

# Indus Dyeing & Manufacturing Company Limited



Annual Report **2017**

**CONTENTS**

Company profile	02
Vision and mission statement	04
Chairman's review	05
Directors' review	07
Key operating and financial results	11
Pattern of holding of shares	12
Statement of compliance with the Code of Governance	14
Review report to the members on statement of compliance with best practices of Code of Corporate Governance	16
Notice of annual general meeting	17
Auditors' report	20
Balance sheet	21
Profit & loss account	22
Statement of other comprehensive income	23
Cash flow statement	24
Statement of changes in equity	25
Notes to the financial statement	26
Form of proxy	
Dividend mandate form	

## **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. Imran Ahmed	
7	Mr. Irfan Ahmed	
8	Mr. Shafqat Masood	
9	Mr. Shahwaiz Ahmed	
10	Sheikh Nishat Ahmed	
11	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. Zahid Mahmood

### **Chief financial officer**

Mr. Arif Abdul Majeed

### **Chief Internal auditor**

Mr. Yaseen Hamidia

### **Legal Advisor**

Mr. M. Yousuf Naseem ( Advocates & Solicitors )

## **Registered office**

Office # 508,  
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](http://www.indus-group.com)

## **Auditors**

M/s Deloitte Yousuf Adil  
Chartered Accountants

## **Registrar & Share Transfer Office**

JWAFFS Registrar ( Pvt ) Ltd.  
407-408, Al - Ameera Centre,  
Shahrah-e-Iraq, Saddar, Karachi.

Tel. 35662023 - 24  
Fax. 35221192

## **Factory location**

- 1 P 1 S.I.T.E. Hyderabad, Sindh. Tel. 0223 - 880219 & 252
- 2 Plot # 3 & 7, Sector - 25, Korangi Industrial Area, Karachi. Tel. 021- 35061577 - 9
- 3 Muzaffargarh, Bagga Sher, District Multan. Tel. 0662 - 490202 - 205
- 4 Indus Lyallpur Limited. 38th Kilometre, Shaikhupura Road, District Faisalabad. Tel. 041 - 4689235 - 6
- 5 Indus Home Limited. 2.5 Kilometre, Off Manga Raiwind Road, Manga Mandi, Lahore. Tel. 042 - 35385021 - 7  
111 - 404 - 405

**INDUS DYEING & MFG. CO. LIMITED**

**VISION**

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

**MISSION**

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

## **CHAIRMAN'S REVIEW**

FOR THE YEAR ENDED JUNE 30, 2017

It is my privilege and pleasure in presenting to the members of Indus Dyeing and Manufacturing Company Limited, review on the performance of the Company for the financial year ended June 30, 2017

### **BUSINESS OVERVIEW**

Your Group earned post-tax profit of Rs 1,035 million as compared to Rs 449 million for the corresponding period. During the year under review the sales increased to Rs 27,573 million from Rs 24,901 million due to increase in yarn prices. The profit for the year increased mainly due to the increase in Home Textiles sale in overseas markets, decrease in the cotton and fuel prices along with the savings in finance cost as compared to the previous year.

Earnings per share of the Company on a standalone basis were Rs. 37.95 per share as compared to Rs. 5.08 per share last year. The consolidated earnings per share were Rs. 57.28 per share as compared to Rs. 24.85 per share for last year.

### **BUSINESS REVIEW**

The year under review was quite challenging for the spinning industry as yarn prices remained depressed on lower demand in both domestic and export markets. The policy of china on usage of their cotton reserves and reduction of imported cotton made a major impact on cotton yarn export and hence on the yarn prices.

We are at the beginning of the cotton season in Pakistan, but unfortunately there is no cotton crop management policy and no real functional government at a time that is key in determining the textile sectors performance over the next twelve months. Textile constitutes the largest sector in Pakistan's Export and the country is faced with a serious current account deficit situation at a time when both our overall exports and textile exports have been declining for more than three years. Availability of gas and RLNG is a major concern for textile industry which is up to some extent is being provided to the industry but their utility prices are uncompetitive as compared to other regional countries. Despite these challenges, the intelligent business moves of the management in the areas of cotton procurement, sales and financial management has made the operating results profitable to a greater extent.

On home textile side, this year proved good for the company as it has earned profit after tax of Rs. 411 million as compared to last year profit after tax of Rs. 379 million, which shows overall better performance in export revenues and production. Higher commodities prices namely cotton, coal and RLNG this year as compared to the last year and persistent annual increase in minimum wages have put pressure on the competitiveness in the export market, making it difficult to get export orders. Capex of Rs. 106 million was incurred and this includes procurement of Washing Range at Rs. 51 million, Zimmer Dryer at Rs. 23 million and Multihead Embroidery Machine at Rs 6 million. This Capex is related to the printing section which will improve printing capability of the company.

In continuation of our last Annual Report with reference to Company's venture into the renewable energy sector; our wholly owned subsidiary "Indus Wind Energy Limited" has made considerable progress. Alhamdulillah, we have achieved all the major milestones set forth including Approval of Grid studies and obtaining evacuation letter from NTDC, Grant of Generation License from NEPRA, Registration of Allotted Land from Government of Sindh and Approval of Feasibility Studies from EDGOS. Moreover, the Company

is at present in final stages of negotiations to conclude agreements with Machinery Suppliers, EPC contractors and Financial Institutions for Project Financing. The only stumbling block in the implementation of the our project is obtaining the power tariff from the Federal Government which our Company is striving hard along with other project developers for which we are highly optimistic. Needless to say, the Project IWEL would be a game changer in contributing to growth of our Company with its undeniable potential.

## **FUTURE OUTLOOK**

High input costs are resulting in the closure of a large number of textile mills engaged in the manufacturing of yarn and fabric. Both the spinning and weaving sectors have faced the brunt of a higher cost of doing business despite being integral to the textile value chain, the situation has made the sector unviable throughout the country.

Though the cotton availability is expected to remain comfortable or may improve further from that of previous year, cotton prices are expected to be subdued since China is diluting their stock reserves and decline in manmade fiber prices due to lower crude oil prices internationally. Measures are being taken to save costs and rationalize operations, which are likely to yield positive results. Competition from other exporting countries with lower cotton cost and strength of the Pak Rupee against US Dollar may affect our future profitability. The operating margins are also under pressure due to high input costs towards electricity and manpower.

With respect to home textile division current market is giving tough competition in term of price and operational compliance. Forecasts about the World Economy and Country Economy are positive that both will grow in year 2018 as compared to year 2017 . Government is also considering to extend DLT scope and time period to contain declining trend of export as trade deficit gap is widening and have serious repercussions on FX reserves and economy. In coming year, the management is hopeful of positive developments and recovery of growth in local and global economy. And the management is making all out efforts to run Plant at maximum capacity and keep operation profitable.

## **CORPORATE GOVERNANCE**

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 Pakistan Stock Exchange in their Listing Regulations have been duly complied with. A Statement to this effect is annexed with the Report.

## **ACKNOWLEDGEMENT**

We 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.

**Karachi.**

**Dated: October 06, 2017**



**Chairman**  
**Mian Muhammad Ahmed**

**Directors' Review**  
For The Year Ended June 30, 2017

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, 2017 before the Sixtieth Annual General Meeting of the Company.

The consolidated financial highlights of the Company are as under:

	For the Year Ended June 30, 2017	For the Year Ended June 30, 2016
	(Rupees in 000)	
Sales	27,573,192	24,900,934
Gross profit	2,641,910	1,907,450
Other operating Income	124,080	157,730
Finance Cost	(254,998)	(315,097)
Provision for Taxation	(317,382)	(217,752)
Profit for the year after taxation	1,035,345	449,069
Un-appropriated profit brought forward	5,913,069	5,470,799
Un-appropriated profit carried forward	4,786,250	5,913,069
Earnings per share – basic and diluted (net)	Rs. 57.28	Rs. 24.85

**CHAIRMAN'S REVIEW**

The Directors of the Company endorse the contents of the Chairman's review, which is deemed to be a part of the Directors' report.

**CODE OF CONDUCT**

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

**VISION AND MISSION**

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

## **CORPORATE AND FINANCIAL REPORTING FRAMEWORK**

It is certified that:

- (i) The financial statements together with notes thereon have been drawn up by management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- (ii) The Company has maintained proper books of accounts.
- (iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
- (iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there has been no departure there from.
- (v) The system of internal control is sound in design and has been effectively implemented and monitored.
- (vi) The annual audited financial statements are circulated within four months of the close of the financial year.
- (vii) There are no significant doubts about the Company's ability to continue as a going concern.
- (viii) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange Listing Regulations.

## **BOARD AUDIT COMMITTEE**

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

## **BOARD AND COMMITTEE MEETINGS**

During the year ended June 30, 2017, various meetings of the Board of Directors, Board Audit Committee and The Board Human Resource and Remuneration Committee (HR & R) were held. The position of attendance during respective tenure was as follows:

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

\* Members of the Board Audit Committee.

^ Members of HR & R 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.

Name of Director	Purchase	Sale	Gift
Mr. Irfan Ahmed	Nil	Nil	472,852
Mrs. Aisha Irfan	Nil	Nil	(472,852)

**DIVIDEND**

The directors proposed 130% final cash dividend i.e. Rs 13/- per share for the year ended June 30, 2017. This shall be in addition to interim cash dividend of 50% percent i.e. Rs 5/- per share already declared and paid during the year.

**CERTIFICATE OF RELATED PARTY TRANSACTIONS**

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

**AUDITORS**

The present auditors, M/s. Deloitte Yousuf Adil, Chartered Accountants, whose tenure finished on June 30, 2017, 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, 2018.

For and Behalf of the Board



Shahzad Ahmed

Chief Executive Officer

Karachi : October 06, 2017

## Key Operating and Financial Results

	2012	2013	2014	2015	2016	2017
<b>Operating data</b>						
Turn over	15,282,814	17,943,482	18,849,796	20,514,847	18,269,007	19,932,316
Less : commission	(195,676)	(331,466)	(233,064)	(229,804)	(165,230)	(175,252)
Sales ( net )	15,087,138	17,612,016	18,616,732	20,285,043	18,103,777	19,757,064
Gross profit	2,228,151	3,274,429	2,052,994	1,604,924	1,128,954	1,723,694
Profit before tax	1,416,385	2,323,393	1,059,747	423,937	268,893	962,934
Profit after tax	1,252,047	2,347,529	1,187,803	276,346	91,871	685,835
<b>Financial data</b>						
Gross assets	10,255,699	11,315,251	16,124,298	15,667,103	16,782,496	17,229,879
Return on equity	17.72%	27.89%	12.74%	2.96%	0.98%	6.91%
Current assets	3,930,128	4,849,357	6,343,867	5,637,231	6,599,848	7,256,217
Shareholders equity	7,064,724	8,416,927	9,325,254	9,330,865	9,418,035	9,923,532
Long term debts and deferred liabilities	1,187,985	802,608	1,995,294	1,401,166	1,478,333	1,401,927
Current liabilities	2,002,990	2,095,716	4,803,750	4,935,072	5,886,128	5,904,420
<b>Key ratios</b>						
Gross profit ratio	14.77%	18.59%	11.03%	7.91%	6.24%	8.72%
Net profit	8.30%	13.33%	6.38%	1.36%	0.51%	3.47%
Debt / equity ratio	14 : 86	09 : 91	18 : 82	13 : 87	14 : 86	12 : 88
Current ratio	1.96	2.31	1.32	1.14	1.12	1.23
Earning per share ( basic and diluted )	69.27	129.89	65.72	15.29	5.08	37.95
Dividend ( percentage )						
- Cash	350%	100% Int	150% Int	150% Int	50% Final	50% Int
- Stock	-	-	-	-	-	-
- Specie dividend	-	100 : 09	-	-	-	-
<b>Statistics</b>						
Production ( tons )	40,257	43,427	50,785	51,565	52,684	51,886

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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

JUNE 30, 2017

Form 34

THE COMPANIES ORDINANCE, 1984 ( SECTION 236 )

No. of Shareholders	Shareholding		Total Shares held
	From	To	
1,221	1	100	41,853
138	101	500	35,095
31	501	1,000	31,552
23	1,001	5,000	48,970
9	5,001	15,000	51,406
2	15,001	50,000	121,099
2	50,001	100,000	162,700
4	100,001	500,000	1,362,795
2	500,001	800,000	1,074,762
1	800,001	1,100,000	779,818
2	1,200,001	1,500,000	2,749,939
3	1,500,001	2,200,000	6,261,045
1	2,880,001	5,352,700	5,352,698
<b>1,439</b>			<b>18,073,732</b>

### Categories of shareholding

Shareholders	No. of Share holders	Shares held	Percentage
Individuals	1,414	355,008	1.96%
Joint Stock Companies	4	1,952	0.01%
Financial Institutions	3	763,774	4.23%
Insurance Companies	1	446,605	2.47%
Mutual Fund	2	525,845	2.91%
Directors, CEO their Spouses & Minor Children	15	15,979,848	88.42%
	<b>1,439</b>	<b>18,073,032</b>	<b>100.00%</b>

#### INDIVIDUALS

1,414

355,008

#### JOINT STOCK COMPANIES

4

N.H Capital Fund Limited

10

Kamal Factory (Pvt) Ltd

1,400

S.H. Bukhari Securities (Pvt) Ltd

525

United Securities (Pvt) Ltd

17

**1,952**

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

<b>FINANCIAL INSTITUTIONS</b>	<b>3</b>	
National Bank of Pakistan		267,657
National Investment Trust		11,227
United Bank Limited Trading Port Folio		484,890
		<b>763,774</b>
<b>INSURANCE COMPANIES</b>	<b>1</b>	
State Life Insurance Corp. of Pakistan		446,605
		<b>446,605</b>
<b>MUTUAL FUND</b>	<b>2</b>	
CDC-Trustee National Investmet (UNIT) Trust		525,295
CDC-Trustee Akd Index Tracker Fund		550
		<b>525,845</b>
<b>DIRECTORS AND THEIR SPOUSES</b>	<b>15</b>	
Mian Mohammad Ahmed		1,400,149
Mian Riaz Ahmed		1
Mr. Shahzad Ahmed		1,349,792
Mr. Naveed Ahmed		2,144,360
Mr. Kashif Riaz		5,352,698
Mr. Imran Ahmed		1,981,959
Mr. Irfan Ahmed		2,134,728
Mr. Shafqat Masood		39,785
Mr. Shahwaiz Ahmed		1,092
Mr. Sheikh Nishat Ahmed		100
Mrs. Salma Jabeen		78,820
Mrs. Lozina Shahzad		779,818
Mrs. Shazia Naveed		3,140
Mrs. Fadia Kashif		549,467
Mrs. Tahia Imran		163,939
		<b>15,979,848</b>
		<b>18,073,032</b>

### Shareholders holding 10% or more voting interest in the company as at June 30, 2017

Name	Holding	Percentage
Mr. Kashif Riaz	5,352,698	29.62
Mr. Imran Ahmed	1,981,959	10.97
Mr. Naveed Ahmed	2,144,360	11.86
Mr. Irfan Ahmed	2,134,728	11.81

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 2016-2017

Name	Purchase	sold	Gift
Mr. Irfan Ahmed	Nil	Nil	472,852
Mrs. Aisha Irfan	Nil	Nil	(472,852)

**STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017**

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Chapter 5.19 of the Rule Book of Pakistan Stock Exchange Limited (PSX) where the Company is listed, for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of corporate governance.

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

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

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

The Independent director meets the criteria of independence under clause 5.19.1 (b) of the CCG.

- 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 listing 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 Broker 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 and overall corporate strategy and company is in process of developing significant policies that will be approved by the board. A complete record of particulars of significant policies along with the dates on which they were approved or amended will be maintained.
- 7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors, have been taken by the Board.
- 8) The meeting 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 met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) In accordance with the criteria specified on clause 5.19.7 of PSX Rule Book, majority of directors of

the Company are exempt from the requirements of directors' training program. One of the directors is certified under directors' 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 requirement of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholdings.
- 14) The company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15) The Board has formed an audit committee. It comprises of three members, of whom all are the non-executive directors and the chairman of the committee is an independent director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the company and as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
- 17) The Board has formed a HR and Remuneration Committee. It comprises of three members, all of whom are non-executive directors and chairman of the committee is an independent director.
- 18) The Board has set up an effective internal audit which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.
- 19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 20) The Statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors, employees and stock exchange.
- 22) Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23) The company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
- 24) We confirm that all other material principles enshrined in the Code of Corporate Governance have been complied with by the company.

On behalf of the Board of Directors



**Shahzad Ahmad**  
Chief Executive

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

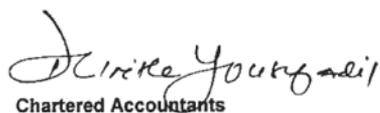
We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Indus Dyeing & Manufacturing Company Limited (the Company) for the year ended June 30, 2017 to comply with the requirements of the Code contained in the clause 5.19 of Rule Book of the Pakistan Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors 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, 2017.

  
Chartered Accountants

Engagement Partner:  
Naresh Kumar

Date: October 07, 2017

Place: Karachi

## **NOTICE OF ANNUAL GENERAL MEETING**

Notice is hereby given that the 60th Annual General Meeting of Indus Dyeing & Manufacturing Co. Limited will be held at Indus Dyeing & Mfg. Co. Ltd. Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Tuesday, October 31, 2017 at 11:30 A.M. to transact the following business:

### **ORDINARY BUSINESS:**

1. To confirm minutes of the Extra Ordinary General Meeting held on March 24, 2017.
2. To receive, consider and adopt the Audited Accounts together with the Directors' and Auditors' Reports thereon for the year ended June 30, 2017.
3. To appoint auditors for the year ending June 30, 2018 and fix their remuneration. The retiring auditor, M/s. Deloitte Yousuf Adil, Chartered Accountants, being eligible, have offered themselves for reappointment.
4. To consider and approve, as recommended by the Board of Directors, the payment of final cash dividend for the year ended June 30, 2017 @ 130% i.e. Rs. 13/- per ordinary share. This shall be in addition to 1st interim cash dividend of 50% (Rs.5/- per Share) already declared and paid during the year.
5. To transact any other business with the permission of the chair.

