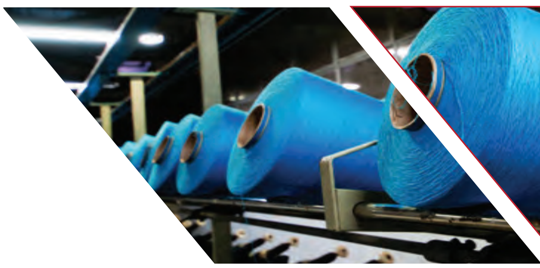
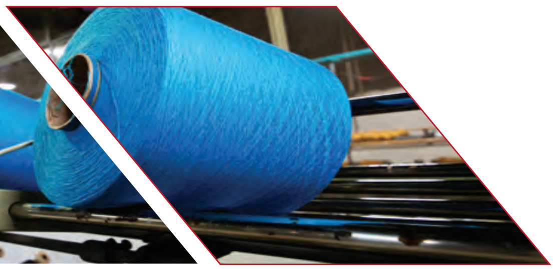
Indus Dyeing & Manufacturing Company Limited

Annual Report 2016





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Company Profile

Board of Directors

1	Mian Mohammad Ahmed	Chairman
2	Mr. Shahzad Ahmed	Chief Executive
3	Mian Riaz Ahmed	
4	Mr. Naveed Ahmed	
5	Mr. Kashif Riaz	
6	Mr. Irfan Ahmed	
7	Mr. Shafqat Masood	
8	Mr. Shahwaiz Ahmed	
9	Sheikh Nishat Ahmed	
10	Mr. Farooq Hassan	Nominee N.I.T.

Audit Committee

1	Sheikh Nishat Ahmed	Chairman
2	Mr. Kashif Riaz	Member
3	Mr. Irfan Ahmed	Member

Human Resource and Remuneration Committee

1	Sheikh Nishat Ahmed	Chairman
2	Mr. Shahwaiz Ahmed	Member
3	Mr. Irfan Ahmed	Member

Company Secretary

Mr. Ahmed Faheem Niazi

Group Chief Financial Officer

Mr. Mohammad Adil Ashraf

Chief Financial Officer

Mr. Arif Abdul Majeed

Chief Internal Auditor

Mr. Yaseen Hamidia

Legal Advisor

Mr. M. Yousuf Naseem (Advocates & Solicitors)

Registered Office

Office # 508,	Tel.	111 - 404 - 404
5th floor, Beaumont Plaza,	Fax.	009221 - 35693594
Civil Lines Quarters, Karachi.		

Symbol of the Company IDYM

Website
www.indus-group.com/web/download.htm

Auditors
M/s Deloitte Yousuf Adil
Chartered Accountants

Registrar & Share Transfer Office

JWAFFS Registrar (Pvt) Ltd.		
407-408, Al - Ameera Centre,	Tel.	35662023 - 24
Shahrah-e-Iraq, Saddar, Karachi.	Fax.	35221192

Factory location

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

INDUS DYEING & MFG. CO. LIMITED

VISION

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

MISSION

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

DIRECTORS' REVIEW
FOR THE YEAR ENDED JUNE 30, 2016

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, 2016 before the Fifty Ninth Annual General Meeting of the Company.

BUSINESS OVERVIEW

Your Group earned post-tax profit of Rs 449 million as compared to Rs 299 million for the corresponding period. During the period under review the sales decreased to Rs 24,930 million from Rs 26,560 million due to decrease 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. 5.08 per share as compared to Rs. 15.29 last year. The consolidated earnings per share were Rs. 24.85 per share as compared to Rs. 16.59 per share for last year.

The consolidated financial highlights of the Company are as under:

	For the Year Ended June 30 2016	For the Year Ended June 30, 2015
Sales	24,930,663	26,560,067
Gross profit	1,937,179	2,184,056
Other operating Income	158,071	103,697
Finance Cost	(315,097)	(536,400)
Provision for Taxation	(217,752)	(174,941)
Profit for the year	449,069	299,887
Un-appropriated profit brought forward	5,470,799	5,443,438
Un-appropriated profit carried forward	5,913,069	5,470,799
Earnings per share – basic and diluted (net)	Rs. 24.85	Rs. 16.59

BUSINESS SITUATION

The foregoing year was quite tough for the spinning Industry of the country which is ranked third in the global production of Yarn. Slowdown in China's imports of yarn, on one hand, has adversely affected the competitiveness of Pakistani yarn. Since 2013-14 Pakistan's yarn exports have been declining primarily due to reduced demand from China. While on the other side due to pink bollworm and white fly attacks the cotton crop was massively damaged in regions like Sindh and Punjab resulted in the historical high import of cotton by the industry during the year.

Although, the power supply position was improved during the year as compared to the comparative years, mainly due to the availability of RLNG, but the utility prices are still uncompetitive compared with the other countries in the region.

Your Company was no exception to the situation described above. However, the timely decision making and smart business moves in the areas of procurement, sales and finance has reduced the impacts to some extent.

On home textiles side, Towel export of the country is marginally down by 0.4% from previous year. But in terms of quantity, towel export shows growth of 0.6%. Factors like low prices of cotton, decline in fuel prices and low interest rate environment proved beneficial and brought relief. These factors extend support to squeezed margin to improve and resulted in profit earning during the year. The company made capital expenditure of PKR 186 million out of which PKR 160 million are on new machinery additions like Textile Finishing Machine, Engraver and Diesel Generator.

As mentioned in our last Annual Report further progress has been made in our renewable energy company Indus Wind Energy Limited, a wholly owned subsidiary incorporated last year for the development of 50 MW wind energy project. During the year the land has been allocated to the project in Jhimpir – Sindh. Also the feasibility studies have been completed and submitted to the relevant authorities for approval.

FUTURE OUTLOOK

Recoveries in the Global yarn market in terms of prices are visible from the last quarter of the year in review. Also the forecasted production of local Raw Cotton has been positive from last year. In our view, both of the above factors will impact the growth of the bottom line of the next years' financials. The fate of Gas Infrastructure and Development Cess (GIDC) is yet to be decided which will have significant impact on the industry.

Further, The Group is exploring new markets and customers for both the yarn and the home textiles products and enhances business volume with existing customers. The experiment to direct sale in USA market through its foreign subsidiary Indus Home USA Inc remained successful. The management is making further efforts to expand direct sale operation to cater those customers who want to do business on credit terms but without Bank LC. The company is planning to inject $ 300,000 additional capital to provide working capital to Indus Home USA inc for handling direct sale business in USA Market.

CORPORATE GOVERNANCE

The management of the Company is committed to good corporate governance and compliance with best practices. The requirements of the Code of Corporate Governance set out by the Karachi Stock Exchange and Lahore Stock Exchange in their Listing Regulations have been duly complied with. A Statement to this effect is annexed with the Report.

CODE OF CONDUCT

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

VISION AND MISSION

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

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

It is certified that:

(i) The financial statements together with notes thereon have been drawn up by management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.

(ii) The Company has maintained proper books of accounts.

(iii) Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.

(iv) International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements and there has been no departure there from.

(v) The system of internal control is sound in design and has been effectively implemented and monitored.

(vi) The annual audited financial statements are circulated within four months of the close of the financial year.

(vii) There are no significant doubts about the Company's ability to continue as a going concern.

(viii) There has been no material departure from the best practices of corporate governance, as detailed in the Stock Exchange Listing Regulations.

BOARD AUDIT COMMITTEE

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

BOARD AND COMMITTEE MEETINGS

During the year ended June 30, 2016, 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:

		Audit Committee Meetings	HR & R Committee Meeting
Meetings Held	**5**	**4**	
Name of Director		**Attended**	
1.	4	-	
2. Mian Riaz Ahmed	3	-	-
3. Mr. Shahzad Ahmed	4	-	
4. Mr. Naveed Ahmed	5	-	-
5. Mr. Irfan Ahmed*^	3	3	
6. Mr. Kashif Riaz*	4	4	1
7. Mr. Shahwaiz Ahmed^	5	-	
8. Mr. Shafqat Masood	4	-	-
9. Mr. Farooq Hassan	5	-	
10. Sheikh Nishat Ahmed*^	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. Naveed Ahmed	NiL	Nil	880,000
Mrs. Shazia Naveed	NiL	Nil	(880,000)

DIVIDEND

The directors proposed 50% final cash dividend i.e. Rs 5 per share for 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, 2016, 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, 2017.

ACKNOWLEDGEMENT

The Directors acknowledge the contribution of each and every employee of the Company. We would like to express our thanks to our customers for the trust shown in our products and the bankers for continued support to the Company. We are also grateful to our shareholders for their confidence in our management.

For and Behalf of the Board

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

Karachi : October 04, 2016

Key Operating and Financial Results

	2011	2012	2013	2014	2015	2016
Operating data						
Turn over	18,454,163	15,282,814	17,943,482	18,849,796	20,514,847	18,269,007
Less : commission	(200,640)	(195,676)	(331,466)	(233,064)	(229,804)	(165,230)
Sales (net)	18,253,523	15,087,138	17,612,016	18,616,732	20,285,043	18,103,777
Gross profit	2,897,663	2,228,151	3,274,429	2,052,994	1,604,924	1,128,954
Profit before tax	2,275,270	1,416,385	2,323,393	1,059,747	423,937	268,893
Profit after tax	2,131,260	1,252,047	2,347,529	1,187,803	276,346	91,871
Financial data						
Gross assets	7,910,067	10,255,699	11,315,251	16,124,298	15,667,103	16,782,496
Return on equity	34.03%	17.72%	27.89%	12.74%	2.96%	0.98%
Current assets	3,593,265	3,930,128	4,849,357	6,343,867	5,637,231	6,599,848
Shareholders equity	6,263,546	7,064,724	8,416,927	9,325,254	9,330,865	9,418,035
Long term debts and deferred liabilities	559,569	1,187,985	802,608	1,995,294	1,401,166	1,478,333
Current liabilities	1,086,952	2,002,990	2,095,716	4,803,750	4,935,072	5,886,128
Key ratios						
Gross profit ratio	15.87%	14.77%	18.59%	11.03%	7.91%	6.24%
Net profit	11.68%	8.30%	13.33%	6.38%	1.36%	0.51%
Debt / equity ratio	08 : 92	14 : 86	09 : 91	18 : 82	13 : 87	14 : 86
Current ratio	3.31	1.96	2.31	1.32	1.14	1.12
Earning per share (basic and diluted)	117.92	69.27	129.89	65.72	15.29	5.08
Dividend (percentage)						
- Cash	150%	350%	100% Int	150% Int	150% Int	-
- Stock	-	-	-	-		
- Specie dividend	-	-	100 : 09	-	-	-
Statistics						
Production (tons)	40,465	40,257	43,427	50,785	69,249	70,467

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

JUNE 30, 2016

Form 34

THE COMPANIES ORDINANCE, 1984 (SECTION 236)

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held
1,228	1	100	41,990
137	101	500	34,905
31	501	1,000	31,052
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	1,836,196
3	500,001	800,000	1,074,762
1	800,001	1,100,000	779,818
2	1,200,001	1,500,000	2,749,941
3	1,500,001	2,200,000	5,788,195
1	2,880,001	5,352,700	5,352,698
1,446			**18,073,732**

Categories of shareholding

Shareholders	No. of Share Holders	Shares Held	Percentage
Individuals	1,418	355,046	1.96%
Joint Stock Companies	5	2,062	0.01%
Financial Institutions	3	764,324	4.23%
Insurance Companies	1	446,605	2.47%
Mutual Fund	2	525,845	2.91%
Directors, CEO their Spouses & Minor Children	17	15,979,850	88.41%
	1,446	**18,073,732**	100.00%

INDIVIDUALS	**1,418**		**355,046**
JOINT STOCK COMPANIES	**5**		
Treet Corporation Ltd.		110	
N.H Capital Fund Limited		10	
Kamal Factory (Pvt) Ltd		1,400	
S.H. Bukhari Securities (Pvt) Ltd		525	
United Securities (Pvt) Ltd		17	
			2,062

FINANCIAL INSTITUTIONS	**3**		
National Bank of Pakistan		267,657	
National Investment Trust		11,227	
United Bank Limited Trading Port Folio		485,440	
			764,324
INSURANCE COMPANIES	**1**		
State Life Insurance Corp. of Pakistan		446,605	
			446,605
MUTUAL FUND	**2**		
CDC-Trustee National Investmet (UNIT) Trust		525,295	
CDC-Trustee Akd Index Tracker Fund		550	
			525,845
Directors and their spouses	**17**		
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		1,661,878	
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	
Mrs. Ayesha Irfan		472,852	
			15,979,850
			18,073,732

Shareholders holding 10% or more voting interest in the company as at June 30, 2016

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

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 2015-2016

Name	Purchase	sold	Gift
Mr. Naveed Ahmed	**Nil**	**Nil**	**880,000**
Mrs. Shazia Naveed	**Nil**	**Nil**	**(880,000)**

STATEMENT OF COMPLIANCE WITH CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016

The statement is being presented to comply with the Code of Corporate Governance (CCG/the Code) as per the requirements 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 representation of independent non-executive directors and directors representing minority interests on its Board of Directors. At present the Board of Directors include:

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

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

2) The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company (excluding listed subsidiaries of listed holding companies where applicable).

3) All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial institution, or being a member of stock exchange, has been declared as a defaulter by that stock exchange.

4) The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

5) No casual vacancy occurred in the Board during the year.

6) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along-with the dates on which they were approved or amended has been maintained.

7) All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.

1) The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

2) 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. The Company is in the process of arranging training course and certification under directors' training program for remaining directors.

3) 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.

