(44,269)</b>	<b>1,136</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>31</b>	<b>FINANCE COST</b>		
Mark-up on:			
- long-term finance		191,968	206,165
- liabilities against assets subject to finance lease		-	32
- short-term borrowings		194,995	165,565
Discounting charges on letters of credit		18,789	11,502
Interest on Workers' Profit Participation Fund		2,494	4,240
Bank charges and commission		16,320	14,006
		<u>424,566</u>	<u>401,510</u>
<b>32</b>	<b>TAXATION</b>		
Current	32.1	148,509	-
Prior year		(918)	(128,056)
		<u>147,591</u>	<u>(128,056)</u>
<b>32.1</b>	Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.		
<b>32.2</b>	<b>Relationship between tax expense and accounting profit.</b>		
Accounting profit before tax		423,937	1,059,747
Tax rate		33%	34%
Tax on accounting profit		139,899	360,314
Effect of:			
Income chargeable under reduced rates		-	(183,046)
Income chargeable to tax under Final Tax Regime		114,774	-
Prior year charge		-	(128,056)
Tax impact of tax credit		(61,194)	(184,160)
unrecognised temporary differences		(39,356)	6,476
others		(6,532)	416
Tax charge as per accounts		<u>147,591</u>	<u>(128,056)</u>
<b>33</b>	<b>EARNINGS PER SHARE - BASIC AND DILUTED</b>		
There is no dilutive effect on the basic earnings per share of the company, which is based on:			
		2015	2014
Profit for the year	Rupees in '000	<u>276,346</u>	<u>1,187,803</u>
Weighted average number of ordinary shares outstanding during the year	No. of shares	<u>18,073,732</u>	<u>18,073,732</u>
Earnings per share - Basic and diluted	Rupees	<u>15.29</u>	<u>65.72</u>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>34 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		423,937	1,059,747
Adjustments for:			
Depreciation	13.1.1	600,369	473,787
Provision for gratuity	8.1	55,565	47,929
Unrealised gain on other financial assets	27.1	(3,816)	(6,717)
Unrealised gain on revaluation of foreign currency loans		(2,570)	(97,657)
Gain on disposal of operating fixed assets	13.2	(727)	(1,985)
Dividends income	27.1	(2,648)	(2,176)
Finance cost	31	424,566	401,510
Cash generated before working capital changes		1,494,676	1,874,438
<b>Working capital changes:</b>			
(Increase) / decrease in current assets			
Stores, spares and loose tools		(13,260)	(19,674)
Stock-in-trade		331,132	(642,986)
Trade debts		331,916	(509,631)
Loans and advances		10,558	(72,364)
Trade deposits and short term prepayments		(5,509)	3,029
Other receivables		14,290	(4,867)
Increase in current liability		669,127	(1,246,493)
Trade and other payables		(29,047)	296,507
Cash generated from operations		2,134,756	924,452
<b>35 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	24	53,641	44,303
Short term borrowings	11	(3,234,465)	(3,261,930)
		(3,180,824)	(3,217,627)

## 36 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:

Particulars	2015				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	Rupees in '000				
Remuneration including benefits	8,400	16,800	-	33,415	58,615
Medical	-	-	-	3,024	3,024
Retirement benefits	-	-	-	14,071	14,071
Utilities	-	2,506	-	4,406	6,912
Meeting fees	20	70	70	-	160
Total	8,420	19,376	70	54,916	82,782
Number of persons	1	2	6	40	49
Particulars	2014				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

36.1 Company maintained cars are provided to Chief Executive Officer and directors.

## 37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries Indus Lyallpur Limited, Indus Home Limited and Indus Wind Energy 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 11 to the unconsolidated financial statements. Remuneration of key management personnel is disclosed in note 36 to the unconsolidated financial statements and amount due in respect of staff retirement benefits is disclosed in note 8.2. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2015 Rupees in '000	2014
Subsidiaries	Purchase of cotton	1,561	163,948
	Purchase of yarn	936,766	127,454
	Sale of lycra	-	2,125
	Sale of yarn	672,169	396,510
	Sale of machinery	1,000	2,825
	Purchase of machinery	6,569	3,680
	Purchase of stores, spares and loose tools	-	1,273
	Payment against issue of right shares	100,000	95,000
	Waste sale	9,498	-
	Payment against issue of shares	250	-
Directors	Short term borrowing repaid	-	9,490
Other related parties (due to common directorship)	Expenses adjusted / reimbursed	-	5

Relationship with the Company	Nature of transactions	2015 Rupees in '000	2014
<b>Balances with related parties:-</b>			
Subsidiaries - receivable		17,530	-
Subsidiaries - payable		69,808	249,884
Associate - payable			137
Associate - receivable		769	-
Other related parties:			
- Payable		3,170	3,170

## 38 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 arise 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:

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 38.1 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:

	2015	2014
	Rupees in '000	
Long-term deposits	4,105	4,105
Trade debts	1,193,858	1,525,774
Loans and advances	15,740	13,254
Trade deposits	1,577	683
Other receivables	15,523	29,813
Other financial assets	147,755	
Bank balances	48,118	39,165
	<b>1,426,676</b>	<b>1,612,794</b>

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

### Credit risk related to equity investments and cash deposits

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

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

Name of bank	Rating agency	Credit rating Long-term	Short-term
Allied Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA	A1+
Bank Islami Pakistan Limited	PACRA	A	A1
Barclays Bank	Moody's	A2	P1
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	P1
J.S Bank Limited	PACRA	A+	A1+
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+



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 38.2 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. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

### 38.2.1 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	811,628	811,628	811,628	-	-	-
Long-term financing	1,899,794	1,919,334	11,592	187,416	387,331	1,332,995
Short-term borrowings	3,234,465	3,234,465	944,385	2,110,373	179,707	-
Interest / mark-up payable	54.888	54.888	54.888	-	-	-
<b>2015</b>	<b>6,000,775</b>	<b>6,020,315</b>	<b>1,822,493</b>	<b>2,297,789</b>	<b>567,038</b>	<b>1,332,995</b>

	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	2,694,952	3,485	10,314	539,058	2,142,095
Short-term borrowings	3,261,930	3,261,930	303,010	2,958,920	-	-
Interest / mark-up payable	91,359	91,359	91,359	-	-	-
<b>2014</b>	<b>6,415,781</b>	<b>6,680,444</b>	<b>1,030,057</b>	<b>2,969,234</b>	<b>539,058</b>	<b>2,142,095</b>

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

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

	2015 Rupees in '000	2014 Rupees in '000
6 months or less		
- Short-term borrowings	3,234,465	3,261,930
- Long-term loans	1,791,509	2,273,831

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 38.3 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.

### 38.3.1 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	
	2015	2014
	Rupees in '000	
<b>Fixed rate instruments</b>		
Financial assets	9,534	-
Financial liabilities	108,285	22,421
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR based	3,909,415	2,576,841
- LIBOR based	1,116,559	2,958,920

#### 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, 2015 would decrease / increase by Rs. 23.143 million (2014: Rs. 26.175 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.

### 38.3.2 Foreign exchange risk management

#### Exposure to currency risk

	2015		2014	
	Rupees	US Dollar	Rupees	US Dollar
	Currency in '000			
Trade debts	756,270	7,451	1,127,513	11,439
Foreign currency loans	1,116,559	11,001	2,958,920	30,018
	<b>1,872,829</b>	<b>18,452</b>	<b>4,086,433</b>	<b>41,457</b>

	2015	2014
	Rupees	
Average rate	101.62	102.89
Balance sheet date rate	101.5	98.57

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, 2015, 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.18.014 million (2014: Rs. 91.56 million) determined on the outstanding balance at year end. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2015 than 2014 because of high fluctuation in foreign currency exchange rates.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 38.3.3 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 has exposure of Rs.13.476 million (2014: 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 in these securities.

At the balance sheet date, the Company have exposure of Rs. 3.676 million (2014: Rs. 3,576 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. 167.943 million (2014: Rs.144.56 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 8.39 million (2014: Rs. 7.23 million) determined based on market value of investments at year end.