**Karachi**

**Date: 06-10-2017**

### **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 Tuesday, October 24, 2017 to October 31, 2017 (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, 2017. 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. Jwaffs Registrar Services (Pvt) Ltd, 407-408, Al-Ameera Center, Shakra-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.
- iii) The Company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the Company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least 10 days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company atleast 10 days before holding of the Annual General Meeting:

"I/WE, \_\_\_\_\_ of \_\_\_\_\_ being a member of Indus Dyeing & Manufacturing Co. Limited, holder of \_\_\_\_\_ Ordinary Shares as per registered folio # \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_."

\_\_\_\_\_  
Signature of Member

- iv) The financial statements of the Company for the year ended 30th June, 2017 along with Auditors' and Directors' Reports thereon and the Chairman's Review Report have been placed on the Company's website: [www.indus-group.com](http://www.indus-group.com).
- v) Shareholders, who by any reasons, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable, shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

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

Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, 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	15%
(b)	Rate of deduction for non-filer of income tax returns	20%

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 Jwaffs Registrar Services (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 23rd October, 2017, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

### **Payment of Cash Dividend Electronically (Mandatory Requirement as per the Company Act, 2017)**

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017 has presently waived the condition till October 31, 2017. Any dividend payable after this due date, shall be paid in

the manner prescribed only.

All the shareholders are requested to provide the details of their bank mandate specifying:

- i. Folio Number / CDC Account No. \_\_\_\_\_
- ii. Title of Account: \_\_\_\_\_
- iii. Bank Account: \_\_\_\_\_
- iv. IBAN number: \_\_\_\_\_
- v. Bank Name: \_\_\_\_\_
- vi. Branch Code \_\_\_\_\_ Name \_\_\_\_\_  
Address: \_\_\_\_\_
- vii. CNIC of Shareholder: \_\_\_\_\_

to the Company's Share Registrar M/s. Jwaffs Registrar Services (Pvt) Ltd. Shareholders who hold shares with participants/ Central Depository Company of Pakistan Limited (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned participant / CDC.

If they so desires the shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" available on company's website [www.indus-group.com](http://www.indus-group.com)

### **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: 10th September, 2014.

## AUDITORS' REPORT TO THE MEMBERS

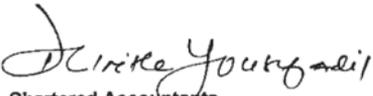
We have audited the annexed unconsolidated balance sheet of Indus Dyeing & Manufacturing Company Limited (the Company) as at June 30, 2017 and the related unconsolidated profit and loss account, unconsolidated statement of comprehensive income, unconsolidated cash flow statement and unconsolidated statement 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, 2017 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.

**Date: October 07, 2017**  
**Place: Karachi**

  
Chartered Accountants  
**Engagement Partner:**  
Naresh Kumar

## Unconsolidated Balance Sheet As at June 30, 2017

		2017	2016			2017	2016
	Note	Rupees in '000			Note	Rupees in '000	
<b>Equity and liabilities</b>				<b>Assets</b>			
<b>Share capital and reserves</b>				<b>Non-current assets</b>			
Authorized share capital 45,000,000 ordinary shares of Rs. 10 each		<b>450,000</b>	450,000	Property, plant and equipment	13	<b>6,215,360</b>	6,429,479
Issued, subscribed and paid up capital	5	<b>180,737</b>	180,737	Intangibles	14	<b>24,517</b>	26,341
Reserves	6	<b>7,000,000</b>	5,022,432	Long-term investments	15	<b>3,729,680</b>	3,722,723
Unappropriated profits		<b>2,742,795</b>	4,214,866	Long-term deposits	16	<b>4,105</b>	4,105
		<b>9,923,532</b>	9,418,035			<b>9,973,662</b>	10,182,648
<b>Non-current liabilities</b>				<b>Current assets</b>			
Long-term financing	7	<b>1,048,036</b>	1,224,199	Stores, spares and loose tools	17	<b>256,082</b>	218,856
Deferred liabilities	8	<b>353,891</b>	254,134	Stock-in-trade	18	<b>4,203,973</b>	3,599,444
		<b>1,401,927</b>	1,478,333	Trade debts	19	<b>1,296,900</b>	1,424,500
<b>Current liabilities</b>				Loans and advances	20	<b>140,304</b>	119,769
Trade and other payables	9	<b>1,522,356</b>	1,211,461	Trade deposits and short-term prepayments	21	<b>15,440</b>	9,405
Interest / mark-up payable	10	<b>41,436</b>	24,593	Other receivables	22	<b>34,034</b>	10,097
Short-term borrowings	11	<b>3,911,125</b>	4,377,109	Other financial assets	23	<b>584,330</b>	275,762
Current portion long term financing	7	<b>429,503</b>	272,965	Tax refundable	24	<b>475,105</b>	358,270
		<b>5,904,420</b>	5,886,128	Cash and bank balances	25	<b>250,049</b>	583,745
<b>Contingencies and commitments</b>	12					<b>7,256,217</b>	6,599,848
		<b>17,229,879</b>	16,782,496			<b>17,229,879</b>	16,782,496

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
Arif Abdul Majeed  
Chief Financial Officer

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

## Unconsolidated Profit and Loss Account For the year ended June 30, 2017

	Note	2017	2016
		Rupees in '000	
Sales - net	26	19,757,064	18,103,777
Cost of goods sold	27	(18,033,370)	(16,974,823)
Gross profit		1,723,694	1,128,954
Other income	28	48,817	7,263
		1,772,511	1,136,217
Distribution cost	29	(323,853)	(361,677)
Administrative expenses	30	(233,551)	(224,008)
Other operating expenses	31	(74,732)	(29,785)
Finance cost	32	(177,441)	(251,854)
		(809,577)	(867,324)
Profit before tax		962,934	268,893
Taxation	33	(277,099)	(177,022)
Profit for the year		685,835	91,871

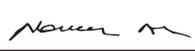
----- Rupees -----

Earnings per share - basic and diluted	34	37.95	5.08
--	----	-------	------

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
Arif Abdul Majeed  
Chief Financial Officer

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

## Unconsolidated Statement of Comprehensive Income For the year ended June 30, 2017

	Note	2017 Rupees in '000	2016
Profit for the year		685,835	91,871
<b>Items that may be reclassified subsequently to profit and loss</b>		-	-
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Remeasurement of defined benefit liability - net of tax	8.1	400	(4,701)
<b>Total other comprehensive income for the year</b>		400	(4,701)
<b>Total comprehensive income for the year</b>		<b>686,235</b>	<b>87,170</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

## Unconsolidated Cash Flow Statement For the year ended June 30, 2017

	Note	2017	2016
		Rupees in '000	
<b>A Cash flows from operating activities</b>			
Cash generated from operations	35	1,600,719	1,180,091
Taxes paid - net		(324,028)	(190,243)
Finance cost paid		(160,598)	(282,149)
Gratuity paid	8.1	(52,469)	(45,078)
<b>Net cash generated from operating activities</b>		<b>1,063,624</b>	662,621
<b>B Cash flows from investing activities</b>			
Payment for purchase of property, plant and equipment		(409,610)	(738,766)
Proceeds from disposal of property, plant and equipment	13.2	22,853	9,725
Purchase of investments in other financial assets		(1,334,125)	(156,155)
Proceeds from redemption of investments in other financial assets		1,010,034	47,164
Payment for investment in subsidiary companies	15.2.3	(6,957)	(32,793)
Dividends received		2,955	1,661
<b>Net cash used in investing activities</b>		<b>(714,850)</b>	(869,164)
<b>C Cash flows from financing activities</b>			
Proceeds from long-term finance		260,971	553,353
Repayment of long-term finance		(280,596)	(955,983)
Dividends paid		(200,084)	(1,808)
<b>Net cash used in financing activities</b>		<b>(219,709)</b>	(404,438)
<b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b>		<b>129,065</b>	(610,981)
<b>Cash and cash equivalents at beginning of the year</b>		<b>(3,793,364)</b>	(3,180,824)
Effect of exchange rate changes on cash and cash equivalents		3,223	(1,559)
<b>Cash and cash equivalents at end of the year</b>	36	<b>(3,661,076)</b>	(3,793,364)

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

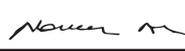
## Unconsolidated Statement Of Changes in Equity For the year ended June 30, 2017

	Capital		Reserves		Total	
	Share premium	Merger reserve	General reserve	Unappropriated profits		
Issued, subscribed and paid up capital						
----- Rupees in '000' -----						
<b>Balance at June 30, 2015</b>	180,737	10,920	11,512	5,000,000	4,127,696	9,330,865
<b>Comprehensive income for the year ended June 30, 2016</b>						
Profit for the year	-	-	-	-	91,871	91,871
Other comprehensive income for the year net of tax	-	-	-	-	(4,701)	(4,701)
Total comprehensive income for the year	-	-	-	-	87,170	87,170
<b>Balance at June 30, 2016</b>	<b>180,737</b>	<b>10,920</b>	<b>11,512</b>	<b>5,000,000</b>	<b>4,214,866</b>	<b>9,418,035</b>
<b>Comprehensive income for the year ended June 30, 2017</b>						
Profit for the year	-	-	-	-	685,835	685,835
Other comprehensive income for the year net of tax	-	-	-	-	400	400
Total comprehensive income for the year	-	-	-	-	686,235	686,235
Transfer to general reserve				1,977,568	(1,977,568)	-
<b>Transactions with owners recognized directly in equity</b>						
Final cash dividend for the year ended						
June 30, 2016 @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
Interim cash dividend for the period ended						
September 30, 2016 @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
<b>Balance at June 30, 2017</b>	<b>180,737</b>	<b>10,920</b>	<b>11,512</b>	<b>6,977,568</b>	<b>2,742,795</b>	<b>9,923,532</b>

The annexed notes from 1 to 47 form an integral part of these unconsolidated financial statements.

  
\_\_\_\_\_  
**Arif Abdul Majeed**  
Chief Financial Officer

  
\_\_\_\_\_  
**Shahzad Ahmed**  
Chief Executive Officer

  
\_\_\_\_\_  
**Naveed Ahmed**  
Director

## Notes to the Unconsolidated Financial Statements For the year ended June 30, 2017

### 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 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 Pakistan 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
- Sunrays Textile Mills Limited - Associated undertaking
- Indus Heartland Limited - Associated undertaking

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards 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 or directives of the Companies Ordinance, 1984 shall prevail.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

#### 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, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. 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 IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception

**Effective from accounting period beginning on or after:**

January 01, 2016

	<b>Effective from accounting period beginning on or</b>
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortization	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016
<p>Certain annual improvements have also been made to a number of IFRSs, which are not expected to have material impact on the financial statements of the Company.</p>	

## **2.4 New accounting standards / amendments 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.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealized losses	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs, which are not expected to have material impact on the unconsolidated financial statements of the Company.

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
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

### 3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated 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 and deferred tax (note 4.1 and 32)
- Provision for gratuity (note 4.2 and 8.1)
- Depreciation rates of property, plant and equipment (note 13)
- Classification and impairment of investment (note 4.5, 14 and 22)
- Net realizable value of stock-in-trade (note 4.7 and 17)
- Provision for impairment of trade debts and other receivables (note 4.8, 18 and 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 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 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 reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits and taxable temporary differences will be available to allow all or part of the assets to be recovered.

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

## 4.2 Staff retirement benefit

### Defined benefit plan

The Company operates an 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.

### 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 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 profit and loss account 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 derecognized 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 recognized in the profit and loss account in the year the asset is derecognized.

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 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

### 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 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 objective evidence of impairment as a result of one or more events that have 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 reorganization 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 reporting date whether there is any indication that assets except deferred tax assets and inventories may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

## 4.6 Stores, spares and loose tools

These are stated at cost, determined based 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:

	<b>Basis of valuation</b>
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 reporting 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 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.

## 4.9.4 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 reporting 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 or other expenses respectively.

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 that such 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 these are incurred.

## 4.11 Foreign currency transactions and translation

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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date except where forward exchange contracts have been entered into

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 reporting date and adjusted to reflect the current best estimate.

## 4.13 Revenue recognition

Revenue is recognized 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 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.

## 4.14 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 derecognized 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 asset 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.

## 4.17 Dividend distribution

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

## 4.18 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

2017 Number of shares	2016 Number of shares	Note	2017 Rupees in '000	2016 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 Issued to the shareholders of YTML	52,821	52,821
3,154,519	3,154,519	Issued as bonus shares	31,545	31,545
<b>18,073,732</b>	<b>18,073,732</b>	5.1	<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 agreed share-swap ratio.

5.2 There was 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	2017 Rupees in '000	2016 Rupees in '000
<b>6 RESERVES</b>		
<b>Capital</b>		
6.1	10,920	10,920
6.2	11,512	11,512
	<b>22,432</b>	<b>22,432</b>
<b>Revenue</b>		
6.3	6,977,568	5,000,000
	<b>7,000,000</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.

	Note	2017 Rupees in '000	2016
<b>7 LONG-TERM FINANCING</b>			
<b>Secured</b>			
From banking companies	7.1 & 7.2	1,477,539	1,497,164
Less: Payable within one year		(429,503)	(272,965)
		<b>1,048,036</b>	<b>1,224,199</b>

## 7.1 Particulars of long-term financing

Type and nature of loan	2017		
	Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Term finances	627,018	3 months KIBOR + 0.5% to 0.75%	Quarterly
Long term finance facility (LTFF)	850,521	2.50% to 7.0%	Quarterly and half yearly
	<b>1,477,539</b>		

Type and nature of loan	2016		
	Amount outstanding	Mark up rate per annum	Terms of Repayments
	Rupees in '000		
Term finances	864,919	3 months KIBOR + 0.5% to 0.75%	Quarterly
Long term finance facility (LTFF)	632,245	2.50% to 7.0%	Quarterly and half yearly
	<b>1,497,164</b>		

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

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

7.4 Sanctioned amount on long term financing amounts to Rs. 5,155 million (2016: 3,905 million)

	Note	2017 Rupees in '000	2016
<b>8 DEFERRED LIABILITIES</b>			
Provision for gratuity	8.1	210,024	189,134
Deferred taxation	8.2	143,867	65,000
		<b>353,891</b>	<b>254,134</b>

## 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 latest valuation was conducted on June 30, 2017 using Projected Unit Credit Method. Details assumptions used and the amounts recognized in these financial statements are as follows :

	2017	2016
<b>Significant actuarial assumptions</b>		
Discount rate (%)	7.75	7.25
Expected rate of increase in salary level (%)	6.75	6.25
Weighted average duration of defined benefit obligation	7 years	7 years

The expected maturity analysis of undiscounted retirement benefit obligation is:

	Undiscounted payments -----Rs. '000-----
Year 1	21,399
Year 2	23,940
Year 3	31,770
Year 4	37,634
Year 5	34,206
Year 6 and above	129,068

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.

	2017	2016
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>210,024</b>	189,134
<b>Movement in net defined benefit liability</b>		
Balance at the beginning of the year	189,134	167,128
Recognized in profit and loss account		
Current service cost	62,037	47,234
Interest cost	11,810	13,736
	73,847	60,970
Recognized in other comprehensive income		
Actuarial losses on remeasurement of obligation	(488)	6,114
Benefits paid	(52,469)	(45,078)
<b>Balance at the end of the year</b>	<b>210,024</b>	189,134
<b>Actuarial gains and losses</b>		
Actuarial losses from changes in demographic assumptions	-	4,433
Experience adjustments - loss / (gain)	(488)	1,681
	(488)	6,114

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

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%	192,485	230,693
Salary growth rate	1%	230,693	192,179

The expected gratuity expense for the next year amounts to Rs. 80.09 million. This is the amount by which defined benefit liability is expected to increase.