4) The Directors' report for the year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

5) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.

6) The directors, CEO and executives do not hold any interest in the shares of the Company other than those disclosed in the pattern of shareholding.

7) The Company has complied with all the corporate and financial reporting requirements of the CCG.

8) The Board has formed an Audit Committee. It comprises of three members, of whom all are the non-executive directors. The chairman of the committee is an independent director.

9) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance. Further, the audit committee met external auditors subsequent to year end.

10) The Board has formed a Human Resource and Remuneration (HR&R) Committee. It comprises of three members, all of whom are non-executive directors. The chairman of the committee is an independent director.

11) The Board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company.

12) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the ICAP.

13) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.

14) The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors and stock exchange.

15) Material / price sensitive information has been disseminated among all market participants at once through stock exchange.

16) We confirm that all other material principles enshrined in the CCG have been complied with by the company.

Shahzad Ahmed
Chief Executive Officer

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, 2016 to comply with the requirements 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, 2016.

We draw attention to paragraph 16 in the Statement of Compliance wherein it has been stated that the audit committee met external auditors subsequent to the year end.

Deloitte Yousuf Adil
Chartered Accountants

Engagement Partner:
Naresh Kumar

Date : October 04, 2016
Place : Karachi

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 59th Annual General Meeting of Indus Dyeing & Mfg. Co. Ltd. will be held at **Indus Dyeing & Mfg. Co. Ltd.** Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Monday, October 31, 2016 at 4:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm the minutes of 58th Annual General Meeting held on October 31, 2015.

2. To receive consider and adopt the Audited Accounts together with the Directors' and Auditors' report for the period ended June 30, 2016.

3. To appoint auditors for the year ending June 30, 2017, and to fix their remuneration (Messer Deloitte Yousuf Adil & Company Chartered Accountants, retire and being eligible have offered themselves for reappointment.)

4. To approve Final Cash dividend at the rate of 50% (Rs.5.00 per share), as recommended by the Board of Directors for the year ended June 30, 2016.

SPECIAL BUSINESS:

5. To consider and approve the alteration to be made in the Articles of Association of the Company for the purpose of compliance with the mandatory E-voting requirements as prescribed in the Companies (E-voting) Regulations, 2016 and if though fit, pass the following resolution as a Special Resolution:

   RESOLVED THAT the Article of Association of the Company be altered as follows:

   In Article 62, following new Articles 62(A) and 62(B) shall be inserted:

   62 (A) The provision and requirement for E-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Article of Association, irrespective of other provisions of these Articles and notwithstanding anything contradictory therein.

   62 (B) In case of e-voting, voters may appoint either members or non-members as proxy and the company shall comply with the requirements of the Companies (E-voting) Regulations, 2016 prescribed under the Companies Ordinance, 1984.

6. To approve transmission of annual audited financial statements, auditor's report and directors' report etc. (annual audited accounts) to members through CD/DVD/USB at their registered address, as allowed by the Securities and Exchange Commission of Pakistan (SECP).

   To consider and if deemed appropriate propose the following resolution

   > "RESOLVED THAT transmission of annual audited financial statements, auditor's report and directors' report etc. (annual audited accounts) to members at their registered addresses in soft form i.e. CD/DVD/USB as notified by SECP vide its SRO No. 470 (1)/2016 dated May 31, 2016 be and is hereby approved".

7. To transact any other business with the permission of the chair.

By Order of the Board

Karachi
Date: October 04, 2016

Ahmed Faheem Niazi
Company Secretary

STATEMENT UNDER SECTION 160(1)(b) OF THE COMPANIES ORDINANCE, 1984

a) Amendments in the Articles of Association:

To give effect to the Companies (E-voting) Regulation 2016, shareholders' approval is being sought to amend the Article of Association of the Company to enable e-voting.

b) Transmission of Annual Audited financial statements through CD/DVD/USB:

The SECP has allowed companies through SRO 470(I)2016 dated May 31, 2016 to circulate the annual balance sheet and profit and loss account, auditor's report and directors' report etc. ("annual audited accounts") to its members through CD/DVD/USB at their registered address. Printed copy of above referred statements shall be provided to such members who opt for having hard copy on the Request form which is available on the website of the Company i.e. www.indus-group.com.

Notes:

i) Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later then 48 hours before the time of holding the meeting.

ii) The Share Transfer Books of the Company will remain closed from Wednesday, October 24, 2016 to October 31, 2016 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 22, 2015. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd. 407-408 Al-Ammera Center Shahra-e-Iraq Saddar Karachi. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

Submission of copies of CNIC:

It is hereby reiterated that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 779(I)/2011 dated August 18, 2011 and Notification S.R.O. 831(1)/2012 dated July 5, 2012 has directed all the listed companies to issue dividend warrant only crossed as "A/c Payee only" and ensure that the Dividend Warrant should bear the Computerized National identity Card (CNIC) Numbers of the registered members except in the case of minor(s) and corporate shareholder(s).

All those members (holding physical shares) who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN along with the Folio number(s) to the Company's Share Registrar.

In case of non-availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the Dividend warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon compliance with the aforesaid notifications.

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

Pursuant to the provisions of the Finance Act 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	12.50%
(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 Evolution Factor (PVT) Ltd. At the above mentioned address, to allow the Company to ascertain the status of the members.

Members of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificate to their CDC participants CDC Investor Account Services.

Where the required documents are not submitted, the company will be constrained to treat the non-complying members as a non filer hereby attracting a higher rate of withholding tax.

Withholding Tax on Dividend in case of Joint Account Holders

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

Dividend Mandate (Optional):

The Company wishes to inform its members that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Members wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank CDC account holders should submit their request directly to their broker (participant) CDC.

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

Interested Members are encouraged to send their e-mail address with their consent (to opt for transmission of annual reports and AGM notices through e-mail) at company's registered office to enable the company to transmit the annual report along with AGM notice through e-mail as per SECP' 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, 2016 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, 2016 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion no Zakat was deductible at source under Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Chartered Accountants

Engagement Partner:
Naresh Kumar

Date : October 04, 2016
Place: Karachi

UNCONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital 45,000,000 ordinary shares of Rs. 10 each		**450,000**	450,000
Issued, subscribed and paid up capital	5	**180,737**	180,737
Reserves	6	**5,022,432**	5,022,432
Unappropriated profits		**4,214,866**	4,127,696
		9,418,035	9,330,865
Non-current liabilities			
Long-term financing	7	**1,224,199**	1,234,038
Deferred liabilities	8	**254,134**	167,128
		1,478,333	1,401,166
Current liabilities			
Trade and other payables	9	**1,211,461**	979,963
Interest / mark-up payable	10	**24,593**	54,888
Short-term borrowings	11	**4,377,109**	3,234,465
Current portion long term financing	7	**272,965**	665,756
		5,886,128	4,935,072
Contingencies and commitments	12		
		16,782,496	15,667,103

	Note	2016	2015
		Rupees in '000	
ASSETS			
Non-current assets			
Property, plant and equipment	13	**6,455,820**	6,335,837
Long-term investments	14	**3,722,723**	3,689,930
Long-term deposits	15	**4,105**	4,105
		10,182,648	10,029,872
Current assets			
Stores, spares and loose tools	16	**218,856**	227,362
Stock-in-trade	17	**3,599,444**	3,580,278
Trade debts	18	**1,424,500**	1,193,858
Loans and advances	19	**119,769**	276,015
Trade deposits and short-term prepayments	20	**9,405**	9,322
Other receivables	21	**10,097**	15,523
Other financial assets	22	**275,762**	167,943
Tax refundable	23	**358,270**	113,289
Cash and bank balances	24	**583,745**	53,641
		6,599,848	5,637,231
		16,782,496	15,667,103

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
Sales - net	25	**18,103,777**	20,285,043
Cost of goods sold	26	**(16,974,823)**	(18,680,119)
Gross profit		**1,128,954**	1,604,924
Other income	27	**7,263**	63,969
		1,136,217	1,668,893
Distribution cost	28	**(361,677)**	(484,198)
Administrative expenses	29	**(224,008)**	(219,055)
Other operating expenses	30	**(29,785)**	(117,137)
Finance cost	31	**(251,854)**	(424,566)
		(867,324)	(1,244,956)
Profit before tax		**268,893**	423,937
Taxation	32	**(177,022)**	(147,591)
Profit for the year		**91,871**	276,346
		------------ Rupees ------------	
Earnings per share - basic and diluted	33	**5.08**	15.29

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

UNCONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
Profit for the year		**91,871**	276,346
Items that may be reclassified subsequently to profit and loss		-	-
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined benefit liability - net of tax	8.1	**(4,701)**	371
Total other comprehensive income for the year		**(4,701)**	371
Total comprehensive income for the year		**87,170**	276,717

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

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

UNCONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

		Note	2016	2015
			Rupees in '000	
A	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	34	**1,180,091**	2,134,756
	Taxes paid - net		**(190,243)**	(77,367)
	Finance cost paid		**(282,149)**	(461,037)
	Gratuity paid	8.1	**(45,078)**	(28,823)
	Net cash generated from operating activities		**662,621**	1,567,529
B	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payment for purchase of property, plant and equipment		**(738,766)**	(755,907)
	Proceeds from disposal of property, plant and equipment	13.2	**9,725**	7,074
	Payment for investment in other financial assets - net		**(108,991)**	(19,561)
	Payment for investment in subsidiary companies	14	**(32,793)**	(100,250)
	Dividends received		**1,661**	2,648
	Net cash used in investing activities		**(869,164)**	(865,996)
C	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Proceeds from long-term finance		**553,353**	460,318
	Repayment of long-term finance		**(955,983)**	(856,776)
	Dividends paid		**(1,808)**	(270,842)
	Net cash used in financing activities		**(404,438)**	(667,300)
	Net (decrease) / increase in cash and cash equivalents (A+B+C)		**(610,981)**	34,233
	Cash and cash equivalents at beginning of the year		**(3,180,824)**	(3,217,627)
	Effect of exchange rate changes on cash and cash equivalents		**(1,559)**	2,570
	Cash and cash equivalents at end of the year	35	**(3,793,364)**	(3,180,824)

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

UNCONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

		Reserves				
		Capital		Revenue		
	Issued, subscribed and paid up capital	Share premium	Merger reserve	General reserve	Unappropriated profits	Total
	---------- Rupees in '000' ----------					
Balance at June 30, 2014	180,737	10,920	11,512	5,000,000	4,122,085	9,325,254
Comprehensive income for the year ended June 30, 2015						
Profit for the year	-	-	-	-	276,346	276,346
Other comprehensive income for the year net of tax	-	-	-	-	371	371
Total comprehensive income for the year	-	-	-	-	276,717	276,717
Transactions with owners recognised directly in equity						
1st Interim cash dividend @ Rs. 5 per share	-	-	-	-	(90,369)	(90,369)
2nd Interim cash dividend @ Rs. 10 per share	-	-	-	-	(180,737)	(180,737)
Balance at June 30, 2015	**180,737**	**10,920**	**11,512**	**5,000,000**	**4,127,696**	**9,330,865**
Comprehensive income for the year ended June 30, 2016						
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
Balance at June 30, 2016	**180,737**	**10,920**	**11,512**	**5,000,000**	**4,214,866**	**9,418,035**

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

NOTES TO THE UNCONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

1 LEGAL STATUS AND NATURE OF BUSINESS

Indus Dyeing & Manufacturing Company Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited company under the Companies Act, 1913 repealed by the Companies Ordinance,1984. Registered office of the Company is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi. The Company is currently listed on the 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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance,1984, provisions of and directives issued under the Companies Ordinance,1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance,1984 shall prevail.

2.2 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for certain employee retirement benefits which are measured at present value and certain financial instruments which are carried at fair value.

2.3 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2016

The following standards are effective for the year ended June 30, 2016. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

	Effective for accounting periods beginning on or after
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

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.

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

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

	Effective for accounting periods beginning on or after
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 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
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 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 date is deferred indefinitely.

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 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

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 4.1.1 and 13)
- Classification and impairment of investment (note 4.5, 14 and 22)
- Net realisable value of stock-in-trade (note 4.7 and 17)
- Provision for impairment of trade debts and other receivables (note 4.8, 18 & 21)

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

Current

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

Deferred

Deferred tax is recognised using balance sheet liability method for all major temporary differences arising between tax bases of assets and liabilities and their carrying amounts in the unconsolidated financial statements.

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that tax profits and taxable temporary differences will be available against which deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each 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 recognised immediately in profit and loss account and actuarial gains and losses are recognised immediately in other comprehensive income.

Compensated absences

The Company provides for compensated absences of its employees on unavailed balance of leaves in the period in which the leaves are earned.

4.3 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in future for goods and services received whether billed to the Company or not.

4.4 Property, plant and equipment

4.4.1 Owned

Property, plant and equipment owned by the Company are stated at cost less accumulated depreciation and impairment loss if any, except freehold land. Depreciation is charged to income using the reducing balance method whereby cost of an asset is written-off over its estimated useful life at the rates given in note 13.1.

An item of property and equipment is derecognised upon disposal or when no future economic benefits are expected to flow from its use or disposal. Any gain or loss arising on derecognition of the asset is recognised in the profit and loss account in the year the asset is derecognised.

In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and upto the month preceding the disposal respectively.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to income during the year in which they are incurred.

Depreciation methods, useful lives and residual values are reviewed periodically and adjusted, if appropriate, at each 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.