## 38.4 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.

## 38.5 Financial instruments by category

	Loans & advances	Fair value through profit & loss account	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
- June 30, 2015			
Long-term deposits	4,105	-	4,105
Trade debts	1,193,858	-	1,193,858
Loans and advances	15,740	-	15,740
Trade deposits	1,577	-	1,577
Other receivables	15,523	-	15,523
Other financial assets	-	167,943	167,943
Bank balances	53,641	-	53,641
	<b>1,284,444</b>	<b>167,943</b>	<b>1,452,387</b>
	Loans & advances	Fair value through profit & loss account	Total
	----- Rupees in '000 -----		
<b>Financial assets</b>			
- 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	-	147,755	147,755
Bank balances	44,303	-	44,303
	<b>1,617,932</b>	<b>147,755</b>	<b>1,765,687</b>
		Financial liabilities measured at amortized cost	Total
		----- Rupees in '000 -----	
<b>Financial liabilities</b>			
- June 30, 2015			
Long-term financing		1,899,794	1,899,794
Trade and other payables		811,628	811,628
Short-term borrowings		3,234,465	3,234,465
Interest / mark-up payable		54,888	54,888
		<b>6,000,775</b>	<b>6,000,775</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

Financial liabilities - June 30, 2014	Financial liabilities measured at amortized cost -----Rupees in '000-----	Total
Long-term financing	2,296,252	2,296,252
Trade and other payables	766,240	766,240
Short-term borrowings subject to finance lease	3,261,930	3,261,930
Interest / mark-up payable	91,359	91,359
	<b>6,415,781</b>	<b>6,415,781</b>

## 38.6 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	167,943	-	-	167,943
<b>Total</b>	<b>167,943</b>	<b>-</b>	<b>-</b>	<b>167,943</b>

## 39 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, 2015 and 2014 were as follows:

	2015 Rupees in '000	2014
Total borrowings (note 7 & 11)	<b>5,134,259</b>	5,558,182
Less: cash and bank balances (note 24)	<b>(53,641)</b>	(44,303)
Net debt	<b>5,080,618</b>	5,513,879
Total equity	<b>9,330,865</b>	9,325,254
Total capital	<b>14,411,483</b>	14,839,133
Gearing ratio	<b>35%</b>	37%

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 40 CAPACITY AND PRODUCTION

### Spinning units

	2015	2014
Total number of spindles installed	173,712	172,712
Total number of spindles worked per annum (average)	170,255	167,107
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	129,282,818	121,086,982
Actual production for the year after conversion into 20 counts (lbs.)	113,681,047	111,960,608

### Ginning units

	2015	2014
Installed capacity to produce cotton bales	135,000	135,000
Actual production of cotton bales	14,797	19,723
Number of shifts	2	2
Capacity attained in (%)	10.96%	14.61%

## 41 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 Muzaffargarh. 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.

## 42 NUMBER OF EMPLOYEES

The total average number of employees during the year as at June 30, 2015 and 2014 respectively are as follows:

	No. of employees	
	2015	2014
Average number of employees during the year	2,720	2,335
Number of employees as at June 30, 2015	2,833	2,431

## 43 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on October 02, 2015 by the Board of Directors of the Company.

## 44 GENERAL

Figures have been rounded off to the nearest thousand rupees.

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

**INDUS DYEING & MANUFACTURING COMPANY LIMITED**

# **Consolidated Annual Report 2015**



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONTENTS

Key operating and financial results .....	57
Auditors' report .....	58
Balance sheet .....	59
Profit & loss account .....	60
Statement of other comprehensive income .....	61
Cash flow statement .....	62
Statement of changes in equity .....	63
Notes to the financial statement .....	64

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## Key Operating And Financial Results

	2012	2013	2014	2015
<b>Operating data</b>				
Turn over	15,583,895	20,375,904	24,301,493	26,812,047
Less : commission	(198,399)	(353,707)	(267,068)	(251,980)
Sales ( net )	15,385,496	20,022,197	24,034,425	26,560,067
Gross profit	2,252,618	3,630,687	2,487,947	2,184,056
Profit before tax	1,789,888	2,523,383	1,866,427	474,828
Profit after tax	1,571,477	2,547,734	1,996,643	299,887
<b>Financial data</b>				
Gross assets	10,938,552	12,698,532	20,272,036	19,391,820
Return on equity	21.28%	28.51%	18.75%	2.81%
Current assets	4,311,122	5,826,529	9,316,161	8,264,447
Shareholders equity	7,384,527	8,936,904	10,646,575	10,674,211
Long term debts and deferred liabilities	1,187,985	808,605	2,395,176	1,843,852
Current liabilities	2,366,040	2,950,413	7,227,675	6,873,757
<b>Key ratios</b>				
Gross profit ratio	14.64%	18.13%	10.35%	8.22%
Net profit	10.21%	12.72%	8.31%	1.13%
Debt / equity ratio	07 : 93	12 : 88	16 : 84	13 : 87
Current ratio	1.82	1.97	1.29	1.20
Earning per share ( basic and diluted )	86.95	140.96	110.47	16.59
Dividend ( percentage )				
- Cash	350%	100% Int	150% Int	150% Int
- Stock	-	-	-	-
- Specie dividend	-	100 : 09	-	-
<b>Statistics</b>				
Production ( tons )	42,057	52,894	63,821	68,361

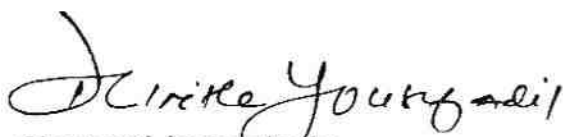
# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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, 2015 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 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 subsidiaries Indus Home USA, Inc. and Indus Wind Energy 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, 2015 and the results of their operations for the year then ended.

  
**Chartered Accountants**

**Engagement Partner:**  
Naresh Kumar

**Date :** October 02, 2015

**Place :** Karachi

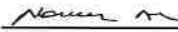
# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2015

	Note	2015 Rupees in '000	2014 Rupees in '000		Note	2015 Rupees in '000	2014 Rupees in '000
<b>EQUITY AND LIABILITIES</b>				<b>ASSETS</b>			
<b>Share capital and reserves</b>				<b>Non current assets</b>			
Authorized 45,000,000 ordinary shares of Rs. 10 each		<b>450,000</b>	450,000	Property, plant and equipment	14	<b>11,084,138</b>	10,916,339
Issued, subscribed and paid up capital	6	<b>180,737</b>	180,737	Intangible assets	15	<b>6,619</b>	-
Reserves	7	<b>5,022,675</b>	5,022,400	Long-term investments	16	<b>21,278</b>	24,198
Unappropriated profit		<b>5,470,799</b>	5,443,438	Long-term deposits	17	<b>15,338</b>	15,338
		<b>10,674,211</b>	10,646,575			<b>11,127,373</b>	10,955,875
<b>SHARE OF ASSOCIATE'S SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net of tax</b>		-	2,610				
<b>Non current liabilities</b>				<b>Current assets</b>			
Long-term financing	8	<b>1,577,187</b>	2,162,009	Stores, spares and loose tools	18	<b>615,525</b>	586,753
Deferred liabilities	9	<b>266,665</b>	233,167	Stock-in-trade	19	<b>5,313,432</b>	5,712,763
		<b>1,843,852</b>	2,395,176	Trade debts	20	<b>1,352,881</b>	1,954,394
<b>Current liabilities</b>				Loans and advances	21	<b>302,821</b>	285,637
Trade and other payables	10	<b>1,482,076</b>	1,350,904	Trade deposits and short-term prepayments	22	<b>10,327</b>	4,786
Interest / mark-up payable	11	<b>70,066</b>	124,960	Other receivables	23	<b>95,600</b>	93,702
Short-term borrowings	12	<b>4,618,149</b>	5,011,046	Other financial assets	24	<b>169,593</b>	164,223
Current portion of: long-term financing	8	<b>703,466</b>	740,765	Tax refundable	25	<b>308,717</b>	429,263
		<b>6,873,757</b>	7,227,675	Cash and bank balances	26	<b>95,551</b>	84,640
						<b>8,264,447</b>	9,316,161
<b>CONTINGENCIES AND COMMITMENTS</b>	13						
		<b>19,391,820</b>	20,272,036			<b>19,391,820</b>	20,272,036

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

  
Shahzad Ahmed  
Chief Executive Officer


  
Naveed Ahmed  
Director


# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees in '000	2014 Rupees in '000
Sales - net	27	26,560,067	24,034,425
Cost of goods sold	28	(24,376,011)	(21,546,478)
Gross profit		2,184,056	2,487,947
Other income	29	103,697	222,332
		2,287,753	2,710,279
Distribution cost	30	(769,887)	(606,333)
Administrative expenses	31	(355,714)	(301,257)
Other operating expenses	32	(151,980)	(105,440)
Finance cost	33	(536,400)	(520,077)
		(1,813,981)	(1,533,107)
		473,772	1,177,172
Share of loss from joint venture - net of tax		-	(41,525)
Share of profit from associate - net of tax	16.1	1,056	2,796
Gain on remeasurement of previously held interest in IHL		-	389,056
Bargain purchase gain on acquisition of IHL		-	338,928
		1,056	689,255
<b>Profit before taxation</b>		<b>474,828</b>	<b>1,866,427</b>
Taxation	34	(174,941)	130,216
<b>Profit for the year- attributable to ordinary share holders of the Holding company</b>		<b>299,887</b>	<b>1,996,643</b>
<b>Earnings per share - basic and diluted</b>	35	<b>16.59</b>	<b>110.47</b>