## 8.2 Deferred taxation

	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
	----- (Rupees in '000) -----			

### Movement for the year ended

June 30, 2017

Deductible temporary differences in respect of:

Provision for:

- retirement benefits
- provision of stores and spare parts
- other financial assets

Unutilized minimum tax paid

	(13,110)	(24,703)	88	(37,725)
	(81)	(99)	-	(180)
	(69)	(2,719)	-	(2,788)
	(102,629)	(76,723)	-	(179,352)
	(115,889)	(104,244)	88	(220,045)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	180,889	183,023	-	363,912
Deferred tax liability	65,000	78,779	88	143,867

Taxable temporary differences in respect of:

- accelerated tax depreciation

Deferred tax liability

	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
	----- (Rupees in '000) -----			

### Movement for the year ended

June 30, 2016

Deductible temporary differences in respect of:

Provision for:

- retirement benefits
- provision of stores and spare parts
- other financial assets

Unutilized minimum tax paid

	-	(11,697)	(1,413)	(13,110)
	-	(81)	-	(81)
	-	(69)	-	(69)
	-	(102,629)	-	(102,629)
	-	(114,476)	(1,413)	(115,889)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	-	180,889	-	180,889
Deferred tax liability	-	66,413	(1,413)	65,000

The Company does not account for deferred tax relating to its subsidiaries as it does not plan to receive dividends or realize the benefit from sale of its subsidiaries in foreseeable future. As at year end, the net charge of Rs. 78.87 million in the deferred tax liability balance for the year has been recognized as under:

	Note	2017 Rupees in '000	2016
Profit and loss account		78,779	66,413
Other comprehensive income		88	(1,413)
		<b>78,867</b>	<b>65,000</b>
<b>9 TRADE AND OTHER PAYABLES</b>			
Creditors	9.1	83,186	66,602
Accrued liabilities		1,065,739	858,420
Infrastructure cess		244,231	184,298
Workers' Profits Participation Fund	9.2	51,107	14,447
Advance from customers		27,954	12,894
Unclaimed dividends / dividends payable		6,326	25,673
Withholding tax payable		7,975	7,565
Others		35,838	41,562
		<b>1,522,356</b>	<b>1,211,461</b>
<b>9.1</b>	This includes Rs. 30.981 million (2016: Rs. 17.987 million) due to related parties.		
<b>9.2 Workers' Profits Participation Fund</b>			
Balance at beginning of the year		14,447	208
Allocation for the year		51,107	14,442
Interest charged during the year on the funds utilized by the Company	32	-	5
		<b>65,554</b>	<b>14,655</b>
Payments made during the year		(14,447)	(208)
Balance at end of the year		<b>51,107</b>	<b>14,447</b>
<b>10 INTEREST / MARK-UP PAYABLE</b>			
<b>On secured loans from banking companies:</b>			
- Long-term financing		13,786	15,919
- Short-term borrowings		27,650	8,674
		<b>41,436</b>	<b>24,593</b>
<b>11 SHORT-TERM BORROWINGS</b>			
<b>From banking companies - secured</b>			
Running finance / cash finance arrangements	11.1	2,561,920	2,878,948
Finance against export / import	11.2	1,349,205	1,498,161
	11.3	<b>3,911,125</b>	<b>4,377,109</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

- 11.1 These carry mark-up ranging from 1 week KIBOR + 0.02% to 1% and 3 months KIBOR + 0.02% to 1% (2016: 1 week KIBOR + 0.05% to 1.25% and 3 months KIBOR + 0.6% to 1.00%). These are secured against charge over current assets of the Company with upto 25% margin and pledge of goods with upto 5% margin.
- 11.2 These carry mark-up ranging from 1% to 2.25% (2016: 1% to 1.5%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Company.
- 11.3 The Company has aggregated short-term borrowing facilities amounting to Rs. 9,970 million (2016:Rs. 9,069 million) from various commercial banks. These are secured against charge over current assets of the Company with upto 25% margin and pledge of goods with upto 5% margin.

## 12 CONTINGENCIES AND COMMITMENTS

### 12.1 Contingencies

- 12.1.1 Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GIDC rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU and further increased from Rs.100 per MMBTU to Rs. 200 per MMBTU in July 2014.

The Company filed a suit before the High Court of Islamabad, challenging the applicability of Gas Infrastructure Cess Act 2011. The Islamabad High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess Ordinance No. VI of 2014 to circumvent earlier decision of the Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved by the Parliament and became an Act.

Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against Act passed by the Parliament. On October 26, 2016, the Learned single Judge of Honorable High Court of Sindh had passed an order to refund/ adjust the GIDC collected in the future bills of the respective plaintiff. In other similar case, the said order was stayed by the Honorable Sindh High Court through order dated November 10, 2016. The Company intervened in the aforementioned case for clarification and the decision of Court is pending.

In view of aforementioned developments, the Company on prudent basis, recognized provision for GIDC as at June 30, 2017 amounting to Rs. 569.36 million (2016: 419.65 million) in these financial statements.

The management has only recorded provision by way of abundant precaution and management has not passed the burden of GIDC to its customers.

	Note	2017 Rupees in '000	2016	
12.1.2	Claim of arrears of social security contribution not acknowledged, appeal is pending in honorable High Court of Sindh. The management is hopeful for favorable outcome.	453	453	
12.1.3	Guarantees issued by banks on behalf of the Company	3,817	3,817	
12.1.4	Guarantees issued by banks in favor of gas / electric companies	77,558	77,558	
12.1.5	Bank guarantees against payment of infrastructure cess	253,042	195,042	
12.2	<b>Commitments</b>			
	Letters of credit for raw material and stores and spares	444,576	1,440,775	
	Letters of credit for property, plant and equipment	366,705	64,645	
	Civil work contracts	-	20,000	
13	<b>PROPERTY, PLANT AND EQUIPMENT</b>			
	Operating fixed assets	13.1	6,187,997	6,307,600
	Capital work-in-progress	13.3	27,363	121,879
			<b>6,215,360</b>	<b>6,429,479</b>



2016

Particulars	Cost at July 01, 2015	Additions / (disposal) during the year	Cost at June 30, 2016	Accumulated depreciation at July 01, 2015	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2016	Carrying value at June 30, 2016	Depreciation Rate
	----- Rupees in '000' -----							
	----- Rupees in '000' -----							%
<b>Owned</b>								
Freehold land	14,902	-	14,902	-	-	-	14,902	-
Leasehold land	51,035	1,000	52,035	-	-	-	52,035	-
Factory buildings	1,229,552	83,034	1,312,586	380,593	45,120	425,713	886,873	5
Non-factory buildings	177,606	-	177,606	85,535	9,207	94,742	82,864	10
Office building	110,316	-	110,316	11,431	4,944	16,375	93,941	5
Plant and machinery	8,017,856	511,299 (9,854)	8,519,301	3,428,883	475,679 (6,744)	3,897,818	4,621,483	10
Electric installations	194,428	17,395	211,823	82,491	11,629	94,120	117,703	10
Power generators	587,390	7,000	594,390	245,686	34,725	280,411	313,979	10
Office equipment	11,147	212	11,359	1,697	2,732	4,429	6,930	10
Furniture and fixtures	18,866	9,086	27,952	8,914	1,074	9,988	17,964	10
Vehicles	192,834	27,144 (17,514)	202,464	90,489	22,596 (9,547)	103,538	98,926	20
<b>June 30, 2016</b>	10,605,932	656,170 (27,368)	11,234,734	4,335,719	607,706 (16,291)	4,927,134	6,307,600	
<b>13.1.1 Allocation of depreciation</b>								
Manufacturing expense								
Administrative expense								
				<b>2017</b>	<b>2016</b>			
				Rupees in '000'				
				574,536	576,360			
				28,466	31,346			
				<b>603,002</b>	<b>607,706</b>			

### 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 Leasehold Land	600	-	600	600	-	MEPCO WAPDA Muzaffargarth	Negotiation
1 Plant and machinery	1,524	(1,498)	26	127	101	Muhammad Kamran	Negotiation
2 Plant and machinery	1,071	(977)	94	100	6	Ahmed Traders	Negotiation
3 Plant and machinery	5,156	(4,859)	297	320	23	Ahmed Traders	Negotiation
4 Plant and machinery	6,758	(6,369)	389	500	111	Bismillah Textile Traders	Negotiation
5 Plant and machinery	2,913	(2,435)	478	500	22	Sunrays Textile Mills Limited	Negotiation
6 Plant and machinery	1,988	(1,626)	362	375	13	Indus Lyallpur Limited	Negotiation
7 Plant and machinery	4,630	(3,871)	759	775	16	Indus Lyallpur Limited	Negotiation
8 Plant and machinery	2,089	(1,746)	343	350	7	Indus Lyallpur Limited	Negotiation
9 Plant and machinery	18,529	(13,897)	4,632	5,200	568	Mayfair Limited	Negotiation
10 Plant and machinery	7,937	(6,037)	1,900	2,000	100	F.A.G. Textile	Negotiation
11 Plant and machinery	20,031	(16,941)	3,090	3,095	5	Gulf Textile	Negotiation
12 Plant and machinery	10,192	(8,815)	1,377	1,400	23	Textile Future Concern	Negotiation
	82,818	(69,071)	13,747	14,742	995		
1 Vehicle	1,622	(1,225)	397	400	3	Rizwan Azam	Negotiation
2 Vehicle	554	(390)	164	270	106	Haider (Employee)	Company policy
3 Vehicle	1,060	(817)	243	300	57	Majid Ali	Negotiation
4 Vehicle	2,303	(786)	1,517	1,800	283	Adamjee Insurance	Claim
5 Vehicle	1,156	(729)	427	450	23	Abidien (Employee)	Company policy
6 Vehicle	52	(31)	21	15	(6)	Azaz Ahmed	Negotiation
7 Vehicle	1,960	(1,120)	840	1,174	334	Adamjee Insurance	Claim
8 Vehicle	1,808	(1,467)	341	417	76	Najam Ul Islam	Negotiation
9 Vehicle	1,703	(820)	883	900	17	Adil Ashraf	Negotiation
10 Vehicle	1,045	(698)	347	638	291	Mujahid Islam	Negotiation
11 Vehicle	63	(11)	52	60	8	Adamjee	Claim
12 Vehicle	67	(7)	60	38	(22)	Ashraf	Negotiation
13 Vehicle	1,131	(783)	348	400	52	Malik Momin	Negotiation
14 Vehicle	64	(4)	60	59	(1)	Adamjee Insurance	Claim
15 Vehicle	71	(23)	48	27	(21)	Miza Autos	Negotiation
16 Vehicle	1,374	(943)	431	450	19	Yaseen Hamdia	Negotiation
	16,033	(9,854)	6,179	7,398	1,219		
Aggregate of amounts below Rs. 50,000	551	(350)	201	113	(89)	Various	Company policy / negotiation
<b>2017</b>	<b>100,002</b>	<b>(79,275)</b>	<b>20,727</b>	<b>22,853</b>	<b>2,125</b>		
<b>2016</b>	27,368	(16,291)	11,077	9,725	(1,352)		



	Note	2017 Rupees in '000	2016
<b>15 LONG-TERM INVESTMENTS</b>			
Investment in associate	15.1	13,476	13,476
Investment in subsidiaries	15.2.1, 15.2.2 & 15.2.3	3,716,204	3,709,247
		<b>3,729,680</b>	<b>3,722,723</b>

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

#### 15.2 Investment in subsidiaries

<b>15.2.1 Indus Home Limited (IHL)</b>	<b>2,491,204</b>	<b>2,491,204</b>
--	------------------	------------------

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

	2017 Rupees in '000	2016
<b>15.2.2 Indus Lyallpur Limited (ILP)</b>	<b>1,185,000</b>	<b>1,185,000</b>

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 statements.

	2017 Rupees in '000	2016
<b>15.2.3 Indus Wind Energy Limited (IWE)</b>		
Opening	33,043	250
Advance against equity	6,957	32,793
Closing	<b>40,000</b>	<b>33,043</b>

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 statements.

	Note	2017 Rupees in '000	2016
<b>16 LONG-TERM DEPOSITS</b>			
Electricity		3,790	3,790
Others		315	315
		<b>4,105</b>	<b>4,105</b>

#### 17 STORES, SPARES AND LOOSE TOOLS

Stores, spares and loose tools	17.1	257,082	219,856
Less: Provision for slow moving and obsolete stock		(1,000)	(1,000)
		<b>256,082</b>	<b>218,856</b>

17.1 It includes stores and spares in transit amounting to Rs. 18.7 million (2016: Rs. 20.737 million).

	Note	2017 Rupees in '000	2016 Rupees in '000
<b>18 STOCK-IN-TRADE</b>			
Raw material			
- in hand		3,115,787	1,620,855
- in transit		183,578	1,313,102
		<b>3,299,365</b>	2,933,957
Work-in-process		218,812	218,243
Finished goods		584,759	363,741
Packing material		41,346	41,897
Waste		59,691	41,606
		<b>4,203,973</b>	3,599,444
<b>19 TRADE DEBTS</b>			
<b>Considered good</b>			
<b>Secured</b>			
Foreign debtors		440,281	850,643
Local debtors		30,052	72,517
	19.1 & 19.2	<b>470,333</b>	923,160
<b>Unsecured</b>			
Local debtors	19.1 & 19.3	826,567	501,340
		<b>1,296,900</b>	1,424,500
Less: Provision for doubtful debts		-	-
		<b>1,296,900</b>	1,424,500

**19.1** This includes balances due from the related parties amounting to Rs. 26.861 million (2016: Rs. 61.67 million) which are not past due.

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

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

	2017 (Rupees in '000)	2016 (Rupees in '000)
<b>19.4 Aging of trade debts</b>		
From 1 to 30 days	786,880	1,272,318
From 30 to 60 days	207,439	85,959
From 60 to 90 days	183,785	41,986
From 90 to 180 days	118,796	24,237
	<b>1,296,900</b>	1,424,500

	Note	2017	2016
		Rupees in '000	
<b>20 LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Loans / advances to staff - upto 500,000		21,115	19,593
Advance income tax - net	20.1	77,591	68,718
Advances to:			
- Suppliers		4,351	8,822
- Others		37,247	22,636
		<b>41,598</b>	31,458
		<b>140,304</b>	119,769
<b>20.1 Advance income tax - net</b>			
Advance income tax		281,989	207,423
Provision for taxation		(196,294)	(133,217)
Workers Welfare Fund	20.1.1	(8,104)	(5,488)
		<b>77,591</b>	68,718
<b>20.1.1</b>			
<p>Prior to certain amendments made through the Finance Acts of 2006 &amp; 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.</p> <p>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 Honourable Supreme Court of Pakistan against the decision of the Sindh High Court.</p> <p>During the year, Honourable Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Act, 2006 and 2008 have been declared invalid in the said order. Therefore, the management believe that in the light of the aforementioned judgement, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the Company. The management has filed an application for rectification order amounting to Rs. 125.28 million for the years from 2010 to 2014 contending the fact that they had erroneously paid WWF despite of having exemption available to them.</p>			
<b>21 TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Considered good</b>			
Trade deposits		1,577	894
Prepayments		13,863	8,511
		<b>15,440</b>	9,405
<b>22 OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Cotton claims		13,175	1,937
Others		20,859	8,160
		<b>34,034</b>	10,097

	Note	2017 Rupees in '000	2016
<b>23 OTHER FINANCIAL ASSETS</b>			
<b>At fair value through profit or loss - held-for-trading</b>			
Investment in ordinary shares of listed companies	23.1.1	126,958	19,016
Investment in units of mutual funds	23.1.2	457,372	256,746
		<b>584,330</b>	<b>275,762</b>

## 23.1 Particulars of other financial assets

### 23.1.1 Investment in ordinary shares of listed companies

2017	2016		2017	2016
Number of shares				
42,000	-	Bestway Cement Limited	9,203	-
160,000	-	Engro Fertilizers Limited	8,838	-
45,000	-	Engro Corporation Limited	14,666	-
30,000	30,000	Fauji Fertilizer Company Limited	2,479	3,442
15,000	-	Habib Bank Limited	4,037	-
1,850,000	-	K-Electric Limited	12,765	-
11,088	11,088	Pakistan State Oil Company Limited	4,295	4,162
10,000	-	Pak Elektron Limited	1,103	-
100,000	100,000	Pakistan International Airlines Corporation Limited	584	708
193,900	-	Pioneer Cement Limited	25,207	-
25,950	-	Sitara Chemical Industries Limited	11,538	-
136,900	60,500	United Bank Limited	32,243	10,704
			<b>126,958</b>	<b>19,016</b>

### 23.1.2 Investment in units of mutual funds

2017	2016		2017	2016
Number of units				
-	9,984,026	ABL Cash Fund	-	100,000
9,979,741	-	ABL Income Fund	100,151	-
2,163	2,067	HBL Money Market Fund	220	202
1,081	1,025	HBL Cash Fund (Formerly PICIC Cash Fund)	109	100
3,965,107	-	Meezan Cash Fund	199,960	-
266	256	Meezan Sovereign Fund	14	12
497,400	-	Meezan Income Fund	38,006	-
9,917	7,932	NAFA Government Security Liquid Fund	101	98
11,013,815	-	NAFA Money Market Fund	108,580	-
100,000	-	NAFA Islamic Active Allocation Plan-V	9,868	-
-	3,109,186	Pakistan Cash Management Fund	-	156,000
3,505	3,452	UBL Liquidity Plus Fund	353	334
104	-	UBL Money Market Fund	10	-
			<b>457,372</b>	<b>256,746</b>

	Note	2017 Rupees in '000	2016
<b>24 TAX REFUNDABLE</b>			
Sales tax refundable		139,109	88,966
Income tax refundable		335,996	269,304
		<b>475,105</b>	<b>358,270</b>
<b>25 CASH AND BANK BALANCES</b>			
With banks			
- in deposit accounts	25.1	12,807	513,526
- in current accounts		231,151	54,712
		<b>243,958</b>	<b>568,238</b>
Cash in hand		6,091	15,507
		<b>250,049</b>	<b>583,745</b>
<b>25.1</b>	Markup rates on these accounts range between 3.75% - 5.75% per annum (2016: 3.75% - 5.75% per annum)		
<b>26 SALES - NET</b>			
Export sales	26.1, 26.2 & 26.3	12,205,627	12,365,251
Less: Commission		(117,800)	(110,217)
		<b>12,087,827</b>	<b>12,255,034</b>
Local sales			
Yarn		7,222,368	5,829,199
Waste		504,321	251,670
		<b>7,726,689</b>	<b>6,080,869</b>
Less:			
Sales tax @ 3% on local sales		-	(177,113)
Brokerage		(57,452)	(55,013)
		<b>(57,452)</b>	<b>(232,126)</b>
		<b>19,757,064</b>	<b>18,103,777</b>

**26.1** It includes exchange loss of Rs.15.48 million (2016: Rs. 49.784 million) and indirect export of Rs. 878 million (2016: Rs. 485 million).