4.5 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 reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

4.5.2 Non-financial assets

The Company assesses at each 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:

	Basis of valuation
Raw material	Weighted average cost
Work-in-progress	Weighted average cost of material and share of applicable overheads
Finished goods	Weighted average cost of material and share of applicable overheads
Packing material	Moving average cost
Waste	Net realizable value
Stock in transit	Accumulated cost till 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 recognised at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognised at fair value and transaction costs are recognised in the profit and loss account.

Subsequent to initial recognition, equity securities designated by the management as 'at fair value through profit or loss' are valued on the basis of closing quoted market prices available at the stock exchange.

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the profit and loss account.

4.9.4 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 recognised 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 for repayment of liabilities, in which case, the rates contracted for are used.

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

4.12 Provisions

Provisions are recognized when the Company has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.13 Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognised on the following basis:

- Sales are recorded when the significant risk and rewards of ownership of the goods have passed to the customers which coincide with the dispatch of goods to the customers.
- Income on bank deposits are recorded on time proportionate basis using effective interest rate.
- Dividend income is recognised when the right to receive the dividend is established.

4.14 Financial instruments

All financial assets and liabilities are recognized at the time when the Company becomes party to the contractual provisions of the instrument and derecognised when the Company loses control of the contractual rights that comprise of the financial assets and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Other particular recognition methods adopted by the Company are disclosed in the individual policy statements associated with each item of financial instruments.

4.15 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and net amount is reported in the balance sheet if the Company has a legal right to offset the recognized amounts and also intends either to settle on a net basis or to realize the 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 recognised 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

2016	2015		Note	2016	2015
Number of shares				Rupees in '000	
		Ordinary shares of Rs.10/- each			
9,637,116	9,637,116	fully paid in cash		**96,371**	96,371
		Other than cash			
5,282,097	5,282,097	Issued to the shareholders of YTML	5.1	**52,821**	52,821
3,154,519	3,154,519	Issued as bonus shares		**31,545**	31,545
18,073,732	18,073,732			**180,737**	180,737

5.1 These shares were issued pursuant to the Scheme of Amalgamation with Yousuf Textile Mills Limited (YTML), determined as at October 01, 2004, in accordance with 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	2016	2015
			Rupees in '000	
6	**RESERVES**			
	Capital			
	Share premium	6.1	**10,920**	10,920
	Merger reserve	6.2	**11,512**	11,512
			22,432	22,432
	Revenue			
	General reserve	6.3	**5,000,000**	5,000,000
			5,022,432	5,022,432

6.1 This represents share premium received in year 2001 in respect of the issue of 3,639,960 right shares at a premium of Rs.3/- per share.

6.2 Merger reserve represents excess of (a) assets of YTML over its liabilities merged with the Company over (b) consideration to shareholders of YTML as per the Scheme of Amalgamation. (Refer note 5.1)

6.3 This represents reserves created out of profits of the Company.

		Note	2016	2015
			Rupees in '000	
7	**LONG-TERM FINANCING**			
	Secured			
	From banking companies	7.1 & 7.2	**1,497,164**	1,899,794
	Less: Payable within one year		**(272,965)**	(665,756)
			1,224,199	1,234,038

7.1 Particulars of long-term financing

Type and nature of loan	2016			
	Amount outstanding	**Sanctioned amount**	**Mark up rate per annum**	**Terms of Repayments**
	Rupees in '000			
Term finances	**864,919**	**1,400,000**	**3 months KIBOR + 0.5% to 0.75%**	**Quarterly**
Long term financing	**632,245**	**2,505,000**	**2.50% to 7.0%**	**Half yearly and quarterly**
	1,497,164	**3,905,000**		

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

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.

		Note	2016	2015
			Rupees in '000	
8	**DEFERRED LIABILITIES**			
	Provision for gratuity	8.1	**189,134**	167,128
	Deferred taxation	8.2	**65,000**	-
			254,134	167,128

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, 2016 using Projected Unit Credit Method. Details assumptions used and the amounts recognized in these financial statements are as follows :

	2016	2015
Significant actuarial assumptions		
Discount rate (%)	**7.25**	9.5
Expected rate of increase in salary level (%)	**6.25**	8.5
Weighted average duration of defined benefit obligation	**7 years**	8 years

The expected maturity analysis of undiscounted retirement benefit obligation is:

	Undiscounted payments ------------Rs. '000------------
Year 1	**19,270**
Year 2	**21,559**
Year 3	**28,610**
Year 4	**33,891**
Year 5	**30,804**
Year 6 and above	**116,231**

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.

	2016	2015
	Rupees in '000	
Present value of defined benefit obligation	**189,134**	**167,128**
Movement in net defined benefit liability		
Balance at the beginning of the year	**167,128**	140,757
Recognised in profit and loss account		
Service cost	**47,234**	38,824
Interest cost	**13,736**	16,741
	60,970	55,565
Recognised in other comprehensive income		
Actuarial losses / (gains) on remeasurement of obligation	**6,114**	(371)
Benefits paid	**(45,078)**	(28,823)
Balance at the end of the year	**189,134**	167,128
Actuarial gains and losses		
Actuarial losses from changes in demographic assumptions	**4,433**	-
Experience adjustments - loss / (gain)	**1,681**	(371)
	6,114	(371)

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%	16,787	(19,832)
Salary growth rate	1%	(19,832)	17,080

8.2 Deferred Taxation

	2016	2015
	Rupees in '000	
Deductible temporary differences in respect of:		
Provision for:		
- retirement benefits	**(24,966)**	-
- provision of stores and spare parts	**(132)**	-
- other financial assets	**(155)**	-
Unutilized minimum tax paid	**(132,271)**	-
	(157,524)	-
Taxable temporary differences in respect of:		
- accelerated tax depreciation	**222,524**	-
	65,000	-

8.3 The Company has not accounted for deferred tax liability on aggregate taxable temporary differences of Rs. 448.084 million at June 30, 2016 relating to its subsidiary as the Company does not have an intention to receive dividends or dispose off its investment in its subsidiary in foreseeable future.

	Note	2016	2015
		Rupees in '000	
Profit and loss account		**66,413**	-
Other comprehensive income		**(1,413)**	-
		65,000	-

9 TRADE AND OTHER PAYABLES

	Note	2016	2015
Creditors	9.1	**66,602**	115,407
Accrued liabilities		**858,420**	631,537
Infrastructure cess		**184,298**	138,311
Workers' Profits Participation Fund	9.2	**14,447**	208
Advance from customers		**12,894**	25,854
Unclaimed dividends / dividends payable		**25,673**	27,481
Withholding tax payable		**7,565**	3,962
Others		**41,562**	37,203
		1,211,461	979,963

9.1 This includes Rs. 17.987 million (2015: Rs. 3.807 million) due to related parties.

		Note	2016	2015
			Rupees in '000	
9.2	**Workers' Profits Participation Fund**			
	Balance at beginning of the year		**208**	56,938
	Allocation for the year		**14,442**	23,008
	Interest charged during the year on the funds utilized by the Company	31	**5**	2,494
			14,655	82,440
	Payments made during the year		**(208)**	(82,232)
	Balance at end of the year		**14,447**	208
10	**INTEREST / MARK-UP PAYABLE**			
	On secured loans from banking companies:			
	- Long-term financing		**15,919**	24,384
	- Short-term borrowings		**8,674**	30,504
			24,593	54,888
11	**SHORT-TERM BORROWINGS**			
	From banking companies - secured			
	Running finance / cash finance arrangements	11.1	**2,878,948**	2,117,906
	Finance against export / import	11.2	**1,498,161**	1,116,559
		11.3	**4,377,109**	3,234,465

11.1 These carry mark-up ranging from 1 week KIBOR + 0.05% to 1.25% and 3 months KIBOR + 0.6% to 1.00% (2015: 1 month KIBOR + 0.10% to 3 months KIBOR + 1.25% and 6 months KIBOR -0.2%). These are secured against charge over current assets of the Company with upto 25% margin.

11.2 These carry mark-up ranging from 1% to 1.5 % (2015: 1 month LIBOR + 1% to 3 %) 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. 9,069 million (2015: Rs. 9,043 million) from various commercial banks. These are secured against charge over current assets of the Company with upto 25% 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 (GID) Cess 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 GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

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 GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID cess 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 (GIDC) 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 in the Parliament and became an Act.

Since this issue is being faced by industry at large, therefore management is confident that decision of the case will be in its favour. However, being prudent, management has recorded provision at Rs. 100 per MMBTU amounting to Rs. 419 million (2015: Rs. 276 million).

		2016	2015
		Rupees in '000	
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**	44,010
12.1.4	Guarantees issued by banks in favor of gas / electric companies	**77,558**	19,306
12.1.5	Bank guarantees against payment of infrastructure cess	**195,042**	144,042
12.2	**Commitments**		
	Letters of credit for raw material and stores and spares	**1,440,775**	921,943
	Letters of credit for property, plant and equipment	**64,645**	83,378
	Civil work contracts	**20,000**	21,980

		Note	2016	2015
			Rupees in '000	
13	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	13.1	**6,307,600**	6,270,213
	Capital work-in-progress	13.3	**148,220**	65,624
			6,455,820	6,335,837

13.1 **Operating Fixed Assets**

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
	2016							
	<- - - - - - - - Rupees in '000' - - - - - - - ->							%
Owned								
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
June 30, 2016	10,605,932	656,170 (27,368)	11,234,734	4,335,719	607,706 (16,291)	4,927,134	6,307,600	

	2015							
Particulars	Cost at July 01, 2014	Additions / transfer* / (disposal) during the year	Cost at June 30, 2015	Accumulated depreciation at July 01, 2014	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2015	Carrying value at June 30, 2015	Depreciation Rate
	< - - - Rupees in '000' - - - >							%
Owned								
Freehold land	14,902	-	14,902	-	-	-	14,902	-
Leasehold land	51,035	-	51,035	-	-	-	51,035	-
Factory buildings	1,182,203	47,349	1,229,552	336,875	43,718	380,593	848,959	5
Non-factory buildings	118,608	58,998	177,606	75,951	9,584	85,535	92,071	10
Office building	110,316	-	110,316	6,226	5,205	11,431	98,885	5
Plant and machinery	7,413,211	602,761 19,573* (17,689)	8,017,856	2,976,774	467,236 (15,127)	3,428,883	4,588,973	10
Electric installations	194,428	-	194,428	70,053	12,438	82,491	111,937	10
Power generators	574,342	39,429 (19,573)* (6,808)	587,390	215,453	36,204 (5,971)	245,686	341,704	10
Office equipment	11,044	103	11,147	648	1,049	1,697	9,450	10
Furniture and fixtures	18,699	167	18,866	7,817	1,097	8,914	9,952	10
Vehicles	183,789	19,114 (10,069)	192,834	73,772	23,838 (7,121)	90,489	102,345	20
June 30, 2015	9,872,577	767,921 (34,566)	10,605,932	3,763,569	600,369 (28,219)	4,335,719	6,270,213	

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

13.1.1 Allocation of depreciation

	Note	2016	2015
		Rupees in '000'	
Manufacturing expense	26.2	576,360	569,180
Administrative expense	29	31,346	31,189
		607,706	600,369

13.2 Disposals of operating fixed assets

	Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Particulars of buyers	Mode of disposal
		---------- Rupees in '000' ----------						
1	Plant and machinery	1,930	(1,399)	531	566	35	Mr. Mansoor	Negotiation
2	Plant and machinery	7,924	(5,345)	2,579	1,000	(1,579)	H.A.R Textile Mills	Negotiation
		9,854	(6,744)	3,110	1,566	(1,544)		
3	Vehicle	1,132	(948)	184	215	31	Kashif Ghani	Company policy
4	Vehicle	6,626	(3,141)	3,485	3,500	15	Adamjee Insurance Company Ltd	Negotiation
5	Vehicle	57	(35)	22	22	-	Junaid Aslam	Company policy
6	Vehicle	549	(411)	138	150	12	Mrs. Abu Bakkar Siddiq	Company policy
7	Vehicle	520	(357)	163	169	6	Faheem Niazi (employee)	Company policy
8	Vehicle	544	(376)	168	175	7	Muzammil Hussain (employee)	Company policy
9	Vehicle	3,816	(1,610)	2,206	2,025	(181)	Adamjee Insuarance Company Ltd	Insurance claim
10	Vehicle	869	(680)	189	300	111	Muzaffargarh Mill	Negotiation
11	Vehicle	58	(45)	13	13	-	Naqqash (employee)	Company policy
12	Vehicle	57	(31)	26	26	-	Ghulam Hussain (employee)	Company policy
13	Vehicle	1,842	(1,488)	354	600	246	Zia ur Rehman (employee)	Company policy
14	Vehicle	1,281	(338)	943	901	(42)	Danish (employee)	Company policy
		17,351	(9,460)	7,891	8,096	205		
	Aggregate of amounts below Rs. 50,000	163	(87)	76	63	(13)	Various	Company policy / negotiation
	2016	**27,368**	**(16,291)**	**11,077**	**9,725**	**(1,352)**		
	2015	34,566	(28,219)	6,347	7,074	727		

	Note	2016	2015
		Rupees in '000	
13.3 Capital work-in-progress			
Civil works		**20,391**	32,619
Advance against purchase of vehicles		**5,241**	6,664
Advance against implementation of ERP		**26,341**	26,341
Plant and machinery		**96,247**	-
	13.3.1	**148,220**	**65,624**

13.3.1 Capital work-in-progress

	Civil works	Plant and machinery	Advance against purchase of vehicles	Advance against implementation of ERP	Total
	......(Rupees '000)......				
As at June 30, 2014	45,071	-	8,476	24,091	77,638
Additions during the year	38,326	20,017	15,550	12,614	86,507
Transferred to operating fixed assets	(50,778)	(20,017)	(17,362)	(10,364)	(98,521)
As at June 30, 2015	32,619	-	6,664	26,341	65,624
Additions during the year	75,339	448,897	7,160	1,590	532,986
Transferred to operating fixed assets	(87,567)	(352,650)	(8,583)	(1,590)	(450,390)
As at June 30, 2016	**20,391**	**96,247**	**5,241**	**26,341**	**148,220**

	Note	2016	2015
		Rupees in '000	
14 LONG-TERM INVESTMENTS			
Investment in associate	14.1	**13,476**	13,476
Investment in subsidiaries	14.2.1, 14.2.2 & 14.2.3	**3,709,247**	3,676,454
		3,722,723	**3,689,930**

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

		2016	2015
		Rupees in '000	

14.2 Investment in subsidiaries

		2016	2015
14.2.1	**Indus Home Limited (IHL)**	**2,491,204**	2,491,204

IHL is a wholly owned subsidiary of the Company and is involved in the business of griege, terry towel and other textile products. The subsidiary is incorporated in Pakistan as public unlisted company. Investment in IHL is carried at cost in these unconsolidated financial statements.