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

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

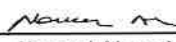
# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2015

	2015 Rupees in '000	2014
Profit for the year	299,887	1,996,643
<b>Items that may be reclassified subsequently to profit and loss</b>		
Exchange gain / (loss) on translation of foreign subsidiary	275	(32)
<b>Items that will not be reclassified subsequently to profit and loss</b>		
Remeasurement of defined benefit liability -net of tax	(894)	(15,779)
<b>Total comprehensive income for the year- attributable to ordinary share holders of the Holding company</b>	<b>299,268</b>	<b>1,980,832</b>

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

  
Shahzad Ahmed  
Chief Executive Officer


  
Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 Rupees in '000	2014
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	3,404,233	821,243
Taxes paid - net		(212,961)	(110,700)
Finance cost paid		(591,294)	(426,317)
Gratuity paid		(63,610)	(62,900)
Net cash generated from operating activities		2,536,369	221,326
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for acquisition of subsidiary - net of cash and running finance acquired		-	(1,611,522)
Payment for purchase of property, plant and equipment		(1,251,349)	(2,652,726)
Proceeds from disposal of property, plant and equipment	14.2	13,583	58,055
Purchase of intangible assets		(6,619)	-
Purchase of other financial assets		(1,554)	(123,361)
Payment for long-term deposits		-	(3,585)
Dividend received		2,648	1,151
Net cash used in investing activities		(1,243,291)	(4,331,988)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance (repaid) / obtained - net		(622,121)	1,021,551
Loans from directors - net		-	(9,490)
Repayment of liabilities against assets subject to finance lease		-	(2,222)
Cost of issue of shares		(526)	(301)
Dividend paid		(270,842)	(298,019)
Net cash (used in) / generated from financing activities		(893,489)	711,519
Net decrease in cash and cash equivalents (A+B+C)		399,589	(3,399,143)
Cash and cash equivalents at beginning of the year		(4,926,406)	(1,693,783)
Effects of exchange rate changes on cash and cash equivalent		4,219	166,520
Cash and cash equivalents at end of the year	37	(4,522,598)	(4,926,406)

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

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director




# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Reserves						Total
	Issued, subscribed and paid up capital	Capital			Revenue		
		Share premium	Merger reserve	Exchange translation reserve	General reserve	Unappropriated profit	
----- Rupees in '000' -----							
Balance at June 30, 2013	180,737	10,920	11,512	-	5,000,000	3,733,735	8,936,904
Total Comprehensive income for the year;							
Profit for the year	-	-	-	-	-	1,996,643	1,996,643
Exchange loss on translation of foreign subsidiary	-	-	-	(32)	-	-	(32)
Remeasurement of defined benefit liability -net of tax	-	-	-	-	-	(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 @ Rs. 5 per share	-	-	-	-	-	(90,369)	(90,369)
Interim cash dividend @ 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	(32)	5,000,000	5,443,438	10,646,575
Total Comprehensive income for the year;							
Profit for the year	-	-	-	-	-	299,887	299,887
Exchange gain on translation of foreign subsidiary	-	-	-	275	-	-	275
Remeasurement of defined benefit liability -net of tax	-	-	-	-	-	(894)	(894)
Total comprehensive income for the year	-	-	-	275	-	298,993	299,268
Transactions with owners recorded directly in equity;							
Interim cash dividend @ Rs. 5 per share	-	-	-	-	-	(90,369)	(90,369)
Interim cash dividend @ Rs. 10 per share	-	-	-	-	-	(180,737)	(180,737)
Cost of issue of shares by subsidiary	-	-	-	-	-	(526)	(526)
Balance at June 30, 2015	180,737	10,920	11,512	243	5,000,000	5,470,799	10,674,211

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

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2015

### 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 Lodhran.

#### 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.

##### 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 by Indus Home Limited)

Indus Home USA Inc. was established during the year ended June 30, 2014. The principal business activities of the Company is to act as commission agent to generate sales order in textile sector.

##### Indus Wind Energy Limited - 100% owned

Indus Wind Energy has been established during the current year. The principal business activities of the Company is to generate and sale electricity to the national grid.

#### 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

- 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 recognized in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized 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 recognized 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; and
- certain financial instruments at fair value.
- investment in associate under equity method

### 2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015:

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. 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 Group's financial statements other than certain additional disclosures.

Amendments to IAS 19 Employee Benefits: Employee contributions	Effective from accounting period beginning on or after July 01, 2014
Amendments to IAS 32 Financial Instruments: Presentation - Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
IAS 36 Impairment of Assets - Recoverable amount disclosures for non-financial assets	Effective from accounting period beginning on or after January 01, 2014
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
IFRIC 21 - Levies	Effective from accounting period beginning on or after January 01, 2014

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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 Group's financial statements other than certain additional disclosures.

Amendments to IAS 16 and IAS 38 Clarification of acceptable methods of depreciation and amortization	Effective from accounting period beginning on or after January 01, 2016
Amendments to IAS 16 and IAS 41 Agriculture: Bearer plants	Effective from accounting period beginning on or after January 01, 2016
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.
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	Effective from accounting period beginning on or after January 01, 2015
IFRS 10 – Consolidated Financial Statements	Effective from accounting period beginning on or after January 01, 2015. Earlier adoption is encouraged.
IFRS 11 – Joint Arrangements	Effective from accounting period beginning on or after January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	Effective from accounting period beginning on or after January 01, 2015
IFRS 13 – Fair Value Measurement	Effective from accounting period beginning on or after January 01, 2015

Certain annual improvements have also been made to a number of IFRSs.

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 9 and 34)
- Provision for staff retirement benefits (Note 9.2-9.4)
- Depreciation rates of property, plant and equipment (Note 14.1)
- Classification of investment (Note 16)
- Net realizable value of stock-in-trade (Note 19)
- Provision for impairment of trade debts and other receivables (Note 20.4)
- Provision for slow moving stores and spares (Note 18.2)

## 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## Deferred

Deferred income tax is recognized 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 recognized immediately in profit and loss account and actuarial gains and losses are recognized 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 recognized immediately in profit and loss account and actuarial gains and losses are recognized 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 2015, 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

Indus Dyeing & Manufacturing Company Limited and Indus Lyallpur Limited provide 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 14.1.

An item of property and equipment is derecognized 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 recognized in the profit and loss account in the year the asset is derecognized.



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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 recognized 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 Intangible assets

Intangible assets are recognized at cost less accumulated amortization and accumulated impairment loss if any.

## 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 discounted 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 the financial 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 amortization, if no impairment loss had been recognized.

## 4.6 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.

## 4.7 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined by 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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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.

## 4.8 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 recognized 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 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 recognized 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 recognized at fair value and transaction costs are recognized 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-recognized 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/ 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 recognized in profit and loss account in the period in which they are incurred.



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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 recognized 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 recognized 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 recognized 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 derecognized 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.

## 0.01 Dividend distribution

Dividend distribution to the Group's shareholders is recognized 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.

## 4.19 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 5. BUSINESS COMBINATION

During the year the Holding Company acquired the entire shareholding Indus Wind Energy Limited comprising 25,000 ordinary shares of Rs. 10 each representing 100% of total issued share capital of Indus Wind Energy Limited at aggregate purchase consideration of Rs.250,000. At the time of acquisition the Subsidiary Company did not have any assets except for bank balances representing investment made by the Holding Company. As a result, no fair values were determined and the acquisition did not result in goodwill or bargain purchase gain.