**26.2** It includes duty drawback of taxes of Rs. 3.5 million as per duty drawback of taxes order 2016-2017.

**26.3** This includes indirect exports to related undertakings of Rs. 214 million (2016: Rs. 418 million).

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2017 Rupees in '000	2016
<b>27 COST OF GOODS SOLD</b>			
Raw material consumed	27.1	<b>14,321,269</b>	12,966,065
Manufacturing expenses	27.2	<b>3,948,073</b>	3,808,516
Outside purchases - yarn for processing		<b>3,700</b>	138,343
		<b>18,273,042</b>	16,912,924
Work in process			
- Opening		<b>218,243</b>	243,052
- Closing		<b>(218,812)</b>	(218,243)
		<b>(569)</b>	24,809
Cost of goods manufactured		<b>18,272,473</b>	16,937,733
Finished goods			
- Opening		<b>405,347</b>	442,437
- Closing		<b>(644,450)</b>	(405,347)
		<b>(239,103)</b>	37,090
		<b>18,033,370</b>	16,974,823

	Note	2017 Rupees in '000	2016
<b>27.1 Raw material consumed</b>			
Opening stock		<b>1,620,855</b>	2,403,864
Purchases		<b>16,043,442</b>	12,209,723
		<b>17,664,297</b>	14,613,587
Cost of raw cotton sold	28.1	<b>(227,241)</b>	(26,667)
Closing stock		<b>(3,115,787)</b>	(1,620,855)
		<b>14,321,269</b>	12,966,065
<b>27.2 Manufacturing expenses</b>			
Salaries, wages and benefits	27.2.1	<b>1,172,236</b>	1,028,887
Utilities		<b>1,466,278</b>	1,426,136
Packing material consumed		<b>318,423</b>	311,904
Stores and spares consumed		<b>344,199</b>	381,714
Repairs and maintenance		<b>29,916</b>	36,862
Insurance		<b>19,935</b>	24,488
Rent, rates and taxes		<b>1,960</b>	2,211
Depreciation on operating fixed assets	13.1.1	<b>574,536</b>	576,360
Other		<b>20,590</b>	19,954
		<b>3,948,073</b>	3,808,516

**27.2.1** It includes staff retirement benefits Rs. 66.2 million (2016: Rs. 53.54 million).



30 ADMINISTRATIVE EXPENSES	Note	2017 Rupees in '000	2016
Salaries and benefits	30.1	95,847	83,915
Directors' remuneration		35,551	33,419
Meeting fees		265	199
Repairs and maintenance		4,570	6,328
Postage and telephone		7,635	7,270
Traveling and conveyance		3,509	1,622
Vehicles running		5,242	5,840
Printing and stationery		5,175	4,717
Rent, rates and taxes		9,119	5,460
Utilities		8,394	6,280
Entertainment		2,269	3,169
Fees and subscription		17,350	16,583
Insurance		1,502	4,594
Legal and professional		820	4,236
Charity and donations	30.2	1,245	2,668
Auditors' remuneration	30.3	1,455	1,451
Depreciation on operating fixed assets	13.1.1	28,466	31,346
Amortization on intangible assets		1,824	-
Advertisement		208	44
Others		3,105	4,867
		<b>233,551</b>	<b>224,008</b>

**30.1** It includes staff retirement benefits Rs. 11.57 million (2016: Rs. 7.16 million).

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

**30.3 Auditors' remuneration**

Audit fee	1,100	1,100
Half year review fee	300	300
Fee for certifications	20	20
Out of pocket expenses	35	31
	<b>1,455</b>	<b>1,451</b>

**31 OTHER OPERATING EXPENSES**

Loss on trading of raw cotton / fibre	28.1	-	382
Workers' Profits Participation Fund		51,107	14,442
Unrealized loss on other financial assets		15,521	1,172
Loss on disposal of operating fixed assets		-	1,352
Exchange loss on foreign currency transactions		-	5,390
Unrealized loss on revaluation of foreign currency loans		-	1,559
Workers' Welfare Fund		8,104	5,488
		<b>74,732</b>	<b>29,785</b>

			2017	2016
	Note		Rupees in '000	
<b>32 FINANCE COST</b>				
Mark-up on:				
- long-term finance			67,118	107,880
- short-term borrowings			98,077	115,574
Discounting charges on letters of credit			6,493	16,615
Interest on Workers' Profits Participation Fund	9.2		-	5
Bank charges and commission			5,753	11,780
			<b>177,441</b>	<b>251,854</b>
<b>33 TAXATION</b>				
Current				
- For the year			196,294	133,217
- Prior year			2,026	(22,608)
			<b>198,320</b>	110,609
Deferred			78,779	66,413
			<b>277,099</b>	<b>177,022</b>

**33.1** As required by Finance Act, 2017, a tax shall be imposed at the rate of 7.5% on every Public Company other than scheduled bank or modaraba that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares. As the Company has made a profit for the current year, therefore the Company is required to pay tax on profit as mentioned earlier. However, no such decision related to profit distribution has been made by the management of the Company in this regard, therefore no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 is recorded in these financial statements

			2017	2016
<b>33.2 Relationship between tax expense and accounting profit</b>				
Accounting profit before tax			962,934	268,893
Tax rate			31%	32%
Tax on accounting profit			298,510	86,046
Effect of:				
Income chargeable to tax at reduced rates			(50,921)	114,526
Prior year charge			2,026	(22,608)
Tax impact of tax credit			(38,259)	(48,719)
Recognized / (unrecognized) temporary differences			(25,282)	66,413
Due to change in tax rate			60,250	-
Impact of permanent differences			(452)	-
Impact of super tax			23,829	-
Others			7,398	(18,636)
			<b>277,099</b>	<b>177,022</b>

## 34 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2017	2016
Profit for the year	Rupees in '000	685,835	91,871
Weighted average number of ordinary shares outstanding during the year	No. of shares	18,073,732	18,073,732
Earnings per share - Basic and diluted	Rupees	37.95	5.08

## 35 CASH GENERATED FROM OPERATIONS

	Note	2017	2016
		Rupees in '000	
Profit before taxation		962,934	268,893
Adjustments for:			
Depreciation	13.1.1	603,002	607,706
Amortization		1,824	-
Provision for gratuity	8.1	73,847	60,970
Unrealized loss on other financial assets	31	15,521	1,172
Unrealized (gain) / loss on revaluation of foreign currency loans		(3,223)	1,559
(Gain) / loss on disposal of operating fixed assets	13.2	(2,125)	1,352
Dividend income	28	(2,955)	(1,661)
Finance cost	32	177,441	251,854
Cash generated before working capital changes		1,826,266	1,191,845

### Working capital changes:

(Increase) / decrease in current assets

Stores, spares and loose tools	(37,226)	8,506
Stock-in-trade	(604,529)	(19,166)
Trade debts	127,600	(230,642)
Loans and advances	(11,662)	(9,101)
Trade deposits and short term prepayments	(6,035)	(83)
Other receivables	(23,937)	5,426
Increase in current liability	(555,789)	(245,060)
Trade and other payables	330,242	233,306
Cash generated from operations	1,600,719	1,180,091

## 36 CASH AND CASH EQUIVALENTS

Cash and bank balances	25	250,049	583,745
Short-term borrowings	11	(3,911,125)	(4,377,109)
		(3,661,076)	(3,793,364)

## 37 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in these financial statements for remuneration, including all benefits to chief executive officer and directors of the Company are given below:

Particulars	2017				Total
	Chief Executive	Directors		Executives	
		Executive	Non-Executive		
	-----Rupees in '000-----				
Remuneration including benefits	10,457	19,605	-	54,964	85,026
Medical	793	1,193	-	3,593	5,579
Utilities	1,329	2,174	-	5,122	8,625
Meeting fees	40	100	90	35	265
<b>Total</b>	<b>12,619</b>	<b>23,072</b>	<b>90</b>	<b>63,714</b>	<b>99,495</b>
Number of persons	1	2	7	49	59

Particulars	2016				Total
	Chief Executive	Directors		Executives	
		Executive	Non-Executive		
	-----Rupees in '000-----				
Remuneration including benefits	8,400	17,445	-	36,945	62,790
Medical	1,382	1,757	-	3,343	6,482
Retirement benefits	-	-	-	15,557	15,557
Utilities	-	4,435	-	4,871	9,306
Meeting fees	20	80	30	9	139
<b>Total</b>	<b>9,802</b>	<b>23,717</b>	<b>30</b>	<b>60,725</b>	<b>94,274</b>
Number of persons	1	2	6	40	49

37.1 Company maintained cars are provided to Chief Executive Officer, directors and executives.

## 38 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. Remuneration of key management personnel is disclosed in note 37 to the unconsolidated financial statements and amount due in respect of staff retirement benefits is disclosed in note 8.1. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2017	2016
		Rupees in '000	
Subsidiaries	Purchase of yarn	1,139	1,050
	Sale of yarn	216,434	418,566
	Sale of machinery	1,755	-
	Purchase of machinery	-	7,000
	Conversion cost received	273,504	101,465
	Conversion cost paid	61,979	118,005
	Doubling cost received	1,183	-
	Advance against issue of shares	6,957	32,793
Associate	Waste purchase	-	2,164
	Sale of yarn	40,175	-
<b>Balances with related parties:-</b>			
	Subsidiaries - receivable	27,972	59,532
	Subsidiaries - payable	1,111	17,987
	Associate - receivable	-	1,533
	Associate - payable	260	-
Other related parties - common directorship:			
	- Receivable	-	1,917
	- Payable	3,170	1,253

## 39 FINANCIAL RISK MANAGEMENT

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

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

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 summarized as follows:

### 39.1 Credit risk and concentration of credit risk

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

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

	2017	2016
	Rupees in '000	
Long-term deposits	4,105	4,105
Trade debts	1,296,900	1,424,500
Loans and advances	21,115	19,593
Trade deposits	1,577	894
Other receivables	34,034	10,097
Other financial assets	457,372	256,746
Bank balances	243,958	568,238
	<b>2,059,061</b>	<b>2,284,173</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:

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

Name of bank	Rating agency	Credit rating Long-term	Short-term
Allied Bank Limited	PACRA	AA+	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	JCR-VIS	AA	A1+
Bank Islami Pakistan Limited	PACRA	A+	A1
Bank Al-Habib Limited	PACRA	AA+	A1+
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 Limited	Moody's	A1	P1
J.S Bank Limited	PACRA	AA-	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+
United Bank Limited	JCR-VIS	AAA	A1+

## 39.2 Liquidity risk management

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient cash on demand to meet expected working capital requirements. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements:

### 39.2.1 Liquidity and interest risk table

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

	Carrying Values	Contractual Cash Flows	Less than 1 month	1 to 3 months	3 months to 1 year	1-5 years	More than 5 years
-----Rupees in '000'-----							
Trade and other payables	1,522,356	1,191,089	-	1,191,089	-	-	-
Long-term financing	1,477,539	1,477,539	-	-	429,503	1,048,036	-
Short-term borrowings	3,911,125	3,911,125	-	-	3,911,125	-	-
Interest / mark-up payable	41,436	41,436	-	41,436	-	-	-
<b>2017</b>	<b>6,952,456</b>	<b>6,621,189</b>	<b>-</b>	<b>1,232,525</b>	<b>4,340,628</b>	<b>1,048,036</b>	<b>-</b>
-----Rupees in '000'-----							
Trade and other payables	1,522,356	992,257	992,257	-	-	-	-
Long-term financing	1,497,164	1,497,164	-	-	272,965	1,070,055	154,143
Short-term borrowings	4,377,109	4,377,109	3,170,096	666,130	540,883	-	-
Interest / mark-up payable	24,593	24,593	7,221	16,087	1,285	-	-
<b>2016</b>	<b>7,421,222</b>	<b>6,891,123</b>	<b>4,169,574</b>	<b>682,217</b>	<b>815,133</b>	<b>1,070,055</b>	<b>154,143</b>

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

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

	2017	2016
	Rupees in '000	
6 months or less		
- Short-term borrowings	3,911,125	1,207,013
- Long-term loans	429,503	272,966

## 39.3 Market risk management

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

### 39.3.1 Interest rate risk management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate risk arises from long and short-term borrowings from financial institutions. At the balance sheet date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying amount	
	2017	2016
	Rupees in '000	
<b>Fixed rate instruments</b>		
Financial assets	12,807	513,526
Financial liabilities	850,521	632,245
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR based	3,188,938	3,743,867
- LIBOR based	1,349,205	1,498,161

#### Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss - held-for-trading, 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 before tax for the year ended June 30, 2017 would decrease / increase by Rs. 22.69 million (2016: Rs. Rs. 20.94 million) determined on the outstanding balance at year end. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

### 39.3.2 Foreign exchange risk management

#### Exposure to currency risk

	2017		2016	
	Rupees	US Dollar	Rupees	US Dollar
	Currency in '000			
Trade debts	440,281	4,193	850,643	8,125
Foreign currency loans	(1,349,205)	(12,850)	(1,498,161)	(14,309)
	(908,924)	(8,657)	(647,518)	(6,184)

	2017	2016
	Rupees	
Average rate	104.73	104.37
Balance sheet date rate	105.00	104.70

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, 2017, if the Rupee had weakened / strengthened by 5% against the US dollar with all other variables held constant, profit before tax for the year would have been higher / lower by Rs. 45.446 million (2016: Rs. 32.320 million) determined on the outstanding balance at year end. Profit / (loss) is sensitive to movement in Rupee / foreign currency exchange rates in 2017 than 2016 because of high fluctuation in foreign currency exchange rates.

### 39.3.3 Equity price risk management

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

At the reporting date, the Company has exposure of Rs.13.476 million (2016: 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. 3,716 million (2016: Rs. 3,709 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. 584.330 million (2016: Rs.275.762 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 29.217 million (2016: Rs. 13.788 million) determined based on market value of investments at year end.

### 39.4 Determination of fair values

#### Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between the market participants at the measurement date. Consequently, differences can arise between carrying value and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

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

### 39.5 Financial instruments by category

	Loans & advances	Fair value through profit & loss account - held- for-trading	Total
----- Rupees in '000 -----			
<b>Financial assets</b>			
<b>- June 30, 2017</b>			
Long-term deposits	4,105	-	4,105
Trade debts	1,296,900	-	1,296,900
Loans and advances	21,115	-	21,115
Trade deposits	1,577	-	1,577
Other receivables	34,034	-	34,034
Other financial assets	-	584,330	584,330
Bank balances	243,958	-	243,958
	<b>1,601,689</b>	<b>584,330</b>	<b>2,186,019</b>

<b>Financial assets - June 30, 2016</b>	<b>Loans &amp; advances</b>	<b>Fair value through profit &amp; loss account - held- for-trading</b>	<b>Total</b>
	-----Rupees in '000 -----		
Long-term deposits	4,105	-	4,105
Trade debts	1,424,500	-	1,424,500
Loans and advances	19,593	-	19,593
Trade deposits	894	-	894
Other receivables	10,097	-	10,097
Other financial assets	-	275,762	275,762
Bank balances	568,238	-	568,238
	<b>2,027,427</b>	<b>275,762</b>	<b>2,303,189</b>

<b>Financial liabilities - June 30, 2017</b>	<b>Financial liabilities measured at amortized</b>	<b>Total</b>
	-----Rupees in '000 -----	
Long-term financing	<b>1,477,539</b>	<b>1,477,539</b>
Trade and other payables	<b>1,191,089</b>	<b>1,191,089</b>
Short-term borrowings	<b>3,911,125</b>	<b>3,911,125</b>
Interest / mark-up payable	<b>41,436</b>	<b>41,436</b>
	<b>6,621,189</b>	<b>6,621,189</b>

<b>Financial liabilities - June 30, 2016</b>	<b>Financial liabilities measured at amortized cost</b>	<b>Total</b>
	-----Rupees in '000 -----	
Long-term financing	1,497,164	1,497,164
Trade and other payables	992,257	992,257
Short-term borrowings	4,377,109	4,377,109
Interest / mark-up payable	24,593	24,593
	<b>6,891,123</b>	<b>6,891,123</b>

### 39.6 Fair value and categories of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy :

	Carrying amount			Fair Value				
	Fair value through profit and loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- June 30, 2017 -----								
----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>								
Other financial assets	584,330	-	-	584,330	584,330	-	-	584,330
<b>Financial assets not measured at fair value</b>								
----- June 30, 2017 -----								
----- (Rupees in '000) -----								
Long-term deposits	-	4,105	-	4,105				
Trade debts	-	1,296,900	-	1,296,900				
Loans and advances	-	21,115	-	21,115				
Trade deposits	-	1,577	-	1,577				
Other receivables	-	34,034	-	34,034				
Bank balances	-	243,958	-	243,958				
	-	1,601,689	-	1,601,689				

	Carrying amount				Fair Value			
	Fair value through profit and loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities not measured at fair value</b>	----- June 30, 2017----- ----- (Rupees in '000) -----							
Long-term financing	-	-	1,477,539	1,477,539				
Trade and other payables	-	-	1,191,089	1,191,089				
Short-term borrowings	-	-	3,911,125	3,911,125				
Interest / mark-up payable	-	-	41,436	41,436				
	-	-	6,621,189	6,621,189				

June 30, 2016

	Carrying amount				Fair Value			
	Fair value through profit & loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>	----- June 30, 2016 ----- ----- (Rupees in '000) -----							
Other financial assets	275,762	-	-	275,762	275,762	-	-	275,762

**Financial assets not measured at fair value**

<b>Financial assets not measured at fair value</b>	----- June 30, 2016----- ----- (Rupees in '000) -----							
Long-term deposits	-	4,105	-	4,105				
Trade debts	-	1,424,500	-	1,424,500				
Loans and advances	-	19,593	-	19,593				
Trade deposits	-	894	-	894				
Other receivables	-	10,097	-	10,097				
Bank balances	-	568,238	-	568,238				
	-	2,027,427	-	2,027,427				

**Financial liabilities not measured at fair value**

<b>Financial liabilities not measured at fair value</b>	----- June 30, 2016----- ----- (Rupees in '000) -----			
Long-term financing	-	-	1,497,164	1,497,164
Trade and other payables	-	-	992,257	992,257
Short-term borrowings	-	-	4,377,109	4,377,109
Interest / mark-up payable	-	-	24,593	24,593
	-	-	6,891,123	6,891,123

## 40 CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios at June 30, 2017 and 2016 were as follows:

	2017	2016
	Rupees in '000	
Total borrowings (note 7 & 11)	5,388,664	5,874,273
Less: cash and bank balances (note 24)	(250,049)	(583,745)
Net debt	5,138,615	5,290,528
Total equity	9,923,532	9,418,035
Total capital	15,062,147	14,708,563
Gearing ratio	34%	36%

There is no significant change in the gearing ratio of the Company as compared to the last year.