14.2.2 Indus Lyallpur Limited (ILP)

	2016	2015
	Rupees in '000	
Opening	**1,185,000**	1,085,000
Investment made during the year	**-**	100,000
Closing	**1,185,000**	1,185,000

ILP is a wholly owned subsidiary of the Company and is involved in the business of manufacturing, export and sale of yarn. The subsidiary is incorporated in Pakistan as public unlisted company. Investment in ILP is carried at cost in these unconsolidated financial statements.

14.2.3 Indus Wind Energy Limited (IWE)

	2016	2015
	Rupees in '000	
Opening	**250**	-
Investment made during the year	**-**	250
Advance against equity	**32,793**	-
Closing	**33,043**	250

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

15 LONG-TERM DEPOSITS

	Note	2016	2015
		Rupees in '000	
Electricity		**3,790**	3,790
Others		**315**	315
		4,105	4,105

16 STORES, SPARES AND LOOSE TOOLS

	Note	2016	2015
Stores, spares and loose tools	16.1	**219,856**	228,362
Less: Provision for slow moving and obsolete stock		**(1,000)**	(1,000)
		218,856	227,362

16.1 It includes stores and spares in transit amounting to Rs. 20.737 million (2015: Rs. 9.792 million).

		Note	2016	2015
			Rupees in '000	
17	**STOCK-IN-TRADE**			
	Raw material			
	- in hand	17.1	**1,620,855**	2,403,864
	- in transit		**1,313,102**	446,654
			2,933,957	2,850,518
	Work-in-process		**218,243**	243,052
	Finished goods	17.1 & 17.2	**363,741**	416,984
	Packing material		**41,897**	44,271
	Waste		**41,606**	25,453
			3,599,444	3,580,278

17.1 The stock of raw material in hand and finished goods have been written down to their net realisable values by Nil (2015: Rs. 173 million and Rs. 27 million respectively).

17.2 The stock of finished goods include stock of usable waste costing Rs. 21.53 million (2015: Rs. 22.75 million)

		Note	2016	2015
			Rupees in '000	
18	**TRADE DEBTS**			
	Considered good			
	Secured			
	Foreign debtors		**850,643**	756,270
	Local debtors		**72,517**	70,693
		18.1 & 18.2	**923,160**	826,963
	Unsecured			
	Local debtors	18.1 & 18.3	**501,340**	366,895
			1,424,500	1,193,858
	Less: Provision for doubtful debts	18.5	-	-
			1,424,500	1,193,858

18.1 This includes balances due from the related parties amounting to Rs. 61.67 million (2015: Rs. 18.38 million) which are not past due.

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

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

		2016	2015
		(Rupees in '000)	
18.4	**Aging of trade debts**		
	From 1 to 30 days	**1,272,318**	1,066,316
	From 30 to 60 days	**85,959**	72,041
	From 60 to 90 days	**41,986**	35,188
	From 90 to 180 days	**24,237**	20,313

		Note	2016	2015
			(Rupees in '000)	
18.5	**Movement of provision**			
	Opening balance		-	5,230
	Reversal		-	(5,230)
	Closing balance		-	-
19	**LOANS AND ADVANCES**			
	Considered good			
	Loans / advances to staff		**19,593**	15,740
	Advance income tax - net	19.1	**68,718**	234,065
	Advances to:			
	- Suppliers		**8,822**	10,568
	- Others		**22,636**	15,642
			31,458	26,210
			119,769	**276,015**
19.1	**Advance income tax - net**			
	Advance income tax		**207,423**	395,786
	Provision for taxation		**(133,217)**	(148,509)
	Workers Welfare Fund	19.1.1	**(5,488)**	(13,212)
			68,718	**234,065**

19.1.1 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 Supreme Court of Pakistan against the decision of the Sindh High Court. On prudent basis, the Company has recognized aggregate amount of Rs. 168.59 million (paid / provided) for the years from 2010 to 2016, although management, based on advice of the legal advisor, is confident that the ultimate decision would be in favor of the Company.

		2016	2015
		Rupees in '000	
20	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Considered good		
	Trade deposits	**894**	1,577
	Prepayments	**8,511**	7,745
		9,405	9,322
21	**OTHER RECEIVABLES**		
	Considered good		
	Cotton claims	**1,937**	6,165
	Others	**8,160**	9,358
		10,097	15,523

		Note	2016	2015
			Rupees in '000	
22	**OTHER FINANCIAL ASSETS**			
	At fair value through profit or loss - held for trading			
	Investment in ordinary shares of listed companies	22.1.1	**19,016**	20,189
	Investment in units of mutual funds	22.1.2	**256,746**	147,754
			275,762	167,943

22.1 Particulars of other financial assets

22.1.1 Investment in ordinary shares of listed companies

2016	2015		2016	2015
Number of shares			Rupees in '000	
30,000	30,000	Fauji Fertilizer Company Limited	**3,442**	4,483
11,088	11,088	Pakistan State Oil Company Limited	**4,162**	4,278
60,500	60,500	United Bank Limited	**10,704**	10,341
100,000	100,000	Pakistan International Airlines Corporation Limited	**708**	1,087
			19,016	20,189

22.1.2 Investment in units of mutual funds

2016	2015		2016	2015
Number of units			Rupees in '000	
2,067	1,884	HBL Money Market Fund	**202**	202
256	236	Meezan Sovereign Fund	**12**	12
7,932	8,533	NAFA Government Security Liquid Fund	**98**	105,428
9,984,026	-	ABL Cash Fund	**100,000**	-
-	413,576	Faysal Asset Management	**-**	41,788
3,452	3,029	UBL Liquidity Plus Fund	**334**	324
3,109,186	-	Pakistan Cash Management Fund	**156,000**	**-**
1,025	-	PICIC Cash Fund	**100**	**-**
			256,746	**147,754**

		2016	2015
23	**TAX REFUNDABLE**		
	Sales tax refundable	**88,966**	105,722
	Income tax refundable	**269,304**	7,567
		358,270	113,289
24	**CASH AND BANK BALANCES**		
	With banks		
	- in deposit accounts	**513,526**	9,534
	- in current accounts	**54,712**	38,584
		568,238	48,118
	Cash in hand	**15,507**	5,523
		583,745	53,641

25 SALES - NET

	Note	2016	2015
		Rupees in '000	
Export sales	25.1 & 25.2	**12,365,251**	16,515,350
Less: Commission		**(110,217)**	(183,123)
		12,255,034	16,332,227
Local sales			
Yarn		**5,829,199**	3,808,287
Waste		**251,670**	271,199
		6,080,869	4,079,486
Less:			
Sales tax @ 3% on local sales		**(177,113)**	(79,990)
Brokerage		**(55,013)**	(46,680)
		(232,126)	(126,670)
		18,103,777	20,285,043

25.1 It includes exchange loss of Rs. 49.784 million (2015: exchange loss of Rs. 34.95 million) and indirect export of Rs. 485 million (2015: Rs.1,446 million).

25.2 This includes indirect exports to related undertakings of Rs. 418 million (2015: Rs. 672 million).

26 COST OF GOODS SOLD

	Note	2016	2015
		Rupees in '000	
Raw material consumed	26.1	**12,966,065**	13,687,212
Manufacturing expenses	26.2	**3,808,516**	3,820,572
Outside purchases - yarn for processing		**138,343**	1,078,040
		16,912,924	18,585,824
Work in process			
- Opening		**243,052**	309,978
- Closing		**(218,243)**	(243,052)
		24,809	66,926
Cost of goods manufactured		**16,937,733**	18,652,750
Finished goods			
- Opening		**442,437**	469,806
- Closing	17.1 & 17.2	**(405,347)**	(442,437)
		37,090	27,369
		16,974,823	18,680,119

26.1 Raw material consumed

	Note	2016	2015
Opening stock		**2,403,864**	2,945,123
Purchases		**12,209,723**	13,573,629
		14,613,587	16,518,752
Cost of raw cotton sold		**(26,667)**	(427,676)
Closing stock	17.1	**(1,620,855)**	(2,403,864)
		12,966,065	13,687,212

	Note	2016	2015
		Rupees in '000	

26.2 Manufacturing expenses

	Note	2016	2015
Salaries, wages and benefits	26.2.1	**1,028,887**	995,007
Utilities		**1,426,136**	1,447,233
Packing material consumed		**311,904**	338,956
Stores and spares consumed		**381,714**	369,040
Repairs and maintenance		**36,862**	36,302
Insurance		**24,488**	44,381
Rent, rates and taxes		**2,211**	2,029
Depreciation on operating fixed assets	13.1.1	**576,360**	569,180
Other		**19,954**	18,444
		3,808,516	3,820,572

26.2.1 It includes staff retirement benefits Rs. 53.54 million (2015: Rs. 48.166 million).

27 OTHER INCOME

	2016 (Rupees in '000)	2015 (Rupees in '000)
Income from non-financial assets:		
Scrap sale	**4,825**	5,368
Reversal of infrastructure cess provision	**-**	47,759
Gain on disposal of operating fixed assets	**-**	727
Income from financial assets:		
Unrealised gain on other financial assets	**-**	3,816
Unrealised gain on revaluation of foreign currency loans	**-**	2,570
Dividend income	**1,661**	2,648
Profit on term deposit receipts	**777**	1,081
	7,263	63,969

28 DISTRIBUTION COST

	2016 (Rupees in '000)	2015 (Rupees in '000)
Export		
Ocean freight	**83,531**	154,304
Export development surcharge	**35,449**	39,511
Export charges	**156,961**	185,962
Local		
Freight	**68,726**	72,371
Others	**9,693**	19,069
Insurance	**7,317**	12,981
	361,677	484,198

		Note	2016	2015
			Rupees in '000	
29	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	29.1	**83,915**	83,225
	Directors' remuneration		**33,419**	25,200
	Meeting fees		**199**	250
	Repairs and maintenance		**6,328**	5,120
	Postage and telephone		**7,270**	8,339
	Traveling and conveyance		**1,622**	10,091
	Vehicles running		**5,840**	7,006
	Printing and stationery		**4,717**	5,585
	Rent, rates and taxes		**5,460**	5,460
	Utilities		**6,280**	10,182
	Entertainment		**3,169**	2,293
	Fees and subscription		**16,583**	7,827
	Insurance		**4,594**	5,151
	Legal and professional		**4,236**	1,613
	Charity and donations	29.2	**2,668**	2,296
	Auditors' remuneration	29.3	**1,451**	1,451
	Depreciation on operating fixed assets	13.1.1	**31,346**	31,188
	Advertisement		**44**	84
	Others		**4,867**	6,694
			224,008	219,055

29.1 It includes staff retirement benefits Rs. 7.16 million (2015: Rs. 7.391 million).

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

			2016	2015
29.3	**Auditors' remuneration**			
	Audit fee		**1,100**	1,100
	Half year review fee		**300**	300
	Fee for certifications		**20**	20
	Out of pocket expenses		**31**	31
			1,451	1,451
30	**OTHER OPERATING EXPENSES**			
	Loss on trading of raw cotton / fibre	30.1	**382**	44,269
	Workers' Profits Participation Fund		**14,442**	23,008
	Unrealized loss on other financial assets		**1,172**	-
	Loss on disposal of operating fixed assets		**1,352**	-
	Exchange loss on foreign currency transactions		**5,390**	36,648
	Unrealised loss on revaluation of foreign currency loans		**1,559**	-
	Workers' Welfare Fund		**5,488**	**13,212**
			29,785	117,137
30.1	**Loss on trading of raw cotton / fibre**			
	Sales of raw cotton / fibre		**26,285**	383,407
	Less: Cost of goods sold		**(26,667)**	(427,676)
			(382)	**(44,269)**

		Note	2016	2015
			Rupees in '000	
31	**FINANCE COST**			
	Mark-up on:			
	- long-term finance		**107,880**	191,968
	- short-term borrowings		**115,574**	194,995
	Discounting charges on letters of credit		**16,615**	18,789
	Interest on Workers' Profits Participation Fund	9.2	**5**	2,494
	Bank charges and commission		**11,780**	16,320
			251,854	424,566
32	**TAXATION**			
	Current			
	- For the year	32.1	**133,217**	148,509
	- Prior year		**(22,608)**	(918)
			110,609	147,591
	Deferred		**66,413**	-
			177,022	147,591

32.1 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognised when the prescribed time period for distribution of dividend expires.