## 6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2015	2014		Note	2015	2014
No. of shares	No. of shares			Rupees in '000	Rupees in '000
9,637,116	9,637,116	Ordinary shares of Rs.10/- each fully paid in cash		96,371	96,371
5,282,097	5,282,097	Other than cash:			
3,154,519	3,154,519	Issued to the shareholders of YTML	6.1	52,821	52,821
		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	2015	2014
		Rupees in '000	Rupees in '000
<b>7. RESERVES</b>			
<b>Capital</b>			
Share premium	7.1	10,920	10,920
Merger reserve	7.2	11,512	11,512
Exchange translation reserve	7.3	243	(32)
		22,675	22,400
<b>Revenue</b>			
General reserve		5,000,000	5,000,000
		5,022,675	5,022,400

- 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).
- 7.3 This represents exchange translation reserve on translation of foreign subsidiary Indus Home USA Inc. (subsidiary of Indus Home Limited)

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>8. LONG-TERM FINANCING</b>			
<b>Secured</b>			
From banking companies	8.1 & 8.2	<b>2,280,653</b>	2,902,774
Less: Payable within one year		<b>(703,466)</b>	(740,765)
		<b>1,577,187</b>	2,162,009

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

Type and nature of loan	2015			
	Amount outstanding	Sanctioned amount	Mark up rate per annum	Terms of repayments
	Rupees in '000			
Long-term financing	108,285	191,454	5.50% to 11.10%	Half yearly and quarterly
Term finances	1,790,898	2,981,988	3 month KIBOR + 0.5% to 1.5%	Quarterly
Long term financing - Export oriented projects	380,859	2,603,000	6% to 12.6%	Half yearly and quarterly
Musharikah agreement	611	2,446	3 month KIBOR + 0.75% to 1%	Quarterly
	<b>2,280,653</b>	<b>5,778,888</b>		

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	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
	<b>2,902,774</b>	<b>7,039,000</b>		

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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>9. DEFERRED LIABILITIES</b>			
Deferred taxation	9.1	767	1,461
Staff retirement gratuity:			
- the Holding Company	9.2	167,128	140,757
- Indus Lyallpur Limited	9.3	14,394	10,307
- Indus Home Limited	9.4	84,376	80,642
		<b>266,665</b>	<b>233,167</b>

## 9.1 Deferred taxation

### 9.1.1 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 recognized by the Company in respect of assets and liabilities pertaining to income under Final Tax Regime.

### 9.1.2 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 difference and remaining net deferred tax assets of Rs. 124.501 million (2014: Rs. 149.647 million) has not been recognized in these financial statements. The taxable temporary differences include temporary differences arising on fair value adjustments at the time of acquisition.

### 9.1.3 Indus Home Limited - the Subsidiary Company

The deferred tax liability recognized 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 company 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.

## 9.2 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 latest valuation was conducted on June 30, 2015 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these consolidated financial statements are as follows:

Significant actuarial assumptions	2015	2014
Discount rate	9.50%	13.25%
Expected rate of increase in salary level	8.50%	12.25%
Average expected remaining working life of employees	8 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	2015	2014
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>167,128</b>	<b>140,757</b>
<b>Movement in net defined liability</b>		
Balance at the beginning of the year	140,757	112,239
Recognized in profit and loss account		
Current service cost	38,824	37,602
Interest cost	16,741	10,327
	55,565	47,929
Recognized in other comprehensive income	(371)	8,370
Actuarial (gain) / loss on remeasurement of obligation		
Benefits paid	(28,823)	(27,781)
<b>Present value of defined benefit obligation as at June 30</b>	<b>167,128</b>	<b>140,757</b>
<b>Actuarial gains and losses</b>		
Actuarial (gain) / loss due to experience adjustments	(371)	8,370
	(371)	8,370

## 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%	(17,750)	21,243
Salary growth rate	1%	21,243	(18,051)

## 9.3 Staff retirement gratuity - Indus Lyallpur Limited

### Significant actuarial assumptions

	2015	2014
Discount rate	9.5%	12%
Expected rate of increase in salary level	8.5%	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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	2015	2014
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>14,394</b>	<b>10,307</b>
<b>Movement in net defined liability</b>		
Balance at the beginning of the year	10,307	5,997
Recognized in profit and loss account		
Current service cost	6,403	5,613
Interest cost	983	720
	7,386	6,333
Recognized in other comprehensive income		
Actuarial loss / (gain) on remeasurement of obligation	937	(200)
Benefits paid	(4,236)	(1,823)
<b>Present value of defined benefit obligation as at June 30</b>	<b>14,394</b>	<b>10,307</b>
<b>Actuarial gains and losses</b>		
Actuarial loss / (gain) due to experience adjustments	937	(200)
	937	(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:

	Change in assumptions	Impact on defined benefit obligation	
		Increase	Decrease
		----- (Rupees in '000) -----	
Discount rate	1%	(2,043)	1,646
Salary growth rate	1%	1,646	(1,673)

## 9.4 Staff retirement gratuity - Indus Home Limited

Significant actuarial assumptions	2015	2014
Discount rate	9.75%	13.25%
Expected rate of increase in salary level	8.75%	12.25%
Average expected remaining working life of employees	7 years	7 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.

	2015	2014
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>84,376</b>	<b>80,642</b>
<b>Movement in net defined liability</b>		
Balance at the beginning of the year	80,642	65,103
Recognized in profit and loss account		
Current service cost	25,296	21,599
Interest cost	8,661	6,075
	33,957	27,674
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	328	7,609
Benefits paid	(30,551)	(19,744)
<b>Present value of defined benefit obligation as at June 30</b>	<b>84,376</b>	<b>80,642</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

2015 2014  
Rupees in '000

## Actuarial gains and losses

Actuarial loss due to experience adjustments

328	7,609
<b>328</b>	<b>7,609</b>

## 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:

	Change in assumptions	Impact on defined benefit obligation	
		Increase	Decrease
		----- (Rupees in '000) -----	
Discount rate	1%	(5,587)	6,510
Salary growth rate	1%	6,789	(5,941)

Note 2015 2014  
Rupees in '000

## 10. TRADE AND OTHER PAYABLES

Creditors	209,157	557,390
Accrued liabilities	932,025	277,289
Foreign bills payable	1,896	67,227
Infrastructure cess	164,832	190,609
Workers' Profit Participation Fund	7,528	62,273
Advance from customers	33,732	23,682
Due to directors and their spouses	14,127	5,385
Unclaimed dividend / dividend payable	27,481	27,217
Withholding tax payable	3,962	2,781
Others	87,336	137,051
	<b>1,482,076</b>	<b>1,350,904</b>

### 10.1 Workers' Profit Participation Fund

Balance at beginning of the year	62,273	133,317
Allocation for the year	30,324	62,273
Interest charged during the year on the funds utilized by the Group	2,664	5,329
	<b>95,261</b>	<b>200,919</b>
Payments made during the year	(87,733)	(138,646)
Balance at end of the year	<b>7,528</b>	<b>62,273</b>

## 11. INTEREST / MARK-UP PAYABLE

On secured loans from banking companies

- Long-term financing	29,634	84,304
- Short-term borrowings	40,432	40,656
	<b>70,066</b>	<b>124,960</b>



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>12. SHORT-TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
Running finance / cash finance arrangements	12.1	2,243,975	675,182
Finance against import / export	12.2	2,374,174	4,335,864
	12.3	<u>4,618,149</u>	<u>5,011,046</u>

**12.1** These carry mark-up ranging from 1 month Kibor + 0.10% to 3 month Kibor + 1.25% and 6 month Kibor -0.2% (2014: 3 month KIBOR + 0.15% to 1 month KIBOR + 2.00%). These are secured against charge over current assets of the Group.

**12.2** These carry mark-up ranging from 1 month LIBOR + 1% to 3 % (2014: 1 month LIBOR + 0.4% to 1 month LIBOR + 2.5%) on foreign currency borrowing amounts. These arrangements are secured against charge over current assets of the Group and lien on import and export documents.

**12.3** The Group has aggregate short-term borrowing facilities amounting to Rs. 16,433 million (2014: Rs. 14,848 million) from various commercial banks. These are secured against current assets with upto 25% margin.

		2015 Rupees in '000	2014 Rupees in '000
<b>13. CONTINGENCIES AND COMMITMENTS</b>			
<b>13.1 Contingencies</b>			
<b>13.1.1</b> 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.		<u>453</u>	<u>453</u>
<b>13.1.2</b> Guarantees issued by banks on behalf of the Group		<u>44,010</u>	<u>49,820</u>
<b>13.1.3</b> Guarantees issued by banks in favor of gas distribution companies		<u>37,586</u>	<u>114,227</u>
<b>13.1.4</b> Bank guarantees against payment of infrastructure cess		<u>155,042</u>	<u>144,695</u>
<b>13.1.5</b> Bank guarantees in favor of Collector of Customs		<u>7,950</u>	<u>-</u>
<b>13.2 Commitments</b>			
Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases		<u>1,084,734</u>	<u>753,013</u>
Civil work contracts		<u>21,980</u>	<u>70,000</u>
Bills discounted		<u>159,624</u>	<u>10,810</u>
Excise and Taxation department - Government of Sindh		<u>13,654</u>	<u>13,654</u>
Foreign currency forward contracts		<u>510,680</u>	<u>803,586</u>

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>14. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets	14.1	10,961,352	10,812,951
Capital work-in-progress	14.3	122,786	103,388
		<u>11,084,138</u>	<u>10,916,339</u>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 14.1 Operating fixed assets