## 41 CAPACITY AND PRODUCTION

	2017	2016
<b>Spinning units</b>		
Total number of spindles installed	178,896	175,282
Total number of spindles worked per annum (average)	177,210	172,212
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	127,275,682	124,803,260
Actual production for the year after conversion into 20 counts (lbs.)	114,388,159	116,147,507
<b>Ginning units</b>		
Installed capacity to produce cotton bales	72,999	200,750
Actual production of cotton bales	11,918	8,654
Number of shifts	1	2
Capacity attained in (%)	17%	4.31%

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

## 42 SEGMENT REPORTING

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office lead by Chief Executive Officer who continuously involves in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently the Company has three yarn manufacturing units at Hyderabad, Karachi and 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.

## 43 NUMBER OF EMPLOYEES

	Number of employees	
	2017	2016
Average number of employees during the year	2,588	2,237
Number of employees as at June 30	2,669	2,330

43.1 Daily wage employees are not included in the above number of employees.

## 44 SUBSEQUENT EVENT

The Board of Directors proposed a final dividend for the year ended June 30, 2017 of Rs.234.959 million @ 13 per share in addition of interim dividend Rs 90.369 million @ 5 per share thus making a total Rs. 325.328 million @ 18 per share (2016: Rs. 5 per share) at their meeting held on October 07, 2017 for approval of members at the Annual General Meeting. These financial statements do not reflect this dividend payable which will be accounted for in the year in which it is approved.

## 45 DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on October 06, 2017 by the Board of Directors of the Company.

## 46 CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

## 47 GENERAL

Figures have been rounded off to the nearest thousand rupees.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

***Consolidated Annual Report  
2017***

**CONTENTS**

Key operating and financial results	65
Auditors' report	66
Balance sheet	67
Profit & loss account	68
Statement of other comprehensive income	69
Cash flow statement	70
Statement of changes in equity	71
Notes to the financial statement	72

## Consolidated key operating and financial results

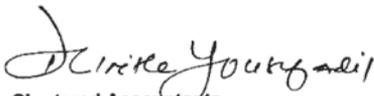
	2012	2013	2014	2015	2016	2017
<b>Operating data</b>						
Turn over	15,583,895	20,375,904	24,301,493	26,812,047	25,111,229	27,818,111
Less : commission	(198,399)	(353,707)	(267,068)	(251,980)	(180,566)	(244,919)
Sales ( net )	15,385,496	20,022,197	24,034,425	26,560,067	24,930,663	27,573,192
Gross profit	2,252,618	3,630,687	2,487,947	2,184,056	1,937,179	2,641,910
Profit before tax	1,789,888	2,523,383	1,866,427	474,828	666,821	1,352,727
Profit after tax	1,571,477	2,547,734	1,996,643	299,887	449,069	1,035,345
<b>Financial data</b>						
Gross assets	10,938,552	12,698,532	20,272,036	19,391,820	20,984,661	21,984,382
Return on equity	21.28%	28.51%	18.75%	2.81%	4.04%	8.65%
Current assets	4,311,122	5,826,529	9,316,161	8,264,447	10,025,542	11,487,926
Shareholders equity	7,384,527	8,936,904	10,646,575	10,674,211	11,115,770	11,966,431
Long term debts and deferred liabilities	1,187,985	808,605	2,395,176	1,843,852	1,737,544	1,694,447
Current liabilities	2,366,040	2,950,413	7,227,675	6,873,757	8,131,347	8,323,504
<b>Key ratios</b>						
Gross profit ratio	14.64%	18.13%	10.35%	8.22%	7.77%	9.58%
Net profit	10.21%	12.72%	8.31%	1.13%	1.80%	3.75%
Debt / equity ratio	07 : 93	12 : 88	16 : 84	13 : 87	12 : 88	11 : 89
Current ratio	1.82	1.97	1.29	1.20	1.23	1.38
Earning per share ( basic and diluted )	86.95	140.96	110.47	16.59	24.85	57.28
Dividend ( percentage )						
- Cash	350%	100% Int	150% Int	150% Int	50% Final	50% Int
- Stock	-	-	-	-	-	-
- Specie dividend	-	100 : 09	-	-	-	-
<b>Statistics</b>						
Production ( tons )	42,057	52,894	63,821	68,361	69,924	70,389

## 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, 2017 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 opinions on the financial statements of the Holding Company and a subsidiary company namely Indus Lyallpur Limited. The financial statements of subsidiaries Indus Home Limited and Indus Wind Energy Limited were audited by other auditors whose reports have been furnished to us and our opinion, in so far as it relates to the amounts included for such subsidiaries in the consolidated financial statements, is based solely on the reports of such other auditors. The financial statements of subsidiary Indus Home USA, Inc. 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 and its subsidiary companies as at June 30, 2017 and the results of their operations for the year then ended.



Chartered Accountants

**Engagement Partner**  
Naresh Kumar

Date: October 07, 2017  
Place: Karachi

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2017

		2017	2016			2017	2016
	Note	Rupees in '000			Note	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>10,431,373</b>	10,891,778
Issued, subscribed and paid-up capital	6	<b>180,737</b>	180,737	Intangible assets	15	<b>27,759</b>	30,973
Reserves	7	<b>6,999,444</b>	5,021,964	Long-term investments	16	<b>22,567</b>	21,611
Unappropriated profit		<b>4,786,250</b>	5,913,069	Long-term deposits	17	<b>14,757</b>	14,757
		<b>11,966,431</b>	11,115,770			<b>10,496,456</b>	10,959,119
<b>Non current liabilities</b>				<b>Current assets</b>			
Long-term financing	8	<b>1,193,821</b>	1,363,996	Stores, spares and loose tools	18	<b>527,318</b>	537,609
Deferred liabilities	9	<b>500,626</b>	373,548	Stock-in-trade	19	<b>6,550,142</b>	5,514,619
		<b>1,694,447</b>	1,737,544	Trade debts	20	<b>2,020,014</b>	1,831,228
<b>Current liabilities</b>				Loans and advances	21	<b>228,353</b>	154,345
Trade and other payables	10	<b>2,130,541</b>	1,687,178	Trade deposits and short-term prepayments	22	<b>28,879</b>	10,921
Interest / mark-up payable	11	<b>53,005</b>	33,572	Other receivables	23	<b>98,705</b>	80,652
Short-term borrowings	12	<b>5,691,516</b>	6,096,915	Other financial assets	24	<b>994,123</b>	676,603
Current portion of long-term financing	8	<b>448,442</b>	313,682	Tax refundable	25	<b>754,180</b>	600,456
		<b>8,323,504</b>	8,131,347	Cash and bank balances	26	<b>286,212</b>	619,109
<b>Contingencies and commitments</b>	13					<b>11,487,926</b>	10,025,542
		<b>21,984,382</b>	20,984,661			<b>21,984,382</b>	20,984,661

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees in '000	2016
Sales - net	27	27,573,192	24,900,934
Cost of goods sold	28	(24,931,282)	(22,993,484)
Gross profit		2,641,910	1,907,450
Other income	29	124,080	157,730
		2,765,990	2,065,180
Distribution cost	30	(604,382)	(617,271)
Administrative expenses	31	(417,385)	(387,254)
Other operating expenses	32	(138,141)	(79,070)
Finance cost	33	(254,998)	(315,097)
		(1,414,906)	(1,398,692)
		1,351,084	666,488
Share of profit from associate - net of tax	16.1	1,643	333
<b>Profit before taxation</b>		<b>1,352,727</b>	<b>666,821</b>
Taxation	34	(317,382)	(217,752)
<b>Profit for the year - attributable to ordinary share holders of the Holding Company</b>		<b>1,035,345</b>	<b>449,069</b>
<b>Earnings per share - basic and diluted</b>	35	<b>57.28</b>	<b>24.85</b>

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	Rupees in '000	
Profit for the year	1,035,345	449,069
<b>Items that may be reclassified subsequently to profit and loss</b>		
Exchange loss on translation of balances of foreign subsidiary	(88)	(711)
<b>Items that will not be reclassified subsequently to profit and loss</b>		
Remeasurement of defined benefit obligation - net of tax	(3,858)	(6,799)
<b>Total comprehensive income for the year - attributable to ordinary share holders of the Holding Company</b>	<b>1,031,399</b>	<b>441,559</b>

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	Note	2017 Rupees in '000	2016
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	36	1,961,485	1,753,718
Taxes paid - net		(411,807)	(274,090)
Finance cost paid		(235,565)	(351,591)
Gratuity paid		(72,308)	(71,655)
		1,241,805	1,056,382
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property, plant and equipment		(660,652)	(915,858)
Proceeds from disposal of property, plant and equipment	14.2	53,747	18,950
Payment for purchase of other financial assets		(332,900)	(509,831)
Refunds from long-term deposits		-	581
Dividend received		2,268	1,661
		(937,537)	(1,404,497)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Long term finance repaid -net		(35,415)	(602,975)
Dividend paid		(200,085)	(1,808)
		(235,500)	(604,783)
<b>Net decrease in cash and cash equivalents (A+B+C)</b>		<b>68,768</b>	<b>(952,899)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>(5,477,806)</b>	<b>(4,522,598)</b>
<b>Effects of exchange rate changes on cash and cash equivalents</b>		<b>3,734</b>	<b>(2,309)</b>
		<b>(5,405,304)</b>	<b>(5,477,806)</b>
<b>Cash and cash equivalents at end of the year</b>	37	<b>(5,405,304)</b>	<b>(5,477,806)</b>

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

  
\_\_\_\_\_  
Arif Abdul Majeed  
Chief Financial Officer

  
\_\_\_\_\_  
Shahzad Ahmed  
Chief Executive Officer

  
\_\_\_\_\_  
Naveed Ahmed  
Director

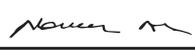
## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	Reserves						Total
	Issued, subscribed and paid up capital	Capital			Revenue		
		Share premium	Merger reserve	Exchange translation reserve	General reserve	Unappropriated profit	
----- Rupees in '000' -----							
<b>Balance at June 30, 2015</b>	180,737	10,920	11,512	243	5,000,000	5,470,799	10,674,211
<b>Total Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	449,069	449,069
Exchange gain on translation of balances of foreign subsidiary	-	-	-	(711)	-	-	(711)
Remeasurement of defined benefit obligation -net of tax	-	-	-	-	-	(6,799)	(6,799)
<b>Total comprehensive income for the year</b>	-	-	-	(711)	-	442,270	441,559
<b>Balance at June 30, 2016</b>	180,737	10,920	11,512	(468)	5,000,000	5,913,069	11,115,770
<b>Total Comprehensive income for the year</b>							
Profit for the year	-	-	-	-	-	1,035,345	1,035,345
Exchange loss on translation of balances of foreign subsidiary	-	-	-	(88)	-	-	(88)
Remeasurement of defined benefit obligation -net of tax	-	-	-	-	-	(3,858)	(3,858)
<b>Total comprehensive income for the year</b>	-	-	-	(88)	-	1,031,487	1,031,399
Transfer to general reserve	-	-	-	-	1,977,568	(1,977,568)	-
<b>Transactions with owners recorded directly in equity</b>							
Final cash dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	-	-	(90,369)	(90,369)
Interim cash dividend for the period ended September 30, 2016 @ Rs. 5 per share	-	-	-	-	-	(90,369)	(90,369)
<b>Balance at June 30, 2017</b>	180,737	10,920	11,512	(556)	6,977,568	4,786,250	11,966,431

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

  
Arif Abdul Majeed  
Chief Financial Officer

  
Shahzad Ahmed  
Chief Executive Officer

  
Naveed Ahmed  
Director

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

### 1. THE GROUP AND ITS OPERATIONS

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

#### 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 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 listed on Pakistan 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 ( ILL ) is an unlisted public company limited by shares, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984. Principal business of the ILL is manufacturing and sale of yarn. Its manufacturing facility is located at 38th kilometer, Shaikhupura road, District Faisalabad in the province of Punjab. Registered office of the ILL is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi.

##### Indus Home Limited - 100% owned

Indus Home Limited ( IHL ) 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. The principal activities of the IHL 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. Its principal business activity is to act as commission agent to generate sales order in textile sector.

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

Indus Wind Energy Limited was established during the year ended June 30, 2015. Its principal business activity is to generate and sale electricity to the national grid.

#### 1.1.3 Sunrays Textile Mills Limited - Associated Company

Sunrays Textile Mills Limited was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984. Its shares are quoted on Pakistan Stock Exchange Limited. 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.

## 1.1.4 Indus Heartland Limited - Associated Company

Indus Heartland Limited was incorporated in Pakistan on February 25, 2011 as a public limited company (unlisted) under the Companies Ordinance, 1984. Registered office of the Company is situated at office No. 508, 5th Floor, Beaumont Plaza, Civil Lines Quarter Karachi. The company has not yet started its commercial operation.

The Holding Company has no 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 collectively referred to as "the Group" in these financials
- 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 them is established and excluded from consolidation from the date of disposal or when the control is lost.
- The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis.
- Material inter-group balances and transactions have been eliminated.
- Non-controlling Interest in equity of the subsidiary companies are measured at fair value as of the acquisition date of

## 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.

During the year, the Companies Act, 2017 was enacted on May 30, 2017 and came into force at once. Subsequently, Securities and Exchange Commission of Pakistan has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Therefore, these financial statements have been prepared under the Companies Ordinance 1984.

### 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;
- recognition of certain financial instruments at fair value; and
- investment in associate accounted for under equity method

### 2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group consolidated financial statements other than certain additional disclosures.

	<b>Effective from accounting period beginning on or after:</b>
Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception	January 01, 2016
Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint operations	January 01, 2016
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation and amortisation	January 01, 2016
Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement of bearer plants	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016

Certain annual improvements have also been made to a number of IFRSs, which are not expected to have material impact on the financial statements of the Company.

Due to immaterial interest in associated company, certain disclosures as required under IFRS 12 have not been presented in these consolidated financial statements.

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

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

	<b>Effective for accounting periods</b>
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions	January 01, 2018
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a
Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative	January 01, 2017
Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses	January 01, 2017
Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018
	<b>Effective for accounting periods</b>
IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019

Certain annual improvements have also been made to a number of IFRSs, which are not expected to have material impact on the unconsolidated financial statements of the Company.

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
- IFRS 16 – Leases
- IFRS 17 – Insurance Contracts

### 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 4.1, 9 and 34)
- Provision for staff retirement benefits (Note 4.2, 9.2-9.4)
- Depreciation rates of property, plant and equipment (Note 14.1)
- Classification of investments (Note 4.10 and 16)
- Net realizable value of stock-in-trade (Note 4.7, 19)
- Provision for impairment of trade debts and other receivables (Note 4.8, 4.9 and 20.4)
- Provision for slow moving stores and spares (Note 4.6 and 18.2)

### 4. SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Taxation

##### Current

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

##### Deferred

Deferred income tax is 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 taxable 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 reporting 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.

## 4.2 Staff retirement benefits

### 4.2.1 Defined benefit plan

#### The Holding Company

The Holding Company operates an unfunded gratuity scheme covering all its employees who have completed minimum qualifying period of service. Provisions are determined based on 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 eligible 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 an 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 eligible 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. The latest actuarial valuation was carried on June 30, 2017, using projected unit credit method. Past service cost are recognized immediately in profit and loss. Actuarial gains and losses are recognised immediately in other comprehensive income.

### 4.2.2 Compensated absences

The Holding Company and Indus Lyallpur Limited provide for compensated absences of its eligible employees on unavailed balance of leaves in the year 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 for freehold and leasehold land which are stated at revalued amount.

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.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and upto the month preceding the month of 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 these 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 reporting 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 assets 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 specific 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 reporting 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 cost 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:

	<b>Basis of valuation</b>
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 reporting date

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost of completion and estimated costs 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 Group.

### 4.9.2 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.

### 4.9.3 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 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 - held-for-trading' 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 - held-for-trading' 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 reporting date are included in 'other financial assets' and with negative impacts in 'trade and other payables' 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.

#### 4.10 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 recognized in profit and loss account in the period in which they are incurred.

#### 4.11 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 reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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.

##### 4.11.1 Foreign subsidiary

The assets and liabilities of foreign subsidiary are translated to rupees at exchange rates prevailing at the balance sheet date. The results of foreign subsidiary are translated at the average rate of exchange for the year.

#### 4.12 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 reporting date and adjusted to reflect the current best estimate.

#### 4.13 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; and
- Dividend income is recognized 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 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.

#### 4.15 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 Group has a legal right to offset the recognized amounts and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

#### 4.16 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current, savings and deposit accounts and short-term borrowings excluding loans from directors and their spouses.

#### 4.17 Dividend distribution

Dividend distribution to the Group's shareholders is recognized as a liability in the consolidated financial statements in the year in which the dividends are approved by the Group's shareholders / directors as appropriate.

#### 4.18 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.

### 5. BUSINESS COMBINATION

In the previous years, the Holding Company subscribed 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 subscription, 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

2017	2016		2017	2016
No. of shares		Note	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	52,821	52,821
		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>

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 agreed 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	2017 Rupees in '000	2016
<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	(556)	(468)
		21,876	21,964
<b>Revenue</b>			
General reserve		6,977,568	5,000,000
		6,999,444	5,021,964

**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)

	Note	2017 Rupees in '000	2016
<b>8. LONG-TERM FINANCING</b>			
<b>Secured</b>			
From banking companies	8.1 & 8.2	1,642,263	1,677,678
Less: Payable within one year		(448,442)	(313,682)
		1,193,821	1,363,996

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

Type and nature of loan	2017		
	Amount outstanding Rupees in '000	Mark up rate per annum	Terms of repayments
Long term finance facility (LTFF)	1,015,245	2.50% to 7.0%	Quarterly and half yearly
Term finances	627,018	3 months KIBOR + 0.5% to 0.75%	Quarterly
	1,642,263		

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

Type and nature of loan	2016		
	Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Long term finance facility (LTFF)	812,759	5.50% to 11.10%	Half yearly and quarterly
Term finances	864,919	3 months KIBOR + 0.5% to 1.5%	Quarterly
	<u>1,677,678</u>		

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 non-compliance of the financing agreements with banking companies which may expose the Group to penalties or early repayment.