32.2	**Relationship between tax expense and accounting profit**	**2016**	**2015**
	Accounting profit before tax	**268,893**	423,937
	Tax rate	**32%**	33%
	Tax on accounting profit	**86,046**	139,899
	Effect of:		
	Income chargeable to tax at reduced rates	**114,526**	-
	Income chargeable to tax under Final Tax Regime	**-**	114,774
	Prior year charge	**(22,608)**	-
	Tax impact of tax credit	**(48,719)**	(61,194)
	Recognised / (unrecognised) temporary differences	**66,413**	(39,356)
	Others	**(18,636)**	(6,532)
	Tax charge as per accounts	**177,022**	147,591

33 EARNINGS PER SHARE - BASIC AND DILUTED

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

		2016	2015
Profit for the year	**Rupees in '000**	**91,871**	276,346
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**	**5.08**	**15.29**

		Note	2016	2015
			Rupees in '000	
34	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**268,893**	423,937
	Adjustments for:			
	Depreciation	13.1.1	**607,706**	600,369
	Provision for gratuity	8.1	**60,970**	55,565
	Unrealised loss / (gain) on other financial assets	27 & 30	**1,172**	(3,816)
	Unrealised loss / (gain) on revaluation of foreign currency loans		**1,559**	(2,570)
	Loss / (gain) on disposal of operating fixed assets	13.2	**1,352**	(727)
	Dividend income	27	**(1,661)**	(2,648)
	Finance cost	31	**251,854**	424,566
	Cash generated before working capital changes		**1,191,845**	1,494,676
	Working capital changes:			
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		**8,506**	(13,260)
	Stock-in-trade		**(19,166)**	331,132
	Trade debts		**(230,642)**	331,916
	Loans and advances		**(9,101)**	10,558
	Trade deposits and short term prepayments		**(83)**	(5,509)
	Other receivables		**5,426**	14,290
	Increase in current liability		**(245,060)**	669,127
	Trade and other payables		**233,306**	(29,047)
	Cash generated from operations		**1,180,091**	2,134,756
35	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	24	**583,745**	53,641
	Short-term borrowings	11	**(4,377,109)**	(3,234,465)
			(3,793,364)	(3,180,824)

36 REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTORS

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:

2016

Particulars	Chief Executive Officer	Directors Executive	Directors Non-Executive	Executives	Total
	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
Total	9,802	23,717	30	60,725	94,274
Number of persons	1	2	6	42	51

2015

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

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

37 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries Indus Lyallpur Limited, Indus Home Limited and Indus Wind Energy Limited, an associate (Sunrays Textiles Mills Limited), key management personnel and post employment benefit scheme. The Company carries out transactions with related parties as per agreed terms. Remuneration of key management personnel is disclosed in note 36 to the unconsolidated financial statements and amount due in respect of staff retirement benefits is disclosed in note 8.2. Other significant transactions with related parties are as follows:

Relationship with the Company	Nature of transactions	2016	2015
		Rupees in '000	
Subsidiaries	Purchase of cotton	**-**	1,561
	Purchase of yarn	**1,050**	936,766
	Sale of yarn	**418,566**	672,169
	Sale of machinery	**-**	1,000
	Purchase of machinery	**7,000**	6,569
	Conversion cost received	**101,465**	-
	Conversion cost paid	**118,005**	
	Payment against issue of right shares	**-**	100,000
	Waste sale	**-**	9,498
	Payment against issue of shares	**-**	250
	Advance against issue of shares	**32,793**	-
Associate	Waste purchase	**2,164**	-
Balances with related parties:-			
Subsidiaries - receivable		**59,532**	17,530
Subsidiaries - payable		**17,987**	69,808
Associate - receivable		**1,533**	769
Other related parties - common directorship:			
- Receivable		**1,917**	-
- Payable		**1,253**	3,170

38 FINANCIAL RISK MANAGEMENT

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

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

The Company’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

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

38.1 Credit risk and concentration of credit risk

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

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

	2016	2015
	Rupees in '000	
Long-term deposits	**4,105**	4,105
Trade debts	**1,424,500**	1,193,858
Loans and advances	**19,593**	15,740
Trade deposits	**894**	1,577
Other receivables	**10,097**	15,523
Other financial assets	**256,746**	147,755
Bank balances	**568,238**	48,118
	2,284,173	1,426,676

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

Credit risk related to equity investments and cash deposits

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

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

Name of bank	Rating agency	Credit rating Long-term	Short-term
Allied Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA	A1+
Bank Islami Pakistan Limited	PACRA	A	A1
Barclays Bank	Moody's	A2	P1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A+	A1
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metro Bank Limited	PACRA	AA+	A1+
Industrial and Commercial Bank of China Limited	Moody's	A1	P1
J.S Bank Limited	PACRA	A+	A1+
Meezan Bank Limited	JCR-VIS	AA	A1+
MCB Bank Limited	PACRA	AAA	A1+
National Bank of Pakistan	JCR-VIS	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+

38.2 Liquidity risk management

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

38.2.1 Liquidity and interest risk table

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

	Carrying Values	Contractual Cash Flows	Less than 1 month	1 to 3 months	3 months to 1 year	1-5 years	More than 5 years
	---- Rupees in '000' ----						
Trade and other payables	**992,257**	**992,257**	**992,257**	**-**	**-**	**-**	**-**
Long-term financing	**1,497,164**	**1,497,164**	**-**	**-**	**272,966**	**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**	**-**	**-**
2016	**6,891,123**	**6,891,123**	**4,169,574**	**682,217**	**815,134**	**1,070,055**	**154,143**

	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	811,628	811,628	811,628	-	-	-	-
Long-term financing	1,899,794	1,919,334	11,592	187,416	387,331	1,332,995	-
Short-term borrowings	3,234,465	3,234,465	944,385	2,110,373	179,707	-	-
Interest / mark-up payable	54,888	54,888	54,888	-	-	-	-
2015	6,000,775	6,020,315	1,822,493	2,297,789	567,038	1,332,995	-

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

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

	2016	2015
	Rupees in '000	
6 months or less		
- Short-term borrowings	**1,207,013**	3,234,465
- Long-term loans	**272,966**	1,791,509

38.3 Market risk management

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

38.3.1 Interest rate risk management

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

	Carrying amount	
	2016	**2015**
	Rupees in '000	
Fixed rate instruments		
Financial assets	**513,526**	9,534
Financial liabilities	**632,245**	108,285
Variable rate instruments		
Financial liabilities		
- KIBOR based	**3,743,867**	3,909,415
- LIBOR based	**1,498,161**	1,116,559

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. 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, 2016 would decrease / increase by Rs. 20.94 million (2015: Rs. Rs. 23.143 million) determined on the outstanding balance at year end. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

38.3.2 Foreign exchange risk management

Exposure to currency risk

	2016		2015	
	Rupees	**US Dollar**	**Rupees**	**US Dollar**
	Currency in '000			
Trade debts	**850,643**	**8,125**	756,270	7,451
Foreign currency loans	**1,498,161**	**14,309**	1,116,559	11,001
	2,348,804	**22,434**	1,872,829	18,452

	2016	2015
	Rupees	
Average rate	104.37	101.62
Balance sheet date rate	104.70	101.50

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, 2016, 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. 32.320 million (2015: Rs. 18.014 million) determined on the outstanding balance at year end. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2016 than 2015 because of high fluctuation in foreign currency exchange rates.

38.3.3 Equity price risk management

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

At the reporting date, the Company has exposure of Rs.13.476 million (2015: 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. 3,709 million (2015: Rs. 3,676 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. 275.762 million (2015: Rs.167.943 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 13.788 million (2015: Rs. 8.39 million) determined based on market value of investments at year end.

38.4 Determination of fair values

Fair value of financial instruments

Fair value is the 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.

38.5 Financial instruments by category

Financial assets - June 30, 2016	**Loans & advances**	**Fair value through profit & loss account**	**Total**
	-- 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	**583,745**	**-**	**583,745**
	2,042,934	**275,762**	**2,318,696**

Financial assets - June 30, 2015	**Loans & advances**	**Fair value through profit &**	**Total**
	-- Rupees in '000 --		
Long-term deposits	4,105	-	4,105
Trade debts	1,193,858	-	1,193,858
Loans and advances	15,740	-	15,740
Trade deposits	1,577	-	1,577
Other receivables	15,523	-	15,523
Other financial assets	-	167,943	167,943
Bank balances	53,641	-	53,641
	1,284,444	167,943	1,452,387

Financial liabilities - June 30, 2016	Financial liabilities measured at amortized cost	Total
	---------------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**

Financial liabilities - June 30, 2015	Financial liabilities measured at amortized cost	Total
	---------------Rupees in '000	----------------
Long-term financing	1,899,794	1,899,794
Trade and other payables	811,628	811,628
Short-term borrowings	3,234,465	3,234,465
Interest / mark-up payable	54,888	54,888
	6,000,775	6,000,775

38.6 Fair value hierarchy

Fair value of other financial assets classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Company classifies 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:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities ;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

The table below provides information on financial assets or liabilities carried at fair values, by valuation methods.

	Level 1	Level 2	Level 3	Total
	- - - - - - - - - - - - - - - - -	Rupees in '000	- - - - - - - - - - - - - - - - -	
Other financial assets	275,762	-	-	275,762
Total	275,762	-	-	275,762

39 CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios at June 30, 2016 and 2015 were as follows:

	2016	2015
	Rupees in '000	
Total borrowings (note 7 & 11)	**5,874,273**	5,134,259
Less: cash and bank balances (note 24)	**(583,745)**	(53,641)
Net debt	**5,290,528**	5,080,618
Total equity	**9,418,035**	9,330,865
Total capital	**14,708,563**	14,411,483
Gearing ratio	**36%**	35%

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

40 CAPACITY AND PRODUCTION

Spinning units	**2016**	**2015**
Total number of spindles installed	175,282	173,712
Total number of spindles worked per annum (average)	172,212	170,255
Number of shifts worked per day	3	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	124,803,260	129,282,818
Actual production for the year after conversion into 20 counts (lbs.)	116,147,507 `	113,681,047
Ginning units		
Installed capacity to produce cotton bales	200,750	200,750
Actual production of cotton bales	8,654	14,797
Number of shifts	2	2
Capacity attained in (%)	4.31%	10.96%

41 SEGMENT REPORTING

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office lead by Chief Executive Officer who continuously involves in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently the Company has three yarn manufacturing units at Hyderabad, Karachi and Muzaffargarh. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products and the nature of the regulatory environment, all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments.

42 NUMBER OF EMPLOYEES

The total average number of employees during the year as at June 30, 2016 and 2015 respectively are as follows:

	Number of employees	
	2016	2015
Average number of employees during the year	2,237	2,720
Number of employees as at June 30	2,330	2,833

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

43 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on October 04, 2016 by the Board of Directors of the Company.

44 GENERAL

44.1 The Board of Directors proposed a final dividend for the year ended June 30, 2016 of Rs. 5/= per share (2015: Nil) at their meeting held on October 04, 2016 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.

44.2 Figures have been rounded off to the nearest thousand rupees.

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

Consolidated Annual Report
2016

CONTENTS

Key Operating and Financial Results

	2012	2013	2014	2015	2016
Operating data					
Turn over	15,583,895	20,375,904	24,301,493	26,812,047	25,111,229
Less : commission	(198,399)	(353,707)	(267,068)	(251,980)	(180,566)
Sales (net)	15,385,496	20,022,197	24,034,425	26,560,067	24,930,663
Gross profit	2,252,618	3,630,687	2,487,947	2,184,056	1,937,179
Profit before tax	1,789,888	2,523,383	1,866,427	474,828	666,821
Profit after tax	1,571,477	2,547,734	1,996,643	299,887	449,069
Financial data					
Gross assets	10,938,552	12,698,532	20,272,036	19,391,820	20,984,661
Return on equity	21.28%	28.51%	18.75%	2.81%	4.04%
Current assets	4,311,122	5,826,529	9,316,161	8,264,447	10,028,099
Shareholders equity	7,384,527	8,936,904	10,646,575	10,674,211	11,115,770
Long term debts and deferred liabilities	1,187,985	808,605	2,395,176	1,843,852	1,737,544
Current liabilities	2,366,040	2,950,413	7,227,675	6,873,757	8,131,347
Key ratios					
Gross profit ratio	14.64%	18.13%	10.35%	8.22%	7.77%
Net profit	10.21%	12.72%	8.31%	1.13%	1.80%
Debt / equity ratio	07 : 93	12 : 88	16 : 84	13 : 87	12 : 88
Current ratio	1.82	1.97	1.29	1.20	1.23
Earning per share (basic and diluted)	86.95	140.96	110.47	16.59	24.85
Dividend (percentage)					
- Cash	350%	100% Int	150% Int	150% Int	-
- Stock	-	-	-	-	-
- Specie dividend	-	100 : 09	-	-	-
Statistics					
Production (tons) Spinning	42,057	52,894	63,821	78,398	79,874

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of Indus Dyeing & Manufacturing Company Limited (the Holding Company) and its subsidiary companies (together the Group) as at June 30, 2016 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 accompanying consolidated financial statements presents fairly the financial position of the Group as at June 30,2016 and its profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity for the year then ended.