Particulars	2015							Dep. Rate
	Cost at July 1, 2014	Additions/ (disposal) during the year	Cost at June 30, 2015	Accumulated depreciation at July 1, 2014	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2015	Carrying value at June 30, 2015	
	Rupees in '000'							%
<b>Owned</b>								
Freehold land	220,701	-	220,701	-	-	-	220,701	-
Leasehold land	51,035	-	51,035	-	-	-	51,035	-
Factory buildings	2,035,503	117,171	2,152,674	393,438	128,929	522,367	1,630,307	5-10
Non-factory buildings	118,608	58,998	177,606	75,951	9,584	85,535	92,071	10
Office building	110,316	-	110,316	6,226	5,205	11,431	98,885	5-10
Plant and machinery	11,040,356	944,473 (37,271) 19,573 *	11,967,131	3,302,895	799,797 (24,071) 7,996 *	4,086,617	7,880,514	10
Electric installations	210,986	1,008	211,994	73,859	13,825	87,684	124,310	10
Power generators	775,524	39,429 (6,808) (19,573) *	788,572	224,686	55,450 (5,971) (7,996) *	266,169	522,403	10
Factory equipment	144,251	21,636	165,887	8,636	14,052	22,688	143,199	10
Office equipment	35,904	1,834 (1,471)	36,267	2,944	6,261 (1,213)	7,992	28,275	10-30
Furniture and fixtures	37,015	3,137	40,152	8,923	2,946	11,869	28,283	10
Vehicles	208,231	45,146 (13,321)	240,056	77,921	30,180 (9,414)	98,687	141,369	20
<b>June 30, 2015</b>	<b>14,988,430</b>	<b>1,232,832 (58,871) (19,573) *</b>	<b>16,162,391</b>	<b>4,175,479</b>	<b>1,066,229 (40,669) (7,996) *</b>	<b>5,201,039</b>	<b>10,961,352</b>	

\* This represents reclassification of assets within property, plant & equipment made during the year for the purpose of better presentation.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## Operating fixed assets

Annual Report

2014

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
	Rupees in '000'							%
	< ----->							
<b>Owned</b>								
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	5-10
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	5-10
Plant and machinery	6,696,906	4,489,152 (146,702)	11,040,356	2,760,863	628,358 (86,326)	3,302,895	7,737,461	10
Electric installations	116,625	94,361	210,986	65,505	8,354	73,859	137,127	10
Power generators	373,994	381,957 19,573 *	775,524	179,685	37,005 7,996 *	224,686	550,838	10
Factory equipment	2,500	141,783 (32)	144,251	272	8,380 (16)	8,636	135,615	10
Office equipment	2,240	34,998 (1,334)	35,904	86	3,935 (1,077)	2,944	32,960	10-30
Furniture and fixtures	17,940	19,111 (36)	37,015	6,672	2,270 (19)	8,923	28,092	10
Vehicles	179,399	37,299 (8,467)	208,231	54,419	29,721 (6,219)	77,921	130,310	20
	8,819,294	6,305,134 (155,571)	14,988,430	3,459,367	801,773 (93,657)	4,175,479	10,812,951	
<b>Leased</b>								
Power generator	19,573	- * (19,573)	-	7,800	196 (7,996)	-	-	10
	8,838,867	6,305,134 (155,571)	14,988,430	3,467,167	801,969 (93,657)	4,175,479	10,812,951	

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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 -----Rupees in '000'-----	2014
<b>14.1.1 Allocation of depreciation</b>			
Manufacturing expense	28.2	1,021,408	762,428
Administrative expense	31	44,821	39,345
		<b>1,066,229</b>	<b>801,773</b>

## 14.2 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	285	(267)	18	25	7	M/s Muhammad Ikram	Negotiation
2 Plant and machinery	3,552	(3,028)	524	550	26	M/s Muhammad Kamran	Negotiation
3 Plant and machinery	985	(972)	13	40	27	M/s Abdul Sattar	Negotiation
4 Plant and machinery	4,815	(4,003)	812	847	35	M/s Sohail Sheikhha	Negotiation
5 Plant and machinery	3,052	(2,712)	340	345	5	M/s Muhammad Shafiq	Negotiation
6 Plant and machinery	5,199	(3,090)	2,109	31	(2,078)	Mr. Razzak (Scrap)	Negotiation
7 Plant and machinery	19,202	(9,999)	9,203	2,400	(6,803)	Mehmood & Sons	Negotiation
8 Vehicle	1,189	(1,079)	90	115	25	Mrs. Rehman Attaullah	Negotiation
9 Vehicle	1,239	(930)	309	375	66	Ghulam Murtaza (employee)	Company policy
10 Vehicle	50	(18)	32	18	(14)	Noman (employee)	Company policy
11 Vehicle	1,725	(1,392)	333	400	67	Anjum Mushtaq	Negotiation
12 Vehicle	834	(592)	242	200	(42)	Abideen Rizvi (employee)	Company Policy
13 Vehicle	42	(19)	23	23	-	Masood Rizvi (employee)	Company Policy
14 Vehicle	51	(26)	25	29	4	Nabeel Traders	Negotiation
15 Vehicle	515	(325)	191	280	89	Sheikh Muzammil (employee)	Company Policy
16 Vehicle	874	(489)	185	170	(15)	Malik Abdul Momin (employee)	Company Policy
17 Vehicle	44	(2)	42	42	-	Adamjee Insurance Company	Insurance Claim
18 Vehicle	995	(769)	226	300	74	Arif A. Majeed (employee)	Company Policy
19 Vehicle	44	(18)	26	17	(9)	Muhammad Ashraf (employee)	Negotiation
20 Vehicle	2,023	(944)	1,079	1,300	221	Sajjad Ahmed Shakir	Negotiation
21 Vehicle	612	(494)	118	120	2	Iqrash Awan	Company Policy
22 Vehicle	52	(24)	28	23	(5)	Javed Patni (employee)	Company Policy
23 Vehicle	1,063	(862)	201	450	249	Mr. M Shamrez	Auction
24 Vehicle	658	(497)	161	625	464	M. Ansar Khan	Auction
25 Vehicle	1,372	(817)	554	1,195	641	Khuram Motors	Auction
26 Vehicle	73	(57)	17	35	18	M. Razzaq	Auction
27 Vehicle	86	(60)	25	38	13	M. Kashif	Auction
28 Power generator	6,808	(5,971)	837	1,000	163	M/s Sohail Sheikhha	Negotiation
29 Computers	240	(188)	52	13	(39)	Ijaz Computers	Negotiation
30 Other (Asset having individual cost less than 50,000)	1,411	(1,025)	386	88	(298)	Various	Negotiation
<b>2015</b>	<b>58,871</b>	<b>(40,669)</b>	<b>18,201</b>	<b>11,094</b>	<b>(7,107)</b>		
<b>2014</b>	<b>155,571</b>	<b>(93,657)</b>	<b>61,914</b>	<b>58,055</b>	<b>(3,859)</b>		

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>14.3 Capital work-in-progress</b>			
Civil work		50,067	57,516
Plant and machinery		39,712	7,523
Vehicles		6,667	8,479
Advance against implementation of ERP		26,340	29,870
	14.3.1	<b>122,786</b>	103,388

## 14.3.1 Capital work-in-progress

	Civil work	Plant and machinery	Vehicles	Advance against implementation of ERP	Total
	(Rupees '000)				
<b>As at June 30, 2013</b>	53,891	25,395	4,454	15,219	98,959
Additions during the year	370,397	305,625	13,344	14,651	704,017
Transferred to operating fixed assets	(366,772)	(323,497)	(9,319)	-	(699,588)
<b>As at June 30, 2014</b>	57,516	7,523	8,479	29,870	103,388
Additions during the year	50,143	387,700	15,550	14,188	467,581
Transferred to operating fixed assets	(57,592)	(355,511)	(17,362)	(17,718)	(448,183)
<b>As at June 30, 2015</b>	<b>50,067</b>	<b>39,712</b>	<b>6,667</b>	<b>26,340</b>	<b>122,786</b>

	2015 Rupees in '000	2014 Rupees in '000
<b>15. INTANGIBLE ASSETS</b>		
Balance at the beginning of the year	-	-
Additions during the year	7,354	-
Amortization charge for the year	(735)	-
Balance at the end of the year	<b>6,619</b>	-
Rate of amortization (%)	<b>30</b>	-

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>16. LONG-TERM INVESTMENT</b>			
Investment in associate	16.1	21,278	24,198
		<b>21,278</b>	24,198

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	2015	2014
	Rupees in '000	
<b>16.1 Investment in associate</b>		
<b>- Sunrays Textile Mills Limited</b>		
Cost	1,716	1,716
Share of post acquisition profits		
Opening	22,482	20,465
Dividend received	(1,366)	(1,025)
Share of surplus on property, plant and equipment on account of incremental depreciation - net of deferred tax	-	246
Share of profit from associate for the year	1,056	2,796
Accounting policy adjustment	(2,610)	-
	19,562	22,482
	21,278	24,198
Number of shares held	68,654	68,654
Ownership interest	0.99%	0.99%
Market value (Rupees in '000)	15,518	16,651
Cost of investment (Rupees in '000)	1,716	1,716