8.4 Sanctioned amount on long term financing amounts to Rs. 5,737 million (2016: 4,387 million)

9. DEFERRED LIABILITIES	Note	2017	2016
		Rupees in '000	
Deferred taxation	9.1	148,187.00	68,327
Staff retirement gratuity:			
- the Holding Company	9.2	210,024.00	189,134
- Indus Lyallpur Limited	9.3	23,433.00	20,168
- Indus Home Limited	9.4	118,982.00	95,919
		<u>500,626.00</u>	<u>373,548</u>

## 9.1 Deferred taxation

Movement for the year ended June 30, 2017	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
----- (Rupees in '000) -----				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	(24,966)	(12,847)	88	(37,725)
- provision of stores and spare parts	(132)	(48)	-	(180)
- other financial assets	(155)	(2,633)	-	(2,788)
Unutilized minimum tax paid	(132,271)	(47,080)	-	(179,351)
	<u>(157,524)</u>	<u>(62,608)</u>	<u>88</u>	<u>(220,044)</u>
Taxable temporary differences in respect of:				
- accelerated tax depreciation	222,524	141,387		363,911
- unrealized export debtors	3,327	993		4,320
	<u>68,327</u>	<u>79,772</u>	<u>88</u>	<u>148,187</u>

	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
	----- (Rupees in '000) -----			
<b>Movement for the year ended</b>				
<b>June 30, 2016</b>				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	-	(24,320)	(646)	(24,966)
- provision of stores and spare parts	-	(132)	-	(132)
- other financial assets	-	(155)	-	(155)
Unutilized minimum tax paid	-	(132,271)	-	(132,271)
	-	(156,878)	(646)	(157,524)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	-	222,524	-	222,524
- unrealized export debtors	767	2,560	-	3,327
	767	68,206	(646)	68,327

**9.1.1** The Group has not accounted for deferred tax on differences relating to its subsidiaries as the Holding Company does not have an intention to receive dividends or dispose off its investments in its subsidiaries in foreseeable future.

	2017	2016
	Rupees in '000	
Profit and loss account	79,772	68,973
Other comprehensive income	88	(646)
	<b>79,860</b>	<b>68,327</b>

**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 asset of Rs. 20.96 million (2016: Rs. 52.907 million) has not been recognized in these consolidated 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 the financial statements of the subsidiary relates to unrealized export debtors. 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 an 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, 2017 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these consolidated financial statements are as follows:

	2017	2016
<b>Significant actuarial assumptions</b>		
Discount rate (%)	7.75	7.5
Expected rate of increase in salary level (%)	6.75	6.5
Weighted average duration of defined benefit obligation	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.		

	2017	2016
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>210,024</b>	<b>189,134</b>
<b>Movement in net defined benefit obligation</b>		
Balance at the beginning of the year	189,134	167,128
Recognized in profit and loss account		
Current service cost	62,037	47,234
Interest cost	11,810	13,736
	73,847	60,970
Recognized in other comprehensive income		
Actuarial (gain) / loss on remeasurement of obligation	(488)	6,114
Benefits paid	(52,469)	(45,078)
<b>Present value of defined benefit obligation as at June 30</b>	<b>210,024</b>	<b>189,134</b>
<b>Actuarial gains and losses</b>		
Actuarial losses due to changes in demographic assumptions	-	4,433
Actuarial loss / (gain) due to experience adjustments	(488)	1,681
	<b>(488)</b>	<b>6,114</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:

	Impact on defined benefit obligation		
	Change in assumptions	Increase	Decrease
	----- (Rupees in '000) -----		
Discount rate	1%	192,485	230,693
Salary growth rate	1%	230,693	192,179

## 9.3 Staff retirement gratuity - Indus Lyallpur Limited

### Significant actuarial assumptions

	2017	2016
Discount rate (%)	7.75	7.5
Expected rate of increase in salary level (%)	6.75	6.5
Weighted average duration of defined benefit obligation	8 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.

	2017	2016
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>23,433</b>	20,168
<b>Movement in net defined benefit obligation</b>		
Balance at the beginning of the year	20,168	14,394
Recognized in profit and loss account		
Current service cost	9,915	10,503
Interest cost	1,257	1,073
	11,172	11,576
Recognized in other comprehensive income		
Actuarial (gain) / loss on remeasurement of obligation	(2,251)	392
Benefits paid	(5,656)	(6,194)
<b>Present value of defined benefit obligation as at June 30</b>	<b>23,433</b>	20,168
<b>Actuarial gains and losses</b>		
Actuarial loss due to experience adjustments	(2,251)	392

### 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%	20,715	26,784
Salary growth rate	1%	26,784	20,669

## 9.4 Staff retirement gratuity - Indus Home Limited

Significant actuarial assumptions	2017	2016
Discount rate (%)	8.00	7.25
Expected rate of increase in salary level (%)	7.00	6.25
Weighted average duration of defined benefit obligation	8 years	8 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.

	2017	2016
	Rupees in '000	
<b>Present value of defined benefit obligation</b>	<b>118,982</b>	95,919
<b>Movement in net defined benefit obligation</b>		
Balance at the beginning of the year	95,919	84,376
Recognized in profit and loss account		
Current service cost	24,297	22,987
Interest cost	6,440	7,233
	30,737	30,220
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	6,509	1,706
Benefits paid	(14,183)	(20,383)
<b>Present value of defined benefit obligation as at June 30</b>	<b>118,982</b>	95,919
<b>Actuarial gains and losses</b>		
Actuarial loss due to experience adjustments	6,509	1,706

### 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%	110,427	128,951
Salary growth rate	1%	129,341	109,919

		2017	2016
		Rupees in '000	
10. TRADE AND OTHER PAYABLES	Note		
Creditors		249,225	170,953
Accrued liabilities		1,320,735	1,060,400
Foreign bills payable		80,363	34,890
Infrastructure cess		293,459	221,237
Workers' Profits Participation Fund	10.1	75,641	36,969
Workers Welfare Fund		1,589	30,081
Advance from customers		31,869	30,623
Unclaimed dividend		6,326	25,673
Withholding tax payable		7,975	9,420
Others		63,359	66,932
		<b>2,130,541</b>	<b>1,687,178</b>
<b>10.1 Workers' Profits Participation Fund</b>			
Balance at beginning of the year		36,969	7,528
Allocation for the year		75,656	36,964
Interest charged during the year on the funds utilized by the Group	33	569	356
		<b>113,194</b>	<b>44,848</b>
Payments made during the year		<b>(37,553)</b>	<b>(7,879)</b>
Balance at end of the year		<b>75,641</b>	<b>36,969</b>
<b>11. INTEREST / MARK-UP PAYABLE</b>			
<b>On secured loans from banking companies</b>			
- Long-term financing		19,817	18,356
- Short-term borrowings		33,188	15,216
		<b>53,005</b>	<b>33,572</b>
<b>12. SHORT-TERM BORROWINGS</b>	Note	2017	2016
		Rupees in '000	
<b>From banking companies - secured</b>			
Running finance / cash finance arrangements	12.1	4,232,550	3,294,894
Finance against import / export	12.2	1,458,966	2,802,021
	12.3	<b>5,691,516</b>	<b>6,096,915</b>
<b>12.1</b>	These carry mark-up ranging from 1 week KIBOR + 0.02% to 1% and 3 months KIBOR + 0.02% to 1% (2016: 1 week KIBOR + 0.05% to 1.25% and 3 months KIBOR + 0.6% to 1%). These are secured against charge over current assets of the Group.		
<b>12.2</b>	These carry mark-up ranging from 3 month LIBOR + 1% to 3 month LIBOR + 2.25% (2016: 3 month LIBOR + 1% to 3 month LIBOR + 2.25% ) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Company.		
<b>12.3</b>	The Group has aggregate short-term borrowing facilities amounting to Rs. 13,454 million (2016: Rs. 13,209 million ) from various commercial banks. These are secured against current assets with upto 25% margin.		

## 13. CONTINGENCIES AND COMMITMENTS

### 13.1 Contingencies

Under the Gas Infrastructure Development Cess Act, 2011, Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on gas bills at the rate of Rs. 13 per MMBTU on all industrial consumers. In the month of June 2012, the Federal Government revised GIDC rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU and further increased from Rs.100 per MMBTU to Rs. 200 per MMBTU in July 2014.

The Company filed a suit before the High Court of Islamabad, challenging the applicability of Gas Infrastructure Cess Act 2011. The Islamabad High Court has restrained the Federation and gas companies from recovering GIDC over and above Rs. 13 per MMBTU. On August 22, 2014, the Honourable Supreme Court of Pakistan declared that the levy of GIDC as a tax was not levied in accordance with the Constitution and hence not valid.

In September 2014, the Federal Government promulgated Gas Infrastructure Cess Ordinance No. VI of 2014 to circumvent earlier decision of the Honourable Supreme Court on the ground that GIDC was a 'Fee' and not a 'Tax'. In May 2015, the said Ordinance was approved by the Parliament and became an Act.

Following the imposition of the said Act, many consumers filed a petition in Honorable Sindh High Court and obtained stay order against Act passed by the Parliament. On October 26, 2016, the Learned single Judge of Honorable High Court of Sindh had passed an order to refund / adjust the GIDC collected in the future bills of the respective plaintiff. In other similar case, the said order was stayed by the Honorable Sindh High Court through order dated November 10, 2016. The Company intervened in the aforementioned case for clarification and the decision of Court is pending.

In view of aforementioned developments, the Company on prudent basis, recognized provision for GIDC as at June 30, 2017 amounting to Rs. 627.747 million (2016: 472.1 million) in these financial statements.

The management has only recorded provision by way of abundant precaution and management has not passed the burden of GIDC to its customers.

		2017	2016
		Rupees in '000	
13.1.1	Claim of arrears of social security contribution not acknowledged, appeal is pending in honorable High Court of Sindh. The management is hopeful for favorable outcome.	453	453
13.1.2	Guarantees issued by banks on behalf of the Group	3,817	26,970
13.1.3	Guarantees issued by banks in favour of gas and electric distribution companies	234,167	223,286
13.1.4	Bank guarantees against payment of infrastructure cess	308,196	211,042
13.1.5	Bank guarantees in favour of Collector of Customs	-	7,950
13.1.6	Bank guarantees in favour of Government of Sindh	2,625	-
13.2	<b>Commitments</b>		
	Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases	1,044,075	1,641,095
	Civil work contracts	73,917	-
	Bills discounted	50,333	417,763
	Foreign currency forward contracts - Sale	643,503	423,695
	Foreign currency forward contracts - Purchase	37,824	76,325
	Post dated cheques in favour of: Revenue Department - Government of Pakistan	728,891	722,155
	<b>Note</b>	<b>2017</b>	<b>2016</b>
		Rupees in '000	
14.	<b>PROPERTY, PLANT AND EQUIPMENT</b>		
	Operating fixed assets	10,304,698	10,746,084
	Capital work-in-progress	126,675	145,694
		<b>10,431,373</b>	<b>10,891,778</b>

## 14.1 Operating fixed assets

2017

Particulars	Cost at July 1, 2016	Additions/ (disposal) during the year	Cost at June 30, 2017	Accumulated depreciation at July 1, 2016	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2017	Carrying value at June 30, 2017	Dep. Rate	
									< ----- Rupees in '000' ----- >
								%	
<b>Owned</b>									
Freehold land	220,701	- (600)	220,101	-	-	-	220,101	-	
Leasehold land	52,035	91,324	143,359	-	-	-	143,359	-	
Factory buildings	2,263,085	8,667	2,271,752	652,858	172,661	825,519	1,446,233	5-10	
Non-factory buildings	177,606	-	177,606	94,742	8,286	103,028	74,578	10	
Office building	110,316	-	110,316	16,375	4,697	21,072	89,244	5-10	
Plant and machinery	12,564,770	407,925 (133,520)	12,839,175	4,874,751	733,820 (93,153)	5,515,418	7,323,757	10	
Electric installations	229,674	496	230,170	100,649	12,864	113,513	116,657	10	
Power generators	834,261	123,855 (80,962)	877,154	310,325	52,339 (49,036)	313,628	563,526	10	
Factory equipment	172,550	2,980 (2,962)	172,568	37,026	13,351 (1,313)	49,064	123,504	10	
Office equipment	38,703	3,801 (775)	41,729	12,678	4,305 (674)	16,309	25,420	10-30	
Furniture and fixtures	51,589	5,089	56,678	14,806	3,965	18,771	37,907	10	
Vehicles	263,347	35,534 (24,569)	274,312	118,343	32,261 (16,704)	133,900	140,412	20	
<b>June 30, 2017</b>	<b>16,978,637</b>	<b>679,671 (243,388)</b>	<b>17,414,920</b>	<b>6,232,553</b>	<b>1,038,549 (160,880)</b>	<b>7,110,222</b>	<b>10,304,698</b>		



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 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	25,000	(11,934)	13,066	7,890	(5,176)	Abid Azeem Traders	Auction
2 Plant and machinery	18,019	(10,647)	7,372	1,300	(6,072)	Tahir Mehmood	Auction
3 Plant and machinery	1,293	(459)	834	500	(334)	Bismillah Engineering Services	Auction
4 Plant and machinery	1,524	(1,499)	25	125	100	Muhammad Kamran	Negotiation
5 Plant and machinery	1,071	(977)	94	100	6	Ahmed Traders	Negotiation
6 Plant and machinery	5,156	(4,859)	297	320	23	Ahmed Traders	Negotiation
7 Plant and machinery	6,758	(6,369)	389	500	111	Bismillah Textile Traders	Negotiation
8 Plant and machinery	2,913	(2,435)	478	500	22	Sunrays Textile Mills Limited	Negotiation
9 Plant and machinery	18,529	(13,897)	4,632	5,200	568	Mayfair Limited	Negotiation
10 Plant and machinery	7,937	(6,037)	1,900	2,000	100	F.A.G. Textile	Negotiation
11 Plant and machinery	20,031	(16,941)	3,090	3,095	5	Gulf Textile	Negotiation
12 Plant and machinery	10,192	(8,815)	1,377	1,400	23	Textile Future Concern	Negotiation
13 Plant and machinery	15,097	(8,285)	6,812	5,450	(1,362)	Mayfair Limited	Negotiation
	<b>133,520</b>	<b>(93,153)</b>	<b>40,367</b>	<b>28,380</b>	<b>(11,986)</b>		
1 Vehicle	1,622	(1,225)	397	400	3	Rizwan Azam	Negotiation
2 Vehicle	554	(390)	164	270	106	Haider (Employee)	Company policy
3 Vehicle	1,060	(817)	243	300	57	Majid Ali	Negotiation
4 Vehicle	2,303	(786)	1,517	1,800	283	Adamjee Insurance	Claim
5 Vehicle	1,156	(729)	427	450	23	Abidien (Employee)	Company policy
6 Vehicle	52	(31)	21	15	(6)	Azaz Ahmed	Negotiation
7 Vehicle	1,960	(1,120)	840	1,174	334	Adamjee Insurance	Claim
8 Vehicle	1,808	(1,467)	341	417	76	Najam Ul Islam	Negotiation
9 Vehicle	1,703	(820)	883	900	17	Adil Ashraf	Negotiation
10 Vehicle	1,045	(698)	347	638	291	Mujahid Islam	Negotiation
11 Vehicle	63	(11)	52	60	8	Adamjee	Claim
12 Vehicle	67	(7)	60	38	(22)	Ashraf	Negotiation
13 Vehicle	1,131	(783)	348	400	52	Malik Momin	Negotiation
14 Vehicle	62	(4)	58	59	2	Adamjee Insurance	Claim
15 Vehicle	71	(23)	48	27	(21)	Mirza Autos	Negotiation
16 Vehicle	1,374	(943)	431	450	19	Yaseen Hamidia	Negotiation
17 Vehicle	46	(21)	25	10	(15)	Muhammad Ashraf	Negotiation
18 Vehicle	950	(627)	323	725	402	Waqas Zia (Employee)	Company policy
19 Vehicle	375	(222)	153	540	387	Mubashir Waqar	Negotiation
20 Vehicle	2,918	(2,596)	322	900	578	Zain Hassan	Auction
21 Vehicle	1,540	(1,146)	394	1,200	806	Zarar Butt	Negotiation
22 Vehicle	1,359	(1,168)	191	985	794	Irshad Waqar	Negotiation
23 Vehicle	743	(671)	72	685	613	Waseem Shoukat	Auction
24 Vehicle	54	(48)	6	14	8	Sajid Hussain Khan	Auction
	<b>24,016</b>	<b>(16,353)</b>	<b>7,663</b>	<b>12,457</b>	<b>4,794</b>		
1 Power generators	73,462	(45,456)	28,006	10,000	(18,006)	Adamjee Insurance Co. Ltd	Negotiation
2 Power generators	7,500	(3,580)	3,920	2,000	(1,920)	Bismillah Engineering Services	Auction
	<b>80,962</b>	<b>(49,036)</b>	<b>31,926</b>	<b>12,000</b>	<b>(19,926)</b>		
1 Factory Equipment	2,962	(1,313)	1,649	110	(1,539)	Bismillah Engineering Services	Auction
1 Leasehold Land	600	-	600	600	-	MEPCO WAPDA Muzaffargarh	Negotiation
1 Office Equipment	589	(537)	52	54	2	Neo Tech Hafeez Centre	Negotiation
2 Office Equipment	59	(48)	11	5	(6)	Rizwan Azam	Negotiation
3 Office Equipment	57	(41)	16	10	(6)	Tahir Mehmood	Negotiation
4 Office Equipment	46	(35)	11	10	(1)	Massadiq	Negotiation
5 Office Equipment	26	(14)	12	8	(4)	Amin Zaman	Negotiation
	<b>777</b>	<b>(675)</b>	<b>102</b>	<b>87</b>	<b>(15)</b>		
1 Other (assets having net book value of less than Rs. 50,000)		(350)	201	113	(89)	Various	Company policy / negotiation
<b>2017</b>	<b>243,388</b>	<b>(160,880)</b>	<b>82,508</b>	<b>53,747</b>	<b>(28,761)</b>		
<b>2016</b>	<b>50,365</b>	<b>(28,911)</b>	<b>21,454</b>	<b>18,950</b>	<b>(2,505)</b>		