Chartered Accountants

Engagement Partner:
Naresh Kumar

Date : October 04, 2016
Place : Karachi

CONSOLIDATED BALANCE SHEET
AS AT JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised			
45,000,000 ordinary shares of Rs. 10 each		**450,000**	450,000
Issued, subscribed and paid up capital	6	**180,737**	180,737
Reserves	7	**5,021,964**	5,022,675
Unappropriated profit		**5,913,069**	5,470,799
		11,115,770	10,674,211
Non current liabilities			
Long-term financing	8	**1,363,996**	1,577,187
Deferred liabilities	9	**373,548**	266,665
		1,737,544	1,843,852
Current liabilities			
Trade and other payables	10	**1,687,178**	1,482,076
Interest / mark-up payable	11	**33,572**	70,066
Short-term borrowings	12	**6,096,915**	4,618,149
Current portion of long-term financing	8	**313,682**	703,466
		8,131,347	6,873,757
Contingencies and commitments	13		
		20,984,661	19,391,820

	Note	2016	2015
		Rupees in '000	
ASSETS			
Non current assets			
Property, plant and equipment	14	**10,918,118**	11,084,138
Intangible assets	15	**4,633**	6,619
Long-term investments	16	**21,611**	21,278
Long-term deposits	17	**14,757**	15,338
		10,959,119	11,127,373
Current assets			
Stores, spares and loose tools	18	**537,609**	615,525
Stock-in-trade	19	**5,514,619**	5,313,432
Trade debts	20	**1,831,228**	1,352,881
Loans and advances	21	**154,345**	302,821
Trade deposits and short-term prepayments	22	**10,921**	10,327
Other receivables	23	**80,652**	97,249
Other financial assets	24	**676,603**	167,944
Tax refundable	25	**600,456**	308,717
Cash and bank balances	26	**619,109**	95,551
		10,025,542	8,264,447
		20,984,661	19,391,820

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016

	Note	2016	2015
		Rupees in '000	
Sales -net	27	**24,930,663**	26,560,067
Cost of goods sold	28	**(22,993,484)**	(24,376,011)
Gross profit		**1,937,179**	2,184,056
Other income	29	**158,071**	103,697
		2,095,250	2,287,753
Distribution cost	30	**(647,000)**	(769,887)
Administrative expenses	31	**(387,254)**	(355,714)
Other operating expenses	32	**(79,411)**	(151,980)
Finance cost	33	**(315,097)**	(536,400)
		(1,428,762)	(1,813,981)
		666,488	473,772
Share of profit from associate -net of tax	16.1	**333**	1,056
Profit before taxation		**666,821**	474,828
Taxation	34	**(217,752)**	(174,941)
Profit for the year- attributable to ordinary share holders of the Holding company		**449,069**	299,887
Earnings per share - basic and diluted	35	**24.85**	16.59

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2016

	2016	2015
	Rupees in '000	
Profit for the year	**449,069**	299,887
Items that may be reclassified subsequently to profit and loss		
Exchange (loss) / gain on translation of balances of foreign subsidiary	**(711)**	275
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of defined benefit obligation -net of tax	**(6,799)**	(894)
Total comprehensive income for the year- attributable to ordinary share holders of the Holding Company	**441,559**	299,268

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2016

		Note	2016	2015
			Rupees in '000	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	36	**1,753,718**	3,404,233
	Taxes paid - net		**(274,090)**	(212,961)
	Finance cost paid		**(351,591)**	(591,294)
	Gratuity paid		**(71,655)**	(63,610)
	Net cash generated from operating activities		**1,056,382**	2,536,369
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payment for purchase of property, plant and equipment		**(915,858)**	(1,251,349)
	Proceeds from disposal of property, plant and equipment	14.2	**18,950**	13,583
	Payment for purchase of intangible assets		**-**	(6,619)
	Payment for purchase of other financial assets		**(509,831)**	(1,554)
	Refunds from long-term deposits		**581**	-
	Dividend received		**1,661**	2,648
	Net cash used in investing activities		**(1,404,498)**	(1,243,291)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term finance repaid -net		**(602,975)**	(622,121)
	Cost of issue of shares		**-**	(526)
	Dividend paid		**(1,808)**	(270,842)
	Net cash (used in) / generated from financing activities		**(604,783)**	(893,489)
	Net decrease in cash and cash equivalents (A+B+C)		**(952,899)**	399,589
	Cash and cash equivalents at beginning of the year		**(4,522,598)**	(4,926,406)
	Effects of exchange rate changes on cash and cash equivalents		**(2,309)**	4,219
	Cash and cash equivalents at end of the year	37	**(5,477,806)**	(4,522,598)

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

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2016

	Issued, subscribed and paid up capital	Reserves - Capital - Share premium	Reserves - Capital - Merger reserve	Reserves - Capital - Exchange translation reserve	Reserves - Revenue - General reserve	Reserves - Revenue - Unappropriated profit	Total
	----------	----------	----------	Rupees in '000'	----------	----------	----------
Balance at June 30, 2014	**180,737**	**10,920**	**11,512**	**(32)**	**5,000,000**	**5,443,438**	**10,646,575**
Total Comprehensive income for the year							
Profit for the year	-	-	-	-	-	299,887	299,887
Exchange gain on translation of balances of foreign subsidiary	-	-	-	275	-	-	275
Remeasurement of defined benefit obligation -net of tax	-	-	-	-	-	(894)	(894)
Total comprehensive income for the year	-	-	-	275	-	298,993	299,268
Transactions with owners recorded directly in equity							
Interim cash dividend @ Rs. 5 per share	-	-	-	-	-	(90,369)	(90,369)
Interim cash dividend @ Rs. 10 per share	-	-	-	-	-	(180,737)	(180,737)
Cost of issue of shares by a subsidiary	-	-	-	-	-	(526)	(526)
Balance at June 30, 2015	**180,737**	**10,920**	**11,512**	**243**	**5,000,000**	**5,470,799**	**10,674,211**
Total Comprehensive income for the year							
Profit for the year	-	-	-	-	-	449,069	449,069
Exchange loss on translation of balances of foreign subsidiary	-	-	-	(711)	-	-	(711)
Remeasurement of defined benefit obligation -net of tax	-	-	-	-	-	(6,799)	(6,799)
Total comprehensive income for the year	-	-	-	(711)	-	442,270	441,559
Balance at June 30, 2016	**180,737**	**10,920**	**11,512**	**(468)**	**5,000,000**	**5,913,069**	**11,115,770**

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. THE GROUP AND ITS OPERATIONS

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

1.1.1 Holding Company

Indus Dyeing & Manufacturing Company Limited (the Holding Company) was incorporated in Pakistan on July 23, 1957 as a public limited Company under the Companies Act 1913 repealed by the Companies Ordinance, 1984. Registered office of the Holding Company is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi. The Holding Company is 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.

1.2 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 statements.
- 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 the subsidiaries.

1.3 Business Combination

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

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

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

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

2. STATEMENT OF COMPLIANCE

2.1 These consolidated financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 shall prevail.

2.2 Basis of preparation

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

- recognition of certain employee retirement benefits at net present value;
- 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, 2016:

The following standards are effective for the year ended June 30, 2016. These standards 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.

	Effective for accounting periods beginning on or after
IFRS 10 – Consolidated Financial Statements	January 01, 2015
IFRS 11 – Joint Arrangements	January 01, 2015
IFRS 12 – Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 – Fair Value Measurement	January 01, 2015
IAS 27 (Revised 2011) – Separate Financial Statements	January 01, 2015
IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures	January 01, 2015

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

Due to immaterial interest in associated company, certain disclosures as required under IFRS 12 have not been presented

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

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

	Effective for accounting periods beginning on or after
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 amortization	January 01, 2016
Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial statements	January 01, 2016
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 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 date is deferred indefinitely.

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

Other than the above 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

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.

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 based on tax rates enacted or substantively enacted at the reporting date. 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 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. Future contribution rate of this scheme includes allowances for surplus and deficit. The latest actuarial valuation was carried on 30 June 2016, using projected unit credit method. Past service cost are recognized immediately in profit and loss. Acturial 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 discontinued to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks 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 are 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:

	Basis of valuation
Raw material	Weighted average cost
Work in progress	Weighted average cost of material and share of applicable overheads
Finished goods	Weighted average cost of material and share of applicable overheads
Packing material	Moving average cost
Waste and scrap	Net realizable value
Stock in transit	Accumulated cost till 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 Provision for doubtful receivables

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

4.10 Investments

4.10.1 Regular way purchase or sale of investments

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

4.10.2 Investment in associate

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

Such investments are accounted for using equity method of accounting and initially are recognized at cost and subsequently adjusted to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses exceeds its interest, the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

4.10.3 Financial assets at fair value through profit or loss - held for trading

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held-for-trading".

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognized at fair value and transaction costs are recognized in the profit and loss account.

Subsequent to initial recognition, equity securities designated by the management as 'at fair value through profit or loss' are valued on the basis of closing quoted market prices available at the stock exchange.

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the profit and loss account.

4.10.4 Derivative financial instruments

Derivatives are initially recorded at fair value on the date a derivative contract is entered into and are remeasured to fair value at subsequent reporting dates. Derivatives with positive impact at 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.

4.11 Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit and loss account in the period in which they are incurred.

4.12 Foreign currencies

These consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Transactions in other than Pakistani Rupee are translated into reporting currency at the rates of exchange prevailing on the date of transactions except for those covered by forward contracts, which are translated at contracted rates. At each 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.

4.13 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

4.14 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:

- Sales are recorded when the significant risk and rewards of ownership of the goods have passed to the customers which coincide with the dispatch of goods to the customers.

- Income on bank deposits are recorded on time proportionate basis using effective interest rate; and

- Dividend income is recognized when the right to receive the dividend is established.

4.15 Financial instruments

All financial assets and liabilities are recognized at the time when the Group becomes party to the contractual provisions of the instrument and derecognized when the Group loses control of the contractual rights that comprise of the financial assets and in case of financial liability when the obligation specified in the contract is discharged, cancelled or expired. Other particular recognition methods adopted by the Group are disclosed in the individual policy statements associated with each item of financial instruments.

4.16 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and net amount is reported in the balance sheet if the Group has a legal right to offset the recognized amounts and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.17 Cash and cash equivalents

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

4.18 Dividend distribution

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.

4.19 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Holding Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders of the Holding Company and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

5. BUSINESS COMBINATION

In the previous year, 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. During the year, the Company has given advance against issue of shares amounting of Rs. 32.7 million.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2016	2015		Note	2016	2015
No. of shares				Rupees in '000	
		Ordinary shares of Rs.10/- each			
9,637,116	9,637,116	fully paid in cash		**96,371**	96,371
		Other than cash:			
5,282,097	5,282,097	Issued to the shareholders of YTML	6.1	**52,821**	52,821
3,154,519	3,154,519	Issued as bonus shares		**31,545**	31,545
18,073,732	18,073,732			**180,737**	180,737

6.1 These shares were issued pursuant to the Scheme of Amalgamation with Yousuf Textile Mills Limited (YTML), determined as at October 01, 2004, in accordance with the 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.

7. RESERVES

	Note	2016	2015
		Rupees in '000	
Capital			
Share premium	7.1	**10,920**	10,920
Merger reserve	7.2	**11,512**	11,512
Exchange translation reserve	7.3	**(468)**	243
		21,964	22,675
Revenue			
General reserve		**5,000,000**	5,000,000
		5,021,964	5,022,675

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	2016	2015
		Rupees in '000	
8. LONG-TERM FINANCING			
Secured			
From banking companies	8.1 & 8.2	**1,677,678**	2,280,653
Less: Payable within one year		**(313,682)**	(703,466)
		1,363,996	1,577,187

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

Type and nature of loan	Amount outstanding	Sanctioned amount	Mark up rate per annum	Terms of repayments
	2016			
	Rupees in '000			
Long-term financing	**812,759**	**2,987,000**	**5.50% to 11.10%**	**Half yearly and quarterly**
Term finances	**864,919**	**1,400,000**	**3 months KIBOR + 0.5% to 1.5%**	**Quarterly**
	1,677,678	**4,387,000**		

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

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.

	Note	2016	2015
		Rupees in '000	
9. DEFERRED LIABILITIES			
Deferred taxation	9.1	**68,327**	767
Staff retirement gratuity:			
- the Holding Company	9.2	**189,134**	167,128
- Indus Lyallpur Limited	9.3	**20,168**	14,394
- Indus Home Limited	9.4	**95,919**	84,376
		373,548	266,665

9.1 Deferred taxation

	2016	2015
Deductible temporary differences in respect of:		
Provision for:		
- retirement benefits	**(24,966)**	-
- provision of stores and spare parts	**(132)**	-
- other financial assets	**(155)**	-
Unutilized minimum tax paid	**(132,271)**	-
	(157,524)	-
Taxable temporary differences in respect of:		
- accelerated tax depreciation	**222,524**	-
- unrealized export debtors	**3,327**	767
	68,327	767

9.1.1 The Group has not accounted for deferred tax liability on aggregate taxable temporary differences of Rs. 540.721 million at June 30, 2016 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 forseeable future.

	2016	2015
	Rupees in '000	
Profit and loss account	**68,973**	(694)
Other comprehensive income	**(646)**	-
	68,327	(694)

9.1.2 The Holding Company

As the Holding Company's export sales were not more than 80% of the total sales, management cannot opt for the Income Tax Circular No. 20 of 1992, according to which local sales of goods (manufactured) as well as waste material, not constituting more than 20% of such production, may also be treated as export sales if the assessee opts to pay tax on such sales at the rate applicable to export sales. As a result, management recognized the provision for taxation and deferred taxation for local sales at rate applicable to income and temporary differences attributable to local sales.

9.1.3 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. 52.907 million (2015: Rs. 124.501 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.

9.1.4 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, 2016 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these consolidated financial statements are as follows:

	2016	2015
Significant actuarial assumptions		
Discount rate (%)	**7.5**	9.5
Expected rate of increase in salary level (%)	**6.5**	8.5
Weighted average duration of defined benefit obligation	**7 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.