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

**16.1.2** Summarized financial highlights as at and for the year ended June 30 are as follows:

	Note	2015	2014
		Rupees in '000	
Total assets		2,835,665	3,572,356
Total liabilities		458,558	1,164,054
Revenue		4,094,937	4,731,619
Profit for the year		74,268	282,460
<b>17. LONG-TERM DEPOSITS</b>			
Electricity		11,118	11,118
Others		4,220	4,220
		15,338	15,338
<b>18. STORES, SPARES AND LOOSE TOOLS</b>			
Stores, spares and loose tools	18.1	650,939	616,408
Less: provision for slow moving and obsolete stock	18.2	(35,414)	(29,655)
		615,525	586,753

**18.1** It include stores and spares in transit amounting to Rs. 133.95 million (2014: Rs. 64.43 million).

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>18.2 Movement in provision for slow moving &amp; obsolete stock</b>			
Opening balance		29,655	41,451
Provision for the year		5,759	2,032
Reversal for the year		-	(13,828)
Closing Balance		35,414	29,655
<b>19. STOCK-IN-TRADE</b>			
Raw material			
- in hand	19.1	2,986,009	3,603,313
- in transit		589,721	163,490
		3,575,730	3,766,803
Work-in-process		696,608	789,693
Finished goods	19.1	955,915	1,020,058
Packing material		47,641	47,512
Waste		37,538	88,697
		5,313,432	5,712,763
<b>19.1</b>	The stock of raw material in hand and finished goods have been written down to their net realisable values by Rs. 205.24 million (2014: Nil) and Rs. 36.83 million (2014: Nil) respectively.		
<b>20. TRADE DEBTS</b>			
<b>Considered good</b>			
<b>Secured</b>			
Foreign debtors		809,027	1,335,957
Local debtors		90,327	16,453
	20.1	899,354	1,352,410
<b>Unsecured</b>			
Foreign debtors		34,099	105,440
Local debtors		419,428	496,544
		1,352,881	1,954,394
Considered doubtful		-	5,230
		1,352,881	1,959,624
Less: provision for doubtful debts	20.2	-	(5,230)
	20.3	1,352,881	1,954,394
<b>20.1</b>	These are secured against letters of credit in favour of the Group.		
<b>20.2 Movement of provision</b>			
Opening balance		5,230	8,393
Charge for the year		-	-
Reversal		(5,230)	(3,163)
Closing balance		-	5,230
<b>20.3</b>	Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of credit costumers.		



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014 Rupees in '000
<b>20.4</b>	<b>Aging of debtors</b>		
	From 1 to 30 days	1,222,814	1,595,645
	From 30 to 90 days	73,528	157,971
	From 90 to 180 days	35,253	205,950
	From 180 to 360 days	20,543	58
	More than 360 days	743	-
<b>21.</b>	<b>LOANS AND ADVANCES</b>		
	<b>Considered good</b>		
	Loans to staff	17,573	14,908
	Advance income tax - net	21.1 254,300	218,211
	Advances to:		
	- Suppliers	14,963	40,827
	- Others	15,985	11,691
		30,948	52,518
		302,821	285,637
<b>21.1</b>	<b>Advance income tax - net</b>		
	Advance income tax	417,054	258,001
	Less: Provision for taxation	(148,509)	-
	Less: Workers' Welfare Fund	21.1.1 (14,245)	(39,790)
		254,300	218,211
<b>21.1.1</b>	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.159.73 million for the years from 2010 to 2015, although management based on advice of the legal advisor is confident that the ultimate decision would be in favor of the Group.		
		2015 Rupees in '000	2014 Rupees in '000
<b>22.</b>	<b>TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>		
	<b>Considered good</b>		
	Security deposits	1,577	683
	Prepayments	8,750	4,103
		10,327	4,786
<b>23.</b>	<b>OTHER RECEIVABLES</b>		
	<b>Considered good</b>		
	Cotton claims	7,259	14,233
	Rebate refundable	74,087	58,945
	Others	14,254	20,524
		95,600	93,702

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

		Note	2015 Rupees in '000	2014	
24.	OTHER FINANCIAL ASSETS				
At fair value through profit and loss - held for trading					
Investment in ordinary shares of listed companies		24.1	20,189	18,536	
Investment in units of mutual funds		24.1	147,755	126,027	
Derivative financial asset			1,649	19,660	
			169,593	164,223	
24.1	Market value of other financial assets				
	2015 Number of shares / units	2014	2015 Rupees in '000	2014	
Investment in ordinary shares of listed companies					
	30,000	30,000	Fauji Fertilizer Company Limited	4,483	3,367
	11,088	11,088	Pakistan State Oil Company Limited	4,278	4,312
	60,500	60,500	United Bank Limited	10,341	10,198
	100,000	100,000	Pakistan International Airlines Corporation Limited	1,087	659
			20,189	18,536	
Investment in units of mutual funds					
	1,996	1,884	HBL Money Market Fund	202	189
	236	236	Meezan Sovereign Fund	12	12
	10,394,967	8,533	NAFA Government Security Liquid Fund	105,429	86
	-	1,247,392	Askari Sovereign Cash Fund	-	125,436
	413,576	-	Faysal Asset Management	41,788	-
	3,220	3,029	UBL Liquidity Plus Fund	324	304
			147,755	126,027	
25.	TAX REFUNDABLE				
Sales tax refundable			171,901	208,807	
Income tax refundable			135,656	219,296	
Others			1,160	1,160	
			308,717	429,263	
26.	CASH AND BANK BALANCES				
With banks					
- in deposit accounts		26.1	10,591	-	
- in current accounts			78,205	78,531	
			88,796	78,531	
Cash in hand			6,755	6,109	
			95,551	84,640	
26.1	The rate of profit on bank deposits ranges from 4% to 7% per annum (2014: 4% to 7%).				

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>27. SALES - net</b>			
Export sales	27.1 & 27.2	<b>22,585,558</b>	20,247,300
Less: Commission		<b>(197,183)</b>	(207,563)
		<b>22,388,375</b>	20,039,737
Local sales			
Yarn		<b>3,980,537</b>	3,848,431
Waste		<b>365,956</b>	360,442
		<b>4,346,493</b>	4,208,873
Less:			
Sales tax @ 2% on local sales		<b>120,004</b>	154,680
Brokerage		<b>54,797</b>	59,505
		<b>(174,801)</b>	(214,185)
		<b>26,560,067</b>	24,034,425

**27.1** It includes exchange loss of Rs. 20.5 million (2014: exchange loss of Rs. 19.6 million) and indirect export of Rs. 1,446 million (2014: Rs. 3,432 million).

**27.2** It includes indirect exports to related undertakings of Rs. 672 million (2014: Rs. 373 million).

	Note	2015 Rupees in '000	2014
<b>28. COST OF GOODS SOLD</b>			
Raw material consumed	28.1	<b>16,410,411</b>	17,236,468
Manufacturing expenses	28.2	<b>6,669,861</b>	5,259,729
Outside purchases - yarn		<b>1,087,352</b>	413,416
		<b>24,167,624</b>	22,909,613
Work in process			-
- Opening		<b>789,693</b>	234,495
- Closing		<b>(696,608)</b>	(789,693)
		<b>93,085</b>	(555,198)
Cost of goods manufactured		<b>24,260,709</b>	22,354,415
Finished goods			
- Opening		<b>1,108,755</b>	300,818
- Closing		<b>(993,453)</b>	(1,108,755)
		<b>115,302</b>	(807,937)
		<b>24,376,011</b>	21,546,478

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>28.1 Raw material consumed</b>			
Opening stock		3,603,313	3,316,147
Purchases		16,254,928	17,710,416
		<b>19,858,241</b>	21,026,563
Cost of raw cotton sold		(461,820)	(186,782)
Closing stock		(2,986,010)	(3,603,313)
		<b>16,410,411</b>	17,236,468
<b>28.2 Manufacturing expenses</b>			
Salaries, wages and benefits	28.2.1	1,608,188	1,192,385
Fuel, water and power		2,384,326	1,933,356
Packing material consumed		572,297	456,125
Stores and spares consumed		887,598	747,610
Repairs and maintenance		60,122	57,171
Insurance		67,107	53,882
Rent, rates and taxes		2,577	2,538
Depreciation on operating fixed assets	14.1.1	1,021,408	762,428
Other		66,238	54,234
		<b>6,669,861</b>	5,259,729