	Note	2017 Rupees in '000	2016
<b>14.3 Capital work-in-progress</b>			
Civil work		126,675	39,023
Plant and machinery		-	101,430
Vehicles		-	5,241
	14.3.1	126,675	145,694
<b>14.3.1 Capital work-in-progress</b>			
		<b>Civil work</b>	<b>Plant and machinery</b>
		<b>Vehicles</b>	<b>Total</b>
		.....(Rupees '000).....	
<b>As at June 30, 2015</b>		50,067	39,712
Additions during the year		94,028	542,120
Transferred to operating fixed assets		(105,072)	(480,402)
<b>As at June 30, 2016</b>		39,023	101,430
Additions during the year		107,133	123,027
Transferred to operating fixed assets		(19,481)	(224,457)
<b>As at June 30, 2017</b>		126,675	-
		<b>2017</b>	<b>2016</b>
		Rupees in '000	
<b>15. INTANGIBLE ASSETS</b>			
Intangibles under use	15.1	19,660	4,633
Intangibles under implementation		8,099	26,340
		27,759	30,973
<b>15.1 Intangibles under use</b>			
<b>Year ended June 30</b>			
Net book value as at July 1		4,633	6,619
Additions		18,241	-
Amortisation for the year	15.1.1	(3,214)	(1,986)
<b>Net book value as at June 30 At June 30</b>		19,660	4,633
Cost		25,595	7,354
Accumulated amortisation		(5,935)	(2,721)
<b>Net book value</b>		19,660	4,633
Annual amortisation rate		30%	30%
<b>15.1.1</b> Amortisation for the year has been charged to administrative expenses.			
<b>15.2 Intangibles under implementation</b>			
<b>As at June 30, 2015</b>			26,340
Additions during the year			1,590
Transferred to profit and loss account			(1,590)
<b>As at June 30, 2016</b>			26,340
Transferred to intangible assets			(18,241)
<b>As at June 30, 2017</b>			8,099

	Note	2017 Rupees in '000	2016
<b>16. LONG-TERM INVESTMENT</b>			
Investment in associate	16.1	<b>22,567</b>	21,611
<b>16.1 Investment in associate - Sunrays Textile Mills Limited</b>			
Cost		1,716	1,716
Share of post acquisition profits:			
Opening		19,895	19,562
Dividend received		(687)	-
Share of profit from associate for the year		1,643	333
		<b>20,851</b>	19,895
		<b>22,567</b>	21,611
Number of shares held		68,654	68,654
Ownership interest		0.99%	0.99%
Market value (Rupees in '000)		13,559	14,601
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	2017 Rupees in '000	2016
Total assets		4,044,544	3,456,181
Total liabilities		1,589,845	1,061,650
Revenue		4,256,597	3,858,477
Comprehensive income for the year		141,738	33,703

## 17. LONG-TERM DEPOSITS

Electricity		10,502	10,502
Others		4,255	4,255
		<b>14,757</b>	14,757

18. STORES, SPARES AND LOOSE TOOLS	Note	2017 Rupees in '000	2016
Stores, spares and loose tools	18.1	577,517	583,008
Less: provision for slow moving and obsolete stock	18.2	(50,199)	(45,399)
		<b>527,318</b>	<b>537,609</b>

18.1 It include stores and spares in transit amounting to Rs. 93.73 million (2016: Rs. 84.83 million).

18.2 Movement in provision for slow moving & obsolete stock	Note	2017 Rupees in '000	2016
Opening balance		45,399	35,414
Provision for the year		4,800	9,985
Closing Balance		<b>50,199</b>	<b>45,399</b>

## 19. STOCK-IN-TRADE

Raw material			
- in hand	19.1	4,438,861	2,749,020
- in transit		291,168	1,396,743
		<b>4,730,029</b>	<b>4,145,763</b>
Work-in-process		671,686	467,680
Finished goods	19.1	1,034,081	808,900
Packing material		44,621	45,023
Waste		69,725	47,253
		<b>6,550,142</b>	<b>5,514,619</b>

19.1 The stock of work-in-process and finished goods have been written down to their net realizable values by Rs. Nil million (2016: 40.215) and Rs. 5.6 million (2016: Rs. 16.491 million) respectively.

20. TRADE DEBTS	Note	2017 Rupees in '000	2016
<b>Considered good</b>			
<b>Secured</b>			
Foreign debtors		933,467	1,147,223
Local debtors		87,346	182,665
	20.1	<b>1,020,813</b>	<b>1,329,888</b>
<b>Unsecured</b>			
Local debtors		999,201	501,340
		<b>2,020,014</b>	<b>1,831,228</b>
Less: provision for doubtful debts		-	-
	20.2	<b>2,020,014</b>	<b>1,831,228</b>

- 20.1** These are secured against letters of credit in favour of the Group.
- 20.2** 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.

	<b>2017</b>	<b>2016</b>
	<b>Rupees in '000</b>	
<b>20.3</b> Aging of debtors		
From 1 to 30 days	<b>1,380,819</b>	1,665,437
From 30 to 90 days	<b>488,232</b>	138,905
From 90 to 180 days	<b>146,090</b>	24,371
From 180 to 360 days	<b>2,890</b>	2,515
More than 360 days	<b>1,983</b>	-
	<b>2,020,014</b>	1,831,228

	<b>Note</b>	<b>2017</b>	<b>2016</b>
		<b>Rupees in '000</b>	
<b>21. LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Loans to staff		<b>26,966</b>	22,280
Advance income tax - net	21.1	<b>108,433</b>	87,872
Advances to:			
- Suppliers		<b>50,513</b>	21,552
- Employees		<b>5,194</b>	5
- Others		<b>37,247</b>	22,636
		<b>92,954</b>	44,193
		<b>228,353</b>	154,345

**21.1 Advance income tax - net**

Advance income tax		<b>313,097</b>	226,671
Less: Provision for taxation		<b>(196,294)</b>	(133,217)
Less: Workers' Welfare Fund	21.1.1	<b>(8,370)</b>	(5,582)
		<b>108,433</b>	87,872

- 21.1.1** 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 Honourable Supreme Court of Pakistan against the decision of the Sindh High Court.

During the year, Honourable Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Act, 2006 and 2008 have been declared invalid in the said order. Therefore, the management believe that in the light of the aforementioned judgement, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the Company. The management has filed an application for rectification order amounting to Rs. 130.15 million for the years from 2010 to 2014 contending the fact that they had erroneously paid WWF despite of having exemption available to them.

		2017	2016
		Rupees in '000	
<b>22. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS</b>			
<b>Considered good</b>			
Security deposits		11,785	2,336
Prepayments		17,094	8,585
		28,879	10,921
<b>23. OTHER RECEIVABLES</b>			
<b>Considered good</b>			
Cotton claims		13,175	1,937
Rebate refundable		63,138	62,512
Others		20,859	13,929
Derivative financial asset		1,533	2,274
		98,705	80,652
<b>24. OTHER FINANCIAL ASSETS</b>			
<b>At fair value through profit and loss - held for trading</b>			
Investment in ordinary shares of listed companies	24.1	126,958	19,016
Investment in units of mutual funds	24.1	607,563	256,746
<b>Held to maturity investments</b>			
Treasury bills - Government of Pakistan	24.2	206,977	200,841
Term deposit receipts	24.3	52,625	200,000
		994,123	676,603

## 24.1 Market value of other financial assets

### Investment in ordinary shares of listed companies

2017	2016		2017	2016
Number of shares			Rupees in '000	
42,000	-	Bestway Cement Limited	9,203	-
160,000	-	Engro Fertilizers Limited	8,838	-
45,000	-	Engro Corporation Limited	14,666	-
30,000	30,000	Fauji Fertilizer Company Limited	2,479	3,442
15,000	-	Habib Bank Limited	4,037	-
1,850,000	-	K-Electric Limited	12,765	-
11,088	11,088	Pakistan State Oil Company Limited	4,295	4,162
10,000	-	Pak Elektron Limited	1,103	-
100,000	100,000	Pakistan International Airlines Corporation Limited	584	708
193,900	-	Pioneer Cement Limited	25,207	-
25,950	-	Sitara Chemical Industries Limited	11,538	-
136,900	60,500	United Bank Limited	32,243	10,704
			<b>126,958</b>	<b>19,016</b>

### Investment in units of mutual funds

2017	2016			
Number of units				
-	9,984,026	ABL Cash Fund	-	100,000
19,959,482	-	ABL Income Fund	200,301	-
2,163	2,067	HBL Money Market Fund	220	202
1,081	1,025	HBL Cash Fund		
3,965,107	-	(Formerly PICIC Cash Fund)	109	100
992,535	256	Meezan Cash Fund	250,001	-
497,400	-	Meezan Sovereign Fund	14	12
9,917	7,932	Meezan Income Fund	38,006	-
11,013,815	-	NAFA Government Security Liquid Fund	101	98
100,000	-	NAFA Money Market Fund	108,580	-
-	3,109,186	NAFA Islamic Active Allocation Plan-V	9,868	-
3,505	3,452	Pakistan Cash Management Fund	-	156,000
104		UBL Liquidity Plus Fund	353	334
		UBL Money Market Fund	10	-
			<b>607,563</b>	<b>256,746</b>

24.2 The amount pertains to investment in Government of Pakistan Treasury Bills with Muslim Commercial Bank Carrying interest at 5.95% (2016: 5.85%) and maturity date is August 17, 2017.

24.3 The amount relates to investment in short term deposit receipts carrying interest at 5.5% (2016: 5.75%).

	Note	2017 Rupees in '000	2016
<b>25. TAX REFUNDABLE</b>			
Sales tax refundable		256,801	202,333
Income tax refundable		496,219	396,035
Others		1,160	2,088
		<b>754,180</b>	<b>600,456</b>
<b>26. CASH AND BANK BALANCES</b>			
With banks			
- in deposit accounts	26.1	15,327	513,862
- in current accounts		259,947	85,013
		<b>275,274</b>	<b>598,875</b>
Cash in hand		10,938	20,234
		<b>286,212</b>	<b>619,109</b>

**26.1** The rate of profit on bank deposits ranges from 3.75% to 4.5% per annum (2016:3.75% to 4.5% per annum).

	Note	2017 Rupees in '000	2016
<b>27. SALES -net</b>			
Export sales	27.1	18,964,941	18,092,293
Less: Commission		(164,471)	(147,518)
		<b>18,800,470</b>	<b>17,944,775</b>
Local sales			
Yarn		8,103,303	6,783,309
Towel		134,888	84,080
Greige Fabric		11,181	25,346
Waste		603,798	310,435
		<b>8,853,170</b>	<b>7,203,170</b>
Less:			
Sales tax @ 3% on local sales		(6,787)	(184,234)
Discount		(3,015)	(317)
Brokerage		(70,646)	(62,460)
		<b>(80,448)</b>	<b>(247,011)</b>
		<b>27,573,192</b>	<b>24,900,934</b>

**27.1** It includes exchange loss of Rs.15.48 million (2016: exchange loss of Rs. 49.784 million) and indirect export of Rs. 998 million (2016: Rs. 485 million).

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Note	2017	2016
		Rupees in '000	
<b>28. COST OF GOODS SOLD</b>			
Raw material consumed	28.1	18,411,918	16,051,856
Manufacturing expenses	28.2	6,965,295	6,437,057
Outside purchases - yarn		5,729	138,343
		<b>25,382,942</b>	22,627,256
Work in process			
- Opening		467,680	696,608
- Closing		(671,686)	(467,680)
		<b>(204,006)</b>	228,928
Cost of goods manufactured		<b>25,178,936</b>	22,856,184
Finished goods			
- Opening		856,153	993,453
- Closing		(1,103,807)	(856,153)
		<b>(247,654)</b>	137,300
		<b>24,931,282</b>	22,993,484
<b>28.1 Raw material consumed</b>			
Opening stock		2,749,020	2,986,010
Purchases		20,330,474	15,845,482
		<b>23,079,494</b>	18,831,492
Cost of raw cotton sold		(228,715)	(30,615)
Closing stock		(4,438,861)	(2,749,020)
		<b>18,411,918</b>	16,051,857
<b>28.2 Manufacturing expenses</b>			
Salaries, wages and benefits	28.2.1	1,961,300	1,671,383
Fuel, water and power		2,241,422	2,193,889
Packing material consumed		643,456	575,299
Stores and spares consumed		984,868	843,435
Repairs and maintenance		39,757	53,419
Insurance		38,019	35,238
Rent, rates and taxes		2,476	2,671
Depreciation on operating fixed assets	14.1.1	978,475	1,010,163
Other		75,522	51,560
		<b>6,965,295</b>	6,437,057

**28.2.1** It includes staff retirement benefits Rs. 101.08 million (2016: Rs. 82.529 million).

			2017	2016
29.	OTHER INCOME	Note	Rupees in '000	
	<b>Income from non-financial assets:</b>			
	Scrap sale		14,571	10,232
	Reversal of liability no longer payable		-	90,295
	Steam sale		8,257	22,921
	Unrealised gain on export debtors		15	-
	Profit on trading of raw cotton	29.1	12,422	-
	Other income		29,911	-
	<b>Income from financial assets:</b>			
	Capital gain on sale of investments		18,290	-
	Dividend income		2,268	1,661
	Profit on fixed deposits		2,952	834
	Realised gain on revaluation of foreign currency loans		30,536	29,513
	Unrealised gain on revaluation of foreign currency loans		3,223	-
	Unrealized gain on derivative financial instruments		1,533	2,274
	Other income		102	-
			<b>124,080</b>	<b>157,730</b>
29.1	<b>Profit / (loss) on trading of raw cotton</b>			
	Sales			
	- Local		241,137	26,370
	Less: Cost of goods sold			
	- Local		(228,715)	(26,667)
			<b>12,422</b>	<b>(297)</b>
30.	<b>DISTRIBUTION COST</b>			
	<b>Export</b>			
	Ocean freight		216,121	196,794
	Export development surcharge		32,184	51,452
	Other export charges		162,714	178,640
			<b>411,019</b>	<b>426,886</b>
	Local freight		80,260	71,934
	Salaries and wages	30.1	41,785	62,134
	Travelling and conveyance		11,996	8,081
	Telephone and postage		12,825	9,720
	Insurance		7,469	7,734
	Other		39,028	30,782
			<b>604,382</b>	<b>617,271</b>

**30.1** It includes staff retirement benefits of Rs. 2.25 million (2016: Rs. 2.3 million).

	Note	2017 Rupees in '000	2016
<b>31. ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	31.1	156,619	133,999
Directors' remuneration		84,670	69,817
Meeting fees		265	199
Repairs and maintenance		9,549	13,231
Postage and telephone		10,912	10,301
Traveling and conveyance		10,229	8,469
Vehicles running		7,285	7,739
Printing and stationery		6,638	5,750
Rent, rates and taxes		20,253	18,745
Utilities		12,906	10,198
Entertainment		3,455	4,169
Fees and subscription		18,878	17,612
Insurance		3,903	6,846
Legal and professional		8,668	14,286
Charity and donations	31.2	1,245	2,668
Auditors' remuneration	31.3	3,025	3,121
Depreciation on operating fixed assets	14.1.1	50,340	50,261
Amortization		3,214	1,986
Advertisement		208	59
Others		5,123	7,798
		<b>417,385</b>	<b>387,254</b>

**31.1** It includes staff retirement benefits Rs. 16.347 million (2016: Rs. 12.449 million).

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

**31.3 Auditors' remuneration**

**Ernst & Young Ford Rhodes Sidat Hyder**

Audit fee  
Out of pocket expenses

2017	2016
950	950
70	170
<b>1,020</b>	<b>1,120</b>

**Deloitte Yousuf Adil**

Audit fee  
Half year limited review fee  
Fee for certifications  
Out of pocket expenses

1,600	1,600
300	300
20	20
85	81
<b>2,005</b>	<b>2,001</b>
<b>3,025</b>	<b>3,121</b>

	Note	2017	2016
		Rupees in '000	
<b>32. OTHER OPERATING EXPENSES</b>			
Workers' Profits Participation Fund		75,656	36,964
Workers' Welfare Fund		9,263	14,126
Loss on disposal of fixed assets		28,761	2,505
Exchange loss on foreign currency transactions		865	5,910
Loss from trading of raw cotton	29.1	-	297
Unrealised loss on other financial assets		15,380	1,172
Unrealised loss on revaluation of foreign currency loan		-	1,598
Others		8,216	16,498
		<b>138,141</b>	<b>79,070</b>
<b>33. FINANCE COST</b>			
Mark-up on:			
- long-term finance		67,558	132,152
- short-term borrowings		145,610	133,190
Discounting charges on letters of credit		6,493	16,615
Interest on Workers' Profits Participation Fund		569	356
Bank charges and commission		34,768	32,784
		<b>254,998</b>	<b>315,097</b>
<b>34. TAXATION</b>			
Current		250,631	186,656
Prior		(13,021)	(37,877)
Deferred		79,772	68,973
		<b>317,382</b>	<b>217,752</b>
<b>34.1 Reconciliation between accounting profit and taxable income</b>			
Accounting profit before tax		1,352,727	666,821
Tax rate %		31%	32%
Tax on accounting profit		419,345	213,383
Effect of:			
Income chargeable to tax at reduced rates		(109,028)	304,458
Prior year charge		(13,021)	(37,877)
Income that is not taxable in determining tax liability		-	(110)
Impact of permanent differences		(452)	-
Impact of super tax		23,829	-
Recognized / (unrecognized) temporary difference		(25,282)	-
Due to change in tax rate		60,250	-
Tax impact of tax credit		(38,259)	(48,719)
Tax charge for the year		<b>317,382</b>	<b>217,752</b>