	2016	2015
	Rupees in '000	
Present value of defined benefit obligation	**189,134**	167,128
Movement in net defined benefit obligation		
Balance at the beginning of the year	**167,128**	140,757
Recognized in profit and loss account		
Current service cost	**47,234**	38,824
Interest cost	**13,736**	16,741
	60,970	55,565
Recognized in other comprehensive income		
Actuarial (gain) / loss on remeasurement of obligation	**6,114**	(371)
Benefits paid	**(45,078)**	(28,823)
Present value of defined benefit obligation as at June 30	**189,134**	167,128
Actuarial gains and losses		
Actuarial losses due to changes in demographic assumptions	**4,433**	-
Actuarial loss / (gain) due to experience adjustments	**1,681**	(371)
	6,114	(371)

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%	16,787	(19,832)
Salary growth rate	1%	(19,832)	17,080

9.3 Staff retirement gratuity - Indus Lyallpur Limited

Significant actuarial assumptions

	2016	2015
Discount rate (%)	**7.5**	9.5
Expected rate of increase in salary level (%)	**6.5**	8.5
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.

	2016	2015
	Rupees in '000	
Present value of defined benefit obligation	**20,168**	14,394
Movement in net defined benefit obligation		
Balance at the beginning of the year	**14,394**	10,307
Recognized in profit and loss account		
Current service cost	**10,503**	6,403
Interest cost	**1,073**	983
	11,576	7,386
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**392**	937
Benefits paid	**(6,194)**	(4,236)
Present value of defined benefit obligation as at June 30	**20,168**	14,394
Actuarial gains and losses		
Actuarial loss due to experience adjustments	**392**	937

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%	1,197	(1,489)
Salary growth rate	1%	(1,489)	1,218

9.4 Staff retirement gratuity - Indus Home Limited

Significant actuarial assumptions	2016	2015
Discount rate (%)	**7.25**	9.75
Expected rate of increase in salary level (%)	**6.25**	8.75
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.

	2016	2015
	Rupees in '000	
Present value of defined benefit obligation	**95,919**	84,376
Movement in net defined benefit obligation		
Balance at the beginning of the year	**84,376**	80,642
Recognized in profit and loss account		
Current service cost	**22,987**	25,296
Interest cost	**7,233**	8,661
	30,220	33,957
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**1,706**	328
Benefits paid	**(20,383)**	(30,551)
Present value of defined benefit obligation as at June 30	**95,919**	84,376
Actuarial gains and losses		
Actuarial loss due to experience adjustments	**1,706**	328

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%	89,009	(103,994)
Salary growth rate	1%	(104,317)	88,590

	Note	2016	2015
		Rupees in '000	
10. TRADE AND OTHER PAYABLES			
Creditors		**170,953**	209,157
Accrued liabilities		**1,060,400**	932,025
Foreign bills payable		**34,890**	1,896
Infrastructure cess		**221,237**	164,832
Workers' Profits Participation Fund	10.1	**36,969**	7,528
Workers Welfare Fund		**30,081**	-
Advance from customers		**30,623**	33,732
Due to directors and their spouses		**-**	14,127
Unclaimed dividend		**25,673**	27,481
Withholding tax payable		**9,420**	3,962
Others		**66,932**	87,336
		1,687,178	1,482,076

	Note	2016	2015
		Rupees in '000	

10.1 Workers' Profits Participation Fund

	Note	2016	2015
Balance at beginning of the year		**7,528**	62,273
Allocation for the year		**36,964**	30,324
Interest charged during the year on the funds utilized by the Group	33	**356**	2,664
		44,848	95,261
Payments made during the year		**(7,879)**	(87,733)
Balance at end of the year		**36,969**	7,528

11. INTEREST / MARK-UP PAYABLE

On secured loans from banking companies

	Note	2016	2015
- Long-term financing		**18,356**	29,634
- Short-term borrowings		**15,216**	40,432
		33,572	70,066

12. SHORT-TERM BORROWINGS

From banking companies - secured

	Note	2016	2015
Running finance / cash finance arrangements	12.1	**3,294,894**	2,243,975
Finance against import / export	12.2	**2,802,021**	2,374,174
	12.3	**6,096,915**	4,618,149

12.1 These carry mark-up ranging from 1 week KIBOR + 0.05% to 1.25% and 3 months KIBOR + 0.6% to 1% (2015: 1 month Kibor + 0.10% to 3 month Kibor + 1.25% and 6 month Kibor -0.2%). These are secured against charge over current assets of the Group.

12.2 These carry mark-up ranging from 1% to 1.5 % (2015: 1 month LIBOR + 1% to 3 %) on foreign currency borrowing amounts. These arrangements are secured against charge over current assets of the Group and lien on import and export documents.

12.3 The Group has aggregate short-term borrowing facilities amounting to Rs. 13,209 million (2015: Rs. 16,433 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 (GID) Cess 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 GID Cess rate from Rs. 13 per MMBTU to Rs. 100 per MMBTU.

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 GID Cess over and above Rs. 13 per MMBTU. On August 22, 2014, the Supreme Court of Pakistan declared that the levy of GID cess 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 (GIDC) 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 in the Parliament and became an Act.

Since this issue is being faced by industry at large, therefore management is confident that decision of the case will be in its favour. However, being prudent, management has recorded provision at Rs. 100 per MMBTU amounting to Rs. 438.1 million (2015: Rs. 291.96 million).

		2016	2015
		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	**26,970**	44,010
13.1.3	Guarantees issued by banks in favor of gas and electric distribution companies	**223,286**	37,586
13.1.4	Bank guarantees against payment of infrastructure cess	**211,042**	155,042
13.1.5	Bank guarantees in favor of Collector of Customs	**7,950**	7,950
13.2	**Commitments**		
	Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases	**1,641,095**	1,084,734
	Civil work contracts	**-**	21,980
	Bills discounted	**417,763**	159,624
	Excise and Taxation department - Government of Sindh	**-**	13,654
	Foreign currency forward contracts - Sale	**423,695**	510,680
	Foreign currency forward contracts - Purchase	**76,325**	-
	Post dated cheques in favour of: Revenue Department - Government of Pakistan	**722,155**	-

14. PROPERTY, PLANT AND EQUIPMENT

	Note	2016	2015
		Rupees in '000	
Operating fixed assets	14.1	**10,746,084**	10,961,352
Capital work-in-progress	14.3	**172,034**	122,786
		10,918,118	11,084,138

14.1 **Operating fixed assets**

Particulars	Cost at July 1, 2015	Additions/ (disposal) during the year	Cost at June 30, 2016	Accumulated depreciation at July 1, 2015	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2016	Carrying value at June 30, 2016	Dep. Rate
	2016							
	< - - - - - - - -	- - - - - - - -	- - - - Rupees in '000' - - - -				- - - - >	%
Owned								
Freehold land	220,701	-	220,701		-	-	220,701	-
Leasehold land	51,035	1,000	52,035	-	-	-	52,035	-
Factory buildings	2,152,674	110,411	2,263,085	522,367	130,491	652,858	1,610,227	5-10
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	5-10
Plant and machinery	11,967,131	618,782 (21,143)	12,564,770	4,086,617	803,646 (15,512)	4,874,751	7,690,019	10
Electric installations	211,994	17,680	229,674	87,684	12,965	100,649	129,025	10
Power generators	788,572	45,689	834,261	266,169	44,156	310,325	523,936	10
Factory equipment	165,887	6,948 (285)	172,550	22,688	14,424 (86)	37,026	135,524	10
Office equipment	36,267	2,916 (480)	38,703	7,992	4,994 (308)	12,678	26,025	10-30
Furniture and fixtures	40,152	11,644 (207)	51,589	11,869	3,064 (127)	14,806	36,783	10
Vehicles	240,056	51,540 (28,249)	263,347	98,687	32,533 (12,877)	118,343	145,004	20
June 30, 2016	16,162,391	866,610 (50,364)	16,978,637	5,201,039	1,060,424 (28,910)	6,232,553	10,746,084	

Particulars	Cost at July 1, 2014	Additions/ (disposal) during the year	Cost at June 30, 2015	Accumulated depreciation at July 1, 2014	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2015	Carrying value at June 30, 2015	Dep. Rate
	2015							
	< - Rupees in '000' - >							%
Owned								
Freehold land	220,701		220,701		-	-	220,701	-
Leasehold land	51,035		51,035	-	-	-	51,035	-
Factory buildings	2,035,503	117,171	2,152,674	393,438	128,929	522,367	1,630,307	5-10
Non-factory buildings	118,608	58,998	177,606	75,951	9,584	85,535	92,071	10
Office building	110,316		110,316	6,226	5,205	11,431	98,885	5-10
Plant and machinery	11,040,356	944,473 (37,271) 19,573 *	11,967,131	3,302,895	799,797 (24,071) 7,996 *	4,086,617	7,880,514	10
Electric installations	210,986	1,008	211,994	73,859	13,825	87,684	124,310	10
Power generators	775,524	39,429 (6,808) (19,573)	788,572	224,686	55,450 (5,971) (7,996) *	266,169	522,403	10
Factory equipment	144,251	21,636	165,887	8,636	14,052	22,688	143,199	10
Office equipment	35,904	1,834 (1,471)	36,267	2,944	6,261 (1,213)	7,992	28,275	10-30
Computers			-			-	-	
Furniture and fixtures	37,015	3,137	40,152	8,923	2,946	11,869	28,283	10
Vehicles	208,231	45,146 (13,321)	240,056	77,921	30,180 (9,414)	98,687	141,369	20
June 30, 2016	14,988,430	1,232,832 (58,871) 19,573 *	16,162,391	4,175,479	1,066,229 (40,669) (7,996) *	5,201,039	10,961,352	

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

	Note	2016	2015
		--------Rupees in '000'--------	

14.1.1 Allocation of depreciation

	Note	2016	2015
Manufacturing expense	28.2	**1,010,163**	1,021,408
Administrative expense	31	**50,261**	44,821
		1,060,424	1,066,229

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	1,930	(1,399)	531	566	35	Mr. Mansoor	Negotiation
2	Plant and machinery	7,924	(5,345)	2,579	1,000	(1,579)	H.A.R Textile Mills	Negotiation
3	Plant and machinery	10,434	(8,266)	2,168	672	(1,496)	Abbas Corporation	Negotiation
4	Plant and machinery	855	(502)	353	220	(133)	Universal Crane Services	Negotiation
		21,143	(15,512)	5,631	2,458	(3,173)		
5	Vehicle	1,132	(948)	184	215	31	Kashif Ghani	Company policy
6	Vehicle	6,626	(3,141)	3,485	3,500	15	Adamjee Insurance Company Ltd	Negotiation
7	Vehicle	549	(411)	138	150	12	Mrs. Abu Bakkar Siddiq	Company policy
8	Vehicle	520	(357)	163	169	6	Faheem Niazi (employee)	
9	Vehicle	544	(376)	168	175	7	Muzammil Hussain (employee)	Company policy
10	Vehicle	3,816	(1,610)	2,206	2,025	(181)	Adamjee Insuarance Company	Insurance claim
11	Vehicle	869	(680)	189	300	111	Muzaffargarh Mill	Negotiation
12	Vehicle	1,842	(1,488)	354	600	246	Zia ur Rehman (employee)	Company policy
13	Vehicle	1,281	(338)	943	901	(42)	Danish (employee)	Company policy
14	Vehicle	1,780	(809)	971	1,270	299	Mr. Irfan Khan	Auction
15	Vehicle	1,059	(189)	870	1,059	189	Mr. M. Ahmed Sheikh	Negotiation
16	Vehicle	1,821	(1,068)	753	980	227	Aysha Arshad But	Auction
17	Vehicle	1,808	(352)	1,457	1,665	208	Adamjee Insurance Co. Ltd	Auction
18	Vehicle	4,219	(888)	3,330	3,167	(163)	M.A. Aleem Khan Pvt Ltd	Auction
		27,866	(12,655)	15,211	16,176	965		
19	Computers	175	(96)	79	35	(44)	Hafiz Center	Negotiation
20	Factory equipment & tools	285	(86)	199	6	(193)	Younas Electrician	Negotiation
21	Furniture and Fixtures	207	(127)	80	41	(39)	Mr. Waseem	Negotiation
22	Other (assets having net book value of less than Rs. 50,000)	689	(435)	254	234	(20)	Various	Company policy / negotiation
	2016	**50,365**	**(28,911)**	**21,454**	**18,950**	**(2,505)**		
	2015	58,871	(40,669)	18,201	11,094	(7,107)		

		Note	2016	2015
			Rupees in '000	
14.3	**Capital work-in-progress**			
	Civil work		**39,023**	50,067
	Plant and machinery		**101,430**	39,712
	Vehicles		**5,241**	6,667
	Advance against implementation of ERP		**26,340**	26,340
		14.3.1	**172,034**	122,786

14.3.1 Capital work-in-progress

	Civil work	Plant and machinery	Vehicles	Advance against implementation of ERP	Total
	(Rupees '000)				
As at June 30, 2014	57,516	7,523	8,479	29,870	103,388
Additions during the year	50,143	387,700	15,550	14,188	467,581
Transferred to operating fixed assets	(57,592)	(355,511)	(17,362)	(17,718)	(448,183)
As at June 30, 2015	50,067	39,712	6,667	26,340	122,786
Additions during the year	94,028	542,120	7,160	1,590	644,898
Transferred to operating fixed assets	(105,072)	(480,402)	(8,586)	(1,590)	(595,650)
As at June 30, 2016	39,023	101,430	5,241	26,340	172,034