**28.2.1** It includes staff retirement benefits Rs. 81.556 million (2014: Rs. 65.831 million).

	Note	2015 Rupees in '000	2014
<b>29. OTHER INCOME</b>			
Gross profit on trading of raw cotton	32.1	-	4,498
Other income	29.1	103,697	217,834
		<b>103,697</b>	222,332
<b>29.1 Other income</b>			
<b>Income from non-financial assets:</b>			
Scrap sale		7,507	7,017
Reversal of provision for obsolescence		-	13,829
Gain on disposal of operating fixed assets		-	1,196
Reversal of provision for infrastructure cess		47,759	-
<b>Income from financial assets:</b>			
Unrealised gain on other financial assets		3,816	26,374
Dividend income		2,648	1,151
Profit on fixed deposits		1,145	1,715
Realised gain on revaluation of foreign currency loans		36,603	-
Unrealised gain on revaluation of foreign currency loans		4,219	166,552
		<b>103,697</b>	217,834

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015	2014
		Rupees in '000	
<b>30. DISTRIBUTION COST</b>			
<b>Export</b>			
Ocean freight		299,061	164,106
Export development surcharge		43,153	35,291
Other export charges		209,625	236,778
		<b>551,839</b>	<b>436,175</b>
Local freight		75,278	80,502
Salaries and wages	30.1	38,961	19,580
Commission		30,619	30,006
Travelling and conveyance		4,896	6,456
Telephone and postage		8,407	5,195
Insurance		15,074	14,888
Other		44,813	13,531
		<b>769,887</b>	<b>606,333</b>
<b>30.1</b>	It includes staff retirement benefits Rs. 2.214 million (2014: Rs. 1.707 million).		
<b>31. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	31.1	131,360	88,285
Director's remuneration		51,577	51,839
Meeting fees		250	234
Repairs and maintenance		6,970	4,270
Postage and telephone		11,190	9,464
Traveling and conveyance		13,628	14,526
Vehicles running		9,432	9,369
Printing and stationery		6,851	6,142
Rent, rates and taxes		16,401	13,325
Utilities		13,642	12,995
Entertainment		3,058	3,716
Fees and subscription		9,116	11,125
Insurance		7,205	7,858
Legal and professional		6,819	6,727
Charity and donations	31.2	2,346	2,993
Auditors' remuneration	31.3	3,006	2,830
Depreciation on operating fixed assets	14.1.1	44,821	39,345
Advertisement		242	1,417
Bad debts written off		1,216	-
Others		16,584	14,797
		<b>355,714</b>	<b>301,257</b>
<b>31.1</b>	It includes staff retirement benefits Rs. 13.138 million (2014: Rs. 14.398 million).		
<b>31.2</b>	None of the directors and their spouses have any interest in the donees fund.		

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>31.3 Auditors' remuneration</b>			
<b>Ernst &amp; Young Ford Rhodes Sidat Hyder</b>			
Audit fee		900	450
Out of pocket expenses		105	119
		<b>1,005</b>	569
<b>Deloitte Yousuf Adil</b>			
Audit fee		1,600	1,600
Half year limited review fee		300	300
Fee for certifications and other		20	280
Out of pocket expenses		81	81
		<b>2,001</b>	2,261
		<b>3,006</b>	2,830
<b>32. OTHER OPERATING EXPENSES</b>			
Workers' Profit Participation Fund		30,324	62,273
Workers' Welfare Fund		18,070	26,800
Loss on disposal of fixed assets		4,619	5,100
Exchange loss on foreign currency transactions		53,217	-
Loss from trading of raw cotton	32.1	44,991	-
Unrealised loss on derivative financial instrument		759	11,267
		<b>151,980</b>	105,440
<b>32.1 Loss on trading of raw cotton</b>			
Sales			
- Local		416,981	191,280
Less: Cost of goods sold			
- Local		(461,972)	(186,782)
		<b>(44,991)</b>	4,498
<b>33. FINANCE COST</b>			
Mark-up on:			
- long-term finance		260,009	249,698
- liabilities against assets subject to finance lease		-	32
- short-term borrowings		222,392	230,181
Discounting charges on letters of credit		18,789	11,502
Interest on Workers' Profit Participation Fund		2,664	5,233
Bank charges and commission		32,546	23,431
		<b>536,400</b>	520,077

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

2015  
Rupees in '000

## 34. TAXATION

Current	186,218	25,337
Prior	(10,583)	(157,014)
Deferred	(694)	1,461
	<u>174,941</u>	<u>(130,216)</u>

## 34.1 Reconciliation between accounting profit and taxable income

Accounting profit before tax	474,828	1,866,427
Tax rate %	33%	34%
Tax on accounting profit	<u>156,693</u>	<u>634,585</u>
Effect of:		
Income chargeable to tax at reduced rates	275,697	475,850
Prior year charge	(10,583)	(157,014)
Income that is not taxable in determining tax liability	(348)	(234,347)
Tax impact of tax credit	(89,825)	(214,705)
Tax charge for the year as per accounts	<u>174,941</u>	<u>(130,216)</u>

## 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:

		2015	2014
Profit for the year	Rupees in '000	<u>299,887</u>	<u>1,996,643</u>
Weighted average number of ordinary shares outstanding during the year	No. of shares	<u>18,073,732</u>	<u>18,073,732</u>
Earnings per share - Basic and diluted (Rupees)	Rupees	<u>16.59</u>	<u>110.47</u>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2015 Rupees in '000	2014
<b>36. CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		<b>474,828</b>	1,866,427
Adjustments for:			
Depreciation	14.1.1	<b>1,066,229</b>	801,773
Provision for gratuity	9.2 - 9.4	<b>96,908</b>	81,936
Reversal of provision for doubtful debts	20	<b>(5,230)</b>	(3,163)
Unrealised (gain) / loss on other financial assets	29.1	<b>(3,816)</b>	(26,374)
Unrealised gain on revaluation of foreign currency loan		<b>(4,219)</b>	(166,552)
Unrealised loss on derivative financial instrument	32	<b>759</b>	11,267
Loss / (Gain) on disposal of operating fixed assets		<b>4,619</b>	(1,196)
Gain from bargain purchase		-	(338,928)
Gain on remeasurement of previously held interest in IHL		-	(389,056)
Dividend income		<b>(2,648)</b>	(1,151)
Share of profit from associate	16.1	<b>(1,056)</b>	(2,796)
Share of loss from joint venture		-	41,525
Finance cost	33	<b>536,400</b>	520,077
Cash generated before working capital changes		<b>2,162,774</b>	2,393,789
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		<b>(28,772)</b>	(115,161)
Stock-in-trade		<b>399,331</b>	(826,147)
Trade debts		<b>606,743</b>	(773,645)
Loans and advances		<b>140,688</b>	(215,056)
Trade deposits and short term prepayments		<b>(5,541)</b>	2,998
Other receivables		<b>(1,898)</b>	152,112
		<b>1,110,551</b>	(1,774,899)
Increase in current liability			
Trade and other payables		<b>130,908</b>	202,353
Cash generated from operations		<b>3,404,233</b>	821,243
<b>37. CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	26	<b>95,551</b>	84,640
Short-term borrowings	12	<b>(4,618,149)</b>	(5,011,046)
		<b>(4,522,598)</b>	(4,926,406)



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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:

Particulars	2015				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
Remuneration including benefits	17,372	34,205	-	129,222	180,799
Medical	-	-	-	3,024	3,024
Utilities	592	2,506	-	5,365	8,463
Travelling	574	-	-	4,143	4,717
Vehicle running	264	-	-	2,377	2,641
Retirement benefits	-	-	-	14,071	14,071
Bonus and others	-	-	-	5,654	5,654
Entertainment	5	-	-	-	5
Meeting fee	20	70	70	-	160
Total	18,827	36,781	70	163,856	219,534
Number of persons	2	4	6	116	128

Particulars	2014				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
		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 fees	40	120	74	-	234
Total	29,540	25,424	12,674	164,804	232,442
Number of persons	2	6	5	75	88

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

## 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. 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 9. Other significant transactions with related parties are as follows:

Relationship	Nature of transaction	2015	2014
		Rupees in '000	
Associate	Sale of yarn	85	753,766
	Purchase of yarn	158,897	12,871
	Godown Rent	-	476
	Expenses adjusted / reimbursed	5	5
	Processing charges	-	7,255
	Quality claims	-	5,501
Directors and spouses	Amount paid	307,042	155,377
	Amount received	321,170	151,263
<b>Balances with related parties:</b>			
Associate - payable		7,834	3,307
Associate - receivable		845	-
Directors and their spouses - payable		14,127	-
Directors and their spouses - receivable		-	5,376

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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:

	2015	2014
	Rupees in '000	
Long-term deposits	15,338	15,338
Trade debts	1,352,881	1,954,394
Loans to staff	17,573	14,908
Trade deposits	1,577	683
Other receivables	95,600	93,702
Bank balances	88,796	78,531
	<b>1,571,765</b>	<b>2,157,556</b>