## 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:

		2017	2016
Profit for the year	Rupees in '000	1,035,345	449,069
Weighted average number of ordinary shares outstanding during the year	No. of shares	18,073,732	18,073,732
Earnings per share - Basic and diluted (Rupees)	Rupees	57.28	24.85

## 36. CASH GENERATED FROM OPERATIONS

	Note	2017 Rupees in '000	2016 Rupees in '000
Profit before taxation		1,352,727	666,821
Adjustments for:			
Depreciation	14.1.1	1,038,549	1,060,424
Amortization	15	3,214	1,986
Provision for gratuity	9.2, 9.3 & 9.4	115,756	102,766
Unrealised loss on other financial assets	32	15,380	1,172
Unrealised (gain) / loss on revaluation of foreign currency loan		(3,223)	1,598
Unrealised gain on export debtors		(15)	-
Unrealised gain on derivative financial instrument	29.	(1,533)	(2,274)
Loss on disposal of operating fixed assets		28,761	2,505
Dividend income		(2,268)	(1,661)
Share of profit from associate	16.1	(1,643)	(333)
Finance cost	33	254,998	315,097
Cash generated before working capital changes		2,800,703	2,148,101
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		10,291	77,916
Stock-in-trade		(1,035,523)	(201,187)
Trade debts		(188,771)	(478,347)
Loans and advances		(53,447)	(17,952)
Trade deposits and short term prepayments		(17,958)	(594)
Other receivables		(16,520)	18,871
		(1,301,928)	(601,293)
Increase in current liability			
Trade and other payables		462,710	206,910
Cash generated from operations		1,961,485	1,753,718

## 37. CASH AND CASH EQUIVALENTS

Cash and bank balances	26	286,212	619,109
Short-term borrowings	12	(5,691,516)	(6,096,915)
		(5,405,304)	(5,477,806)

## 38. REMUNERATION TO CHIEF EXECUTIVE OFFICERS 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	2017				Total
	Chief Executive Officers	Directors		Executives	
		Executive	Non-Executive		
-----Rupees in '000-----					
Remuneration including benefits	23,709	55,287	-	156,839	235,835
Medical	793	1,193	-	3,593	5,579
Utilities	2,078	2,174	-	6,136	10,388
Travelling	2,956	-	-	11,436	14,392
Vehicle running	281	-	-	1,379	1,660
Rent	851	-	-	2,553	3,404
Retirement benefits	-	-	-	51,205	51,205
Bonus and others	-	-	-	7,760	7,760
Insurance	-	-	-	185	185
Meeting fee	40	100	90	35	265
<b>Total</b>	<b>30,708</b>	<b>58,754</b>	<b>90</b>	<b>241,121</b>	<b>330,673</b>
Number of persons	2	7	7	145	161

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

Particulars	2016				Total
	Chief Executive Officers	Directors		Executives	
		Executive	Non-Executive		
-----Rupees in '000-----					
Remuneration including benefits	18,223	40,480	-	161,410	220,113
Medical	1,382	1,757	-	3,343	6,482
Utilities	799	4,435	-	5,225	10,459
Travelling	1,338	-	-	5,593	6,931
Vehicle running	966	-	-	1,758	2,724
Rent	811	-	-	2,432	3,243
Retirement benefits	-	-	-	28,907	28,907
Bonus and others	-	-	-	5,394	5,394
Entertainment	17	-	-	-	17
Meeting fee	20	80	30	9	139
<b>Total</b>	<b>23,556</b>	<b>46,752</b>	<b>30</b>	<b>214,071</b>	<b>284,409</b>
Number of persons	2	4	6	122	134

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

## 39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate (Sunrays Textiles Mills Limited and Indus Heartland 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 payable in respect of staff retirement benefits is disclosed in note 9. significant transactions with related parties other than those shown elsewhere in these financial statements, are as follows:

Relationship	Nature of transactions	2017	2016
		Rupees in '000	
Associate	Sale of yarn	40,175	37,581
	Purchase of yarn	8,144	160,608
	Conversion cost paid	69,962	-
	Waste purchases	-	2,164
<b>Balances with related parties</b>			3,199
Associate - payable		1,980	1,733
<b>Balances with other related parties due to common directorship</b>			
- Receivable		-	1,917
- Payable		3,170	1,253

## 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, 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 summarized 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 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:

	2017	2016
	Rupees in '000	
Long-term deposits	14,757	14,757
Other financial assets	607,563	256,746
Trade debts	2,020,014	1,831,228
Loans to staff	26,966	22,280
Trade deposits	11,785	2,336
Other receivables	98,705	80,652
Bank balances	275,274	598,875
	<b>3,055,064</b>	<b>2,806,874</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.

## Credit risk related to equity investments and cash deposits

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

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

Name of bank	Rating agency	Credit rating Long-term	Short-term
Allied Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	JCR-VIS	AA	A1+
Bank Islami Pakistan Limited	PACRA	A+	A1
Bank Al-Habib Limited	PACRA	AA+	A1+
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 Limited	Moody's	A1	P1
J.S Bank Limited	PACRA	AA-	A1+
Meezan Bank Limited	JCR-VIS	AA	A1+
National Bank of Pakistan	JCR-VIS	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
United Bank Limited	JCR-VIS	AAA	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. 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' -----						
June 30, 2017						
Trade and other payables	2,130,541	1,720,008	3,905	1,302,275	413,828	-
Long-term financing	1,642,263	1,642,263	-	-	448,442	1,193,821
Short-term borrowings	5,691,516	5,691,516	621,559	-	5,069,957	-
Interest / mark-up payable	53,005	53,005	-	53,005	-	-
	9,517,325	9,106,792	625,464	1,355,280	5,932,227	1,193,821

June 30, 2016

	Carrying Values	Contractual Cash Flows	Less than 1 month	1 to 3 months	3 months - 1 year	1 - 5 years
----- Rupees in '000' -----						
Trade and other payables	14,95,84	1,358,848	1,072,567	-	286,281	-
Long-term financing	1,677,677	1,687,234	-	272,966	1,110,772	303,496
Short-term borrowings	6,096,915	6,096,915	3,522,083	666,130	1,908,702	-
Interest / mark-up payable	33,573	33,573	8,167	16,087	9,319	-
	9,227,749	9,237,306	4,663,553	955,183	3,315,074	303,496

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

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

	2017	2016
	Rupees in '000	
6 months or less		
- Short-term borrowings	5,691,516	6,096,915
- Long-term loans	1,642,263	1,677,678

### 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 optimizing 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 2017	2016
	Rupees in '000	
<b>Fixed rate instruments</b>		
Financial assets	15,327	513,862
Financial liabilities	1,015,245	812,759
<b>Variable rate instruments</b>		
Financial liabilities		
- KIBOR based	4,859,568	4,159,813
- LIBOR based	1,458,966	2,802,021

#### 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, 2017 would decrease / increase by Rs. 31.593 million (2016: Rs. 34.809 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	2017		2016	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	933,467	8,890	1,147,223	10,957
Foreign currency loans	(1,458,966)	(13,895)	(2,802,021)	(26,762)
	(525,499)	(5,005)	(1,654,798)	(15,805)

	2017	2016
	Rupees	
Average rate	104.73	104.37
Balance sheet date rate	105.00	104.70

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, 2017, 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. 26.28 million (2016: Rs. 82.739 million) determined on the outstanding balance at year end.

### 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. 22.567 million (2016: Rs. 21.611 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 exposure to listed equity securities at fair value was Rs. 126.96 million (2016: Rs. 19.02 million). A decrease / increase of 5% on the PSX market index would have an impact of approximately Rs. 6.35 million (2016: Rs. 0.95 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, 2017</b>			
Long-term deposits	14,757	-	14,757
Long-term investments	-	-	-
Trade debts	2,020,014	-	2,020,014
Loans	26,966	-	26,966
Trade deposits	11,785	-	11,785
Other receivables	98,705	-	98,705
Other financial assets	-	734,521	734,521
Cash and Bank balances	286,212	-	286,212
	<b>2,458,439</b>	<b>734,521</b>	<b>3,192,960</b>

### Assets as per balance sheet - June 30, 2016

Long-term deposits	14,757	-	14,757
Trade debts	1,831,228	-	1,831,228
Loans	22,280	-	22,280
Trade deposits	2,336	-	2,336
Other receivables	80,652	-	80,652
Other financial assets	-	275,762	676,603
Cash and Bank balances	619,109	-	619,109
	<b>2,570,362</b>	<b>275,762</b>	<b>3,246,965</b>

### Liabilities as per balance sheet - June 30, 2017

	Financial liabilities measured at amortized Rupees in '000	Total
Long-term financing	1,642,263	1,642,263
Trade and other payables	1,720,008	1,720,008
Short-term borrowings	5,691,516	5,691,516
Interest / mark-up payable	53,005	53,005
	<b>9,106,792</b>	<b>9,106,792</b>

### Liabilities as per balance sheet - June 30, 2016

Long-term financing	1,677,678	1,677,678
Trade and other payables	1,358,848	1,229,240
Short-term borrowings	6,096,915	6,096,915
Interest / mark-up payable	33,572	33,572
	<b>9,167,013</b>	<b>9,037,405</b>

## 40.6 Fair value and categories of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

The fair value of financial assets and liabilities traded in active markets i.e. listed equity shares are based on the quoted market prices at the close of trading on the reporting date. The quoted market price used for financial assets held by the Company is current bid price.

A financial instrument is regarded as quoted in an active market if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

IFRS 13, 'Fair Value Measurements' requires the Company to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy :

	Carrying amount			Fair Value				
	Fair value through profit and loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- June 30, 2017 ----- ----- (Rupees in '000) -----								
<b>Financial assets measured at fair value</b>								
Other financial assets	734,521	-	-	734,521	734,521	-	-	734,521
<b>Financial assets not measured at fair value</b>								
----- June 30, 2017 ----- ----- (Rupees in '000) -----								
Long-term deposits	-	14,757	-	14,757				
Trade debts	-	2,020,014	-	2,020,014				
Loans and advances	-	26,966	-	26,966				
Trade deposits	-	11,785	-	11,785				
Other receivables	-	98,705	-	98,705				
Bank balances	-	286,212	-	286,212				
	-	2,458,439	-	2,458,439				

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Carrying amount				Fair Value			
	Fair value through profit and loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities not measured at fair value</b>								
----- June 30, 2017 ----- ----- (Rupees in '000)-----								
Long-term financing	-	-	1,642,263	1,642,263				
Trade and other payables	-	-	1,720,008	1,720,008				
Short-term borrowings	-	-	5,691,516	5,691,516				
Interest / mark-up payable	-	-	53,005	53,005				
	-	-	9,106,792	9,106,792				

	Carrying amount				Fair Value			
	Fair value through profit & loss account - held-for-	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
June 30, 2016								
<b>Financial assets measured at fair value</b>								
Other financial assets	275,762	-	-	275,762	275,762	-	-	275,762

	Carrying amount				Fair Value			
	Fair value through profit & loss account - held-for-	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
----- June 30, 2016 ----- ----- (Rupees in '000)-----								
Long-term deposits	-	14,757	-	14,757				
Trade debts	-	1,831,228	-	1,831,228				
Loans and advances	-	22,280	-	22,280				
Trade deposits	-	2,336	-	2,336				
Other receivables	-	80,652	-	80,652				
Bank balances	-	619,109	-	619,109				
	-	2,570,362	-	2,570,362				

	Carrying amount				Fair Value			
	Fair value through profit & loss account - held-for-	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial liabilities not measured at fair value</b>								
----- June 30, 2016 ----- ----- (Rupees in '000)-----								
Long-term financing	-	-	1,677,678	1,677,678				
Trade and other payables	-	-	1,358,848	1,358,848				
Short-term borrowings	-	-	6,096,915	6,096,915				
Interest / mark-up payable	-	-	33,572	33,572				
	-	-	9,167,013	9,167,013				

## 41. CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios at June 30, 2017 and 2016 were as follows:

	2017	2016
	Rupees in '000	
Total borrowings (note 8 & 12)	7,333,779	7,774,593
Less: cash and bank balances (note 26)	(286,212)	(619,109)
Net debt	7,047,567	7,155,484
Total equity	11,966,431	11,115,770
Total capital	19,013,998	18,271,254
Gearing ratio	37%	39%

There is no significant change in the gearing ratio of the Company as compared to the last year.

## 42. CAPACITY AND PRODUCTION

### Spinning units

	2017	2016
Total number of spindles installed	203,856	200,242
Total number of spindles worked per annum (average)	201,608	196,610
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	145,211,782	142,739,360
Actual production for the year after conversion into 20 counts (lbs.)	131,375,255	133,416,295

### Ginning units

Installed capacity to produce cotton bales	72,999	200,750
Actual production of cotton bales	11,918	8,654
Number of shifts	1	2
Capacity attained in (%)	17%	4.31%

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

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

<b>Weaving unit</b>	<b>2017</b>	<b>2016</b>
	<b>Lbs</b>	<b>Lbs</b>
Normal capacity - Weaving	<b>40,953,000</b>	40,953,000
Actual Production - Weaving	<b>23,805,425</b>	20,738,494

#### 43. NUMBER OF EMPLOYEES

	<b>No. of employees</b>	
	<b>2017</b>	<b>2016</b>
Average number of employees during the year	<b>4,268</b>	4,256
Number of employees as at June 30	<b>5,698</b>	4,518

43.1 Daily wage employees are not included in above number of employees.

#### 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.

#### 45. SUBSEQUENT EVENT

The Board of Directors proposed a final dividend for the year ended June 30, 2017 of Rs. 234.959 million @ 13 per share in addition of interim dividend Rs. 90.369 million @ 5 thus making a total Rs. 325.328 million @ 18 per share (2016: Rs. 5 per share) at their meeting held on October 06, 2017 for approval of members at their Annual General Meeting. These consolidated financial statements do not reflect the final dividend which will be accounted for in the year in which it is approved.

#### 46. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue on October 06, 2017 by the Board of Directors of the Group.

#### 47. CORRESPONDING FIGURES

Corresponding figures have been rearranged or reclassified, where necessary, for the purpose of better presentation. No significant rearrangement or reclassification was made in these financial statements during the current year.

#### 48. GENERAL

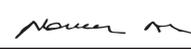
Figures have been rounded off to the nearest thousand rupees.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

**FORM OF PROXY**

60<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 60<sup>th</sup> Annual General Meeting of the company to be held on the 31<sup>st</sup> day of October 2017 and at my adjournment thereof.

Signed by the said Member

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2017.

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.			

## 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, Jwaffs Registrar Services (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.  
5<sup>th</sup> Floor 508 Beaumont Plaza Beaumont Road  
Civil Lines Qtrs Karachi

## DIVIDEND MANDATE FORM

### Members of Indus Dyeing & Manufacturing Company Limited

Dear Members,

In accordance with Section 242 of the Companies Act, 2017, listed companies are required to pay cash dividend directly into the bank accounts of their shareholders electronically instead of paying the dividend through dividend warrants. Therefore, it has become mandatory for all of our valued shareholders to provide the International Bank Account Numbers ("IBAN"s) and other details of Bank Account. In case of joint holders the Account Numbers ("IBAN"s) and other details of Bank Account. In case of joint holders the bank details of Main / Senior shareholder are required and in case of corporate shareholder the bank details will be required as per the title in order to facilitate the payment of cash dividends through electronic mode.

SECP has advised in their Circular No. 18 of 2017 dated August 01, 2017 to all listed companies to ensure that the cash dividends shall only be paid electronically to the shareholders with effect from November 01, 2017.

Therefore; you are requested to kindly provide your bank details as per below format not later than October 31, 2017 to avoid any inconvenience. In this regard, please fill the following details, sign at specified place, attach valid copy of your CNIC and send the same through post at the address of the Share Registrar of the Company (address given below):

Folio No. / CDC Account No.:	
Name of Shareholder:	
CNIC Number of the Shareholder:	
Title of Bank Account:	
Bank Account Number:	
IBAN Number:	
Bank's Name:	
Branch Code:	
Branch Name & Address	
Mobile Number:	
Land Line Number:	
Email Address:	

Date: \_\_\_\_\_  
(Copy Attached)

\_\_\_\_\_  
Signature of the Shareholder

\_\_\_\_\_  
CNIC

(Note: The shareholders having shares in the CDC accounts must also incorporate the above bank details against their CDC accounts being maintained with respective broker / CDC.)

Address of Share Registrar:  
Mr. Jawed Hassan, CEO  
Jwaffs Registrar Services Pvt Limited  
407-408 Al-ameera Centre Shakra-e-iraq Saddar Karachi.  
Ph: 0092-021-35662023; E-mail [jwaffs@live.com](mailto:jwaffs@live.com)

Thanking you.  
Yours faithfully,  
Company Secretary

AFFIX  
CORRECT  
POSTAGE

The company Secretary  
INDUS DYEING & MANUFACTURING CO. LTD.  
5<sup>th</sup> Floor 508 Beaumont Plaza Beaumont Road  
Civil Lines Qtrs Karachi



**Be aware, Be alert,  
Be safe**

**Learn about investing at  
www.jamapunji.pk**

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
notifications, corporate and  
regulatory actions)
-  Jamapunji application for  
mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

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

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

\*Mobile apps are also available for download for android and ios devices



**Head Office:**

Office # 508, 5th Floor,  
Beaumont Plaza,  
Civil Lines Quarters,  
Karachi-75563 (Pakistan)

Tel: (0092-21) 111-404-404

Fax: (0092-21) 35693594

Web: [www.indus-group.com](http://www.indus-group.com)