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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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+
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	P1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A+	A1
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Industrial and Commercial Bank of China	Moody's	A1	P1
J.S. Bank Limited	PACRA	A+	A1+
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 Cash Flows	Less than 1 month	1 to 3 months	3 months - 1 year	1 - 5 years
----- Rupees in '000' -----					
<b>June 30, 2015</b>					
Trade and other payables	1,272,022	1,272,022	1,272,022	-	-
Long-term financing	2,280,653	2,300,172	11,592	225,126	387,311
Short-term borrowings	4,618,149	4,698,925	1,125,150	2,183,581	1,390,194
Interest / mark-up payable	70,066	70,073	56,508	222	13,343
	8,240,890	8,341,192	2,465,272	2,408,929	1,790,848
					1,676,143
<b>June 30, 2014</b>					
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
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	-
	9,110,339	9,642,783	2,919,005	3,134,373	1,108,389
					2,481,016

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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

- 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:

	2015	2014
	Rupees in '000	
6 months or less		
- Short-term borrowings	4,618,149	5,011,046
- Long-term loans	2,172,368	2,880,390

## 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	
	2015	2014
	Rupees in '000	
<b>Fixed rate instruments</b>		
Financial assets	11,205	-
Financial liabilities	788,414	975,137
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR based	4,035,484	3,495,787
- LIBOR based	1,167,309	3,442,896

### 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, 2015 would decrease / increase by Rs. 24.214 million (2014: Rs. 29.808 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

	2015		2014	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	843,126	8,307	1,296,776	13,156
Foreign currency loans	2,374,174	23,391	3,442,896	34,928
	3,217,300	31,698	4,739,672	48,084

	2015	2014
	Rupees	
Average rate	101.62	102.89
Balance sheet date rate	101.50	98.57

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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, 2015, 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. 41.777 million (2014: Rs. 124.667 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. 21.278 million (2014: Rs. 24.198 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 has exposure of Rs. 3,676 million (2014: Rs. 3,576 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. 165.782 million (2014: Rs. 144.56 million). A decrease / increase of 5% on the KSE market index would have an impact of approximately Rs. 8.291 million (2014: Rs. 7.23 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 sale.

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 and receivables	Fair value through profit & loss account	Total
----- Rupees in '000 -----			
<b>Assets as per balance sheet</b>			
<b>- June 30, 2015</b>			
Long-term deposits	15,338	-	15,338
Long-term investments	-	-	-
Trade debts	1,352,881	-	1,352,881
Loans	17,573	-	17,573
Trade deposits	1,577	-	1,577
Other receivables	95,600	-	95,600
Other financial assets	-	169,593	169,593
Cash and Bank balances	95,551	-	95,551
	<b>1,578,520</b>	<b>169,593</b>	<b>1,748,113</b>
	Loan and receivables	Fair value through profit & loss account	Total
----- Rupees in '000 -----			
<b>Assets as per balance sheet</b>			
<b>- June 30, 2014</b>			
Long-term deposits	15,338	-	15,338
Long-term investments	-	-	-
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
Cash and Bank balances	84,640	-	84,640
	<b>2,163,665</b>	<b>164,223</b>	<b>2,327,888</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

Financial  
liabilities  
measured at  
amortized cost  
Rupees in '000

Total

## Liabilities as per balance sheet

- June 30, 2015

Long-term financing	2,280,653	2,280,653
Trade and other payables	1,272,022	1,272,022
Short-term borrowings	4,618,149	4,618,149
Interest / mark-up payable	70,066	70,066
	<b>8,240,890</b>	<b>8,240,890</b>

## 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
	<b>9,110,339</b>	<b>9,110,339</b>

## 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	167,944	1,649	-	169,593
Other financial liability	-	-	-	-
<b>June 30, 2015</b>	<b>167,944</b>	<b>1,649</b>	<b>-</b>	<b>169,593</b>
	Level 1	Level 2	Level 3	Total
	Rupees in '000			
Other financial assets	144,563	19,660	-	164,223
Other financial liability	-	-	-	-
<b>June 30, 2014</b>	<b>144,563</b>	<b>19,660</b>	<b>-</b>	<b>164,223</b>

## 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.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

The gearing ratios at June 30, 2015 and 2014 were as follows:

	2015 Rupees in '000	2014 Rupees in '000
Total borrowings (note 8 & 12)	6,898,802	7,913,820
Less: cash and bank balances (note 26)	(95,551)	(84,640)
Net debt	6,803,251	7,829,180
Total equity	10,674,211	10,646,575
Total capital	17,477,462	18,475,755
Gearing ratio	39%	42%

## 42. CAPACITY AND PRODUCTION

### Spinning units

	2015	2014
Total number of spindles installed	198,672	197,672
Total number of spindles worked per annum (average)	190,753	190,028
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	147,218,918	134,046,800
Actual production for the year after conversion into 20 counts (lbs.)	130,540,075	134,317,644

### Ginning units

Installed capacity to produce cotton bales	135,000	135,000
Actual production of cotton bales	14,797	19,723
Number of shifts	2	2
Capacity attained in (%)	10.96%	14.61%

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

### Weaving unit

	2015 Lbs	2014 Lbs
Normal capacity - Weaving	40,953,000	40,953,000
Actual Production - Weaving	20,169,992	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 2015	2014
Average number of employees during the year	4,569	2,349
Number of employees as at June 30	4,350	4,384

## 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 to these consolidated financial statements.




## INDUS DYEING & MANUFACTURING COMPANY LIMITED

### 45. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorised for issue on October 02, 2015 by the Board of Directors of the Group.

### 46. GENERAL

Figures have been rounded off to the nearest thousand rupees.



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## FORM OF PROXY

### 58<sup>th</sup> 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 58<sup>th</sup> Annual General  
Meeting of the company to be held on the 31<sup>st</sup> day of October 2015 and at my  
adjournment thereof.

Signed by the said Member

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

SIGNED IN THE PRESENCE OF:

1. Signature : \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC/Passport No: \_\_\_\_\_

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/-

## INDUS DYEING & MANUFACTURING COMPANY LIMITED

### 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, Evolution Factor (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 form.
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:

<b>(i) Shareholder's Detail</b>	
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	

<b>(ii) Shareholder's Bank Detail</b>	
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).

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

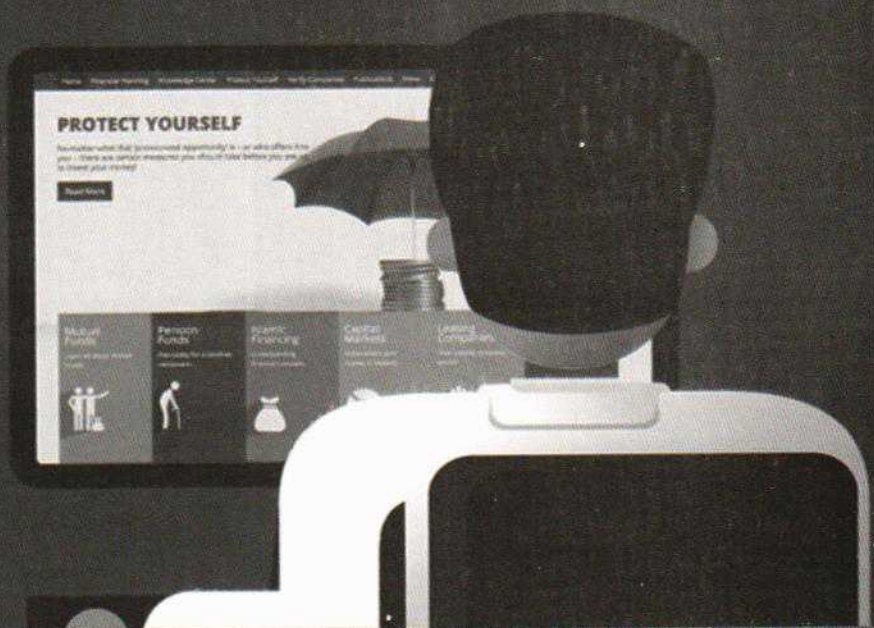
AFFIX  
CORRECT  
POSTAGE

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



# JamaPunji

Securities and Exchange Commission of Pakistan's  
Landmark Initiative for Investor Education



[www.jamapunji.pk](http://www.jamapunji.pk)

 [jamapunji.pk](https://www.facebook.com/jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)





**INDUS DYEING & MANUFACTURING COMPANY LIMITED**  
**HEAD OFFICE :**

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

Tel. 111 - 404 - 404 Fax. 009221 - 35693594

**MILLS :**

P 1 S.I.T.E. Hyderabad, Sindh.

[www.indus-group.com/web/download.htm](http://www.indus-group.com/web/download.htm)