		Note	2016	2015
			Rupees in '000	
15.	**INTANGIBLE ASSETS**			
	Balance at the beginning of the year		**6,619**	-
	Additions during the year		**-**	7,354
	Amortization charge for the year		**(1,986)**	(735)
	Balance at the end of the year		**4,633**	6,619
	Rate of amortization (%)		**30**	30.00
16.	**LONG-TERM INVESTMENT**			
	Investment in associate	16.1	**21,611**	21,278

		2016	2015
		Rupees in '000	

16.1 Investment in associate
- Sunrays Textile Mills Limited

	2016	2015
Cost	**1,716**	1,716
Share of post acquisition profits:		
Opening	**19,562**	22,482
Dividend received	**-**	(1,366)
Share of profit from associate for the year	**333**	1,056
Accounting policy adjustment	**-**	(2,610)
	19,895	19,562
	21,611	21,278
Number of shares held	**68,654**	68,654
Ownership interest	**0.99%**	0.99%
Market value (Rupees in '000)	**14,601**	15,518
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	2016	2015
		Rupees in '000	
Total assets		**3,456,181**	2,835,665
Total liabilities		**1,061,650**	458,558
Revenue		**3,858,477**	4,094,937
Profit for the year		**33,703**	74,268

17. LONG-TERM DEPOSITS

	2016	2015
Electricity	**10,502**	11,118
Others	**4,255**	4,220
	14,757	15,338

18. STORES, SPARES AND LOOSE TOOLS

	Note	2016	2015
Stores, spares and loose tools	18.1	**583,008**	650,939
Less: provision for slow moving and obsolete stock	18.2	**(45,399)**	(35,414)
		537,609	615,525

18.1 It include stores and spares in transit amounting to Rs. 84.83 million (2015: Rs. 133.95 million).

		Note	2016	2015
			Rupees in '000	
18.2	**Movement in provision for slow moving & obsolete stock**			
	Opening balance		**35,414**	29,655
	Provision for the year		**9,985**	5,759
	Closing Balance		**45,399**	35,414
19.	**STOCK-IN-TRADE**			
	Raw material			
	- in hand	19.1	**2,749,020**	2,986,009
	- in transit		**1,396,743**	589,721
			4,145,763	3,575,730
	Work-in-process		**467,680**	696,608
	Finished goods	19.1	**808,900**	955,915
	Packing material		**45,023**	47,641
	Waste		**47,253**	37,538
			5,514,619	5,313,432

19.1 The stock of raw material, work-in-process and finished goods have been written down to their net realisable values by Nil (2015: Rs. 173 million), Rs. 40.215 million (2015: Nil) and Rs. 16.491 million (2015: Rs. 27 million) respectively.

		Note	2016	2015
			Rupees in '000	
20.	**TRADE DEBTS**			
	Considered good			
	Secured			
	Foreign debtors		**1,147,223**	809,027
	Local debtors		**182,665**	90,327
		20.1	**1,329,888**	899,354
	Unsecured			
	Foreign debtors		**-**	34,099
	Local debtors		**501,340**	419,428
			1,831,228	1,352,881
	Less: provision for doubtful debts	20.2	**-**	-
		20.3	**1,831,228**	1,352,881

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

			2016	2015
20.2	**Movement of provision**			
	Opening balance		**-**	5,230
	Charge for the year		**-**	-
	Reversal		**-**	(5,230)
	Closing balance		**-**	-

20.3 Trade debts consist of a large number of customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of credit customers.

		Note	2016	2015
			Rupees in '000	
20.4	Aging of debtors			
	From 1 to 30 days		1,665,437	1,222,814
	From 30 to 90 days		138,905	73,528
	From 90 to 180 days		24,371	35,253
	From 180 to 360 days		2,515	20,543
	More than 360 days		-	743
21.	**LOANS AND ADVANCES**			
	Considered good			
	Loans to staff		**22,280**	17,573
	Advance income tax - net	21.1	**87,872**	254,300
	Advances to:			
	- Suppliers		**21,552**	14,963
	- Employees		**5**	-
	- Others		**22,636**	15,985
			44,193	30,948
			154,345	302,821
21.1	**Advance income tax - net**			
	Advance income tax		**226,671**	417,054
	Less: Provision for taxation		**(133,217)**	(148,509)
	Less: Workers' Welfare Fund	21.1.1	**(5,582)**	(14,245)
			87,872	254,300

21.1.1 Prior to certain amendments made through the Finance Acts of 2006 & 2008, Worker Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Act, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the WWF Ordinance in 2011. However, the Holding Company together with other stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the Holding Company and other stakeholders. Management has filed a petition before the Supreme Court of Pakistan against the decision of the Sindh High Court. On prudent basis, the Group has recognized aggregate amount of Rs.169.714 million (paid / provided) for the years from 2010 to 2016, although management based on advice of the legal advisor is confident that the ultimate decision would be in favor of the Group.

		2016	2015
		Rupees in '000	
22.	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**		
	Considered good		
	Security deposits	**2,336**	1,577
	Prepayments	**8,585**	8,750
		10,921	10,327

	Note	2016	2015
		Rupees in '000	
23. OTHER RECEIVABLES			
Considered good			
Cotton claims		**1,937**	7,259
Rebate refundable		**62,512**	74,087
Others		**13,929**	14,254
Derivative financial asset		**2,274**	1,649
		80,652	97,249

	Note	2016	2015
24. OTHER FINANCIAL ASSETS			
At fair value through profit and loss - held for trading			
Investment in ordinary shares of listed companies	24.1	**19,016**	20,189
Investment in units of mutual funds	24.1	**256,746**	147,755
Held to maturity investments			
Treasury bills - Government of Pakistan	24.2	**200,841**	-
Term deposit receipts	24.3	**200,000**	-
		676,603	167,944

24.1 Market value of other financial assets

2016	2015		2016	2015
Number of shares / units			Rupees in '000	
Investment in ordinary shares of listed companies				
30,000	30,000	Fauji Fertilizer Company Limited	**3,442**	4,483
11,088	11,088	Pakistan State Oil Company Limited	**4,162**	4,278
60,500	60,500	United Bank Limited	**10,704**	10,341
100,000	100,000	Pakistan International Airlines Company Limited	**708**	1,087
			19,016	20,189
Investment in units of mutual funds				
2,067	1,884	HBL Money Market Fund	**202**	202
256	236	Meezan Sovereign Fund	**12**	12
7,932	8,533	NAFA Government Security Liquid Fund	**98**	105,429
9,984,026	-	ABL Cash Fund	**100,000**	-
-	413,576	Faysal Asset Management	**-**	41,788
3,452	3,029	UBL Liquidity Plus Fund	**334**	324
3,109,186	-	Pakistan Cash Management Fund	**156,000**	-
1,025	-	PICIC Cash Fund	**100**	-
			256,746	147,755

24.2 The amount pertains to investment in Government of Pakistan treasury bills with Muslim Commercial Bank carrying interest at 5.85% (2015: Nil). Subsequent to the year end treasury bills were prematurely withdrawn on July 11, 2016.

24.3 The amount relates to investment in short notice term deposits receipts for seven days with Soneri Bank Limited carrying interest at 5.75% (2015: Nil). Term deposit recepits was encashed after the maturity date on July 11, 2016.

		Note	2016	2015
			Rupees in '000	
25.	**TAX REFUNDABLE**			
	Sales tax refundable		**202,333**	171,901
	Income tax refundable		**396,035**	135,656
	Others		**2,088**	1,160
			600,456	308,717
26.	**CASH AND BANK BALANCES**			
	With banks			
	- in deposit accounts	26.1	**513,862**	10,591
	- in current accounts		**85,013**	78,205
			598,875	88,796
	Cash in hand		**20,234**	6,755
			619,109	95,551

26.1 The rate of profit on bank deposits ranges from 3.75% to 4.5% per annum (2015: 4% to 7%).

		Note	2016	2015
			Rupees in '000	
27.	**SALES -net**			
	Export sales	27.1 & 27.2	**18,092,293**	22,585,558
	Less: Commission		**(117,789)**	(197,183)
			17,974,504	22,388,375
	Local sales			
	Yarn		**6,783,309**	3,980,537
	Towel		**84,080**	-
	Greige Fabric		**25,346**	-
	Waste		**310,435**	365,956
			7,203,170	4,346,493
	Less:			
	Sales tax @ 3% on local sales		**(184,234)**	120,004
	Discount		**(317)**	-
	Brokerage		**(62,460)**	54,797
			(247,011)	(174,801)
			24,930,663	26,560,067

27.1 It includes exchange loss of Rs. 49.784 million (2015: exchange loss of Rs. 20.5 million) and indirect export of Rs. 485 million (2015: Rs. 1,446 million).

27.2 It includes indirect exports to related undertakings of Rs. 418 million (2015: Rs. 672 million).

		Note	2016	2015
			Rupees in '000	
28.	**COST OF GOODS SOLD**			
	Raw material consumed	28.1	**16,051,856**	16,410,411
	Manufacturing expenses	28.2	**6,437,057**	6,669,861
	Outside purchases - yarn		**138,343**	1,087,352
			22,627,256	24,167,624
	Work in process			-
	- Opening		**696,608**	789,693
	- Closing		**(467,680)**	(696,608)
			228,928	93,085
	Cost of goods manufactured		**22,856,184**	24,260,709
	Finished goods			
	- Opening		**993,453**	1,108,755
	- Closing		**(856,153)**	(993,453)
			137,300	115,302
	Rebate on export		**-**	-
			22,993,484	24,376,011
28.1	**Raw material consumed**			
	Opening stock		**2,986,010**	3,603,313
	Purchases		**15,845,482**	16,254,928
			18,831,492	19,858,241
	Cost of raw cotton sold		**(30,615)**	(461,820)
	Closing stock		**(2,749,020)**	(2,986,010)
			16,051,857	16,410,411
28.2	**Manufacturing expenses**			
	Salaries, wages and benefits	28.2.1	**1,671,383**	1,608,188
	Fuel, water and power		**2,193,889**	2,384,326
	Packing material consumed		**575,299**	572,297
	Stores and spares consumed		**843,435**	887,598
	Repairs and maintenance		**53,419**	60,122
	Insurance		**35,238**	67,107
	Rent, rates and taxes		**2,671**	2,577
	Depreciation on operating fixed assets	14.1.1	**1,010,163**	1,021,408
	Other		**51,560**	66,238
			6,437,057	6,669,861

28.2.1 It includes staff retirement benefits Rs. 82.529 million (2015: Rs. 81.556 million).

	Note	2016	2015
		Rupees in '000	
29. OTHER INCOME			
Income from non-financial assets:			
Scrap sale		**10,232**	7,507
Gain on disposal of operating fixed assets		**341**	-
Reversal of provision for infrastructure cess		**-**	47,759
Reversal of liability no longer payable		**90,295**	-
Steam sale		**22,921**	-
Income from financial assets:			
Unrealised gain on other financial assets		**-**	3,816
Dividend income		**1,661**	2,648
Profit on fixed deposits		**834**	1,145
Realised gain on revaluation of foreign currency loans		**29,513**	36,603
Unrealised gain on revaluation of foreign currency loans		**-**	4,219
Unrealized gain on derivative financial instruments		**2,274**	-
		158,071	103,697

	Note	2016	2015
30. DISTRIBUTION COST			
Export			
Ocean freight		**196,794**	299,061
Export development surcharge		**51,452**	43,153
Insurance expense		**-**	
Other export charges		**178,640**	209,625
		426,886	**551,839**
Local freight		**71,934**	75,278
Advertising		**-**	-
Product development expenses		**-**	-
Vehicle running and maintenance		**-**	-
Exhibition expense		**-**	-
Salaries and wages	30.1	**62,134**	38,961
Commission		**29,729**	30,619
Travelling and conveyance		**8,081**	4,896
Telephone and postage		**9,720**	8,407
Insurance		**7,734**	15,074
Other		**30,782**	44,813
		647,000	**769,887**

30.1 It includes staff retirement benefits Rs. 2.3 million (2015: Rs. 2.214 million).

31. ADMINISTRATIVE EXPENSES

	Note	2016 Rupees in '000	2015 Rupees in '000
Salaries and benefits	31.1	**133,999**	131,360
Directors' remuneration		**69,817**	51,577
Meeting fees		**199**	250
Repairs and maintenance		**13,231**	6,970
Postage and telephone		**10,301**	11,190
Traveling and conveyance		**8,469**	13,628
Vehicles running		**7,739**	9,432
Printing and stationery		**5,750**	6,851
Rent, rates and taxes		**18,745**	16,401
Utilities		**10,198**	13,642
Entertainment		**4,169**	3,058
Fees and subscription		**17,612**	9,116
Insurance		**6,846**	7,205
Legal and professional		**14,286**	6,819
Charity and donations	31.2	**2,668**	2,346
Auditors' remuneration	31.3	**3,121**	3,006
Depreciation on operating fixed assets	14.1.1	**50,261**	44,821
Amortization		**1,986**	735
Advertisement		**59**	242
Bad debts written off		**-**	1,216
Others		**7,798**	15,849
		387,254	355,714

31.1 It includes staff retirement benefits Rs. 12.449 million (2015: Rs. 13.138 million).

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

31.3 Auditors' remuneration

	2016 Rupees in '000	2015 Rupees in '000
Ernst & Young Ford Rhodes Sidat Hyder		
Audit fee	**950**	900
Out of pocket expenses	**170**	105
	1,120	1,005
Deloitte Yousuf Adil		
Audit fee	**1,600**	1,600
Half year limited review fee	**300**	300
Fee for certifications	**20**	20
Out of pocket expenses	**81**	81
	2,001	2,001
	3,121	3,006

	Note	2016	2015
		Rupees in '000	

32. OTHER OPERATING EXPENSES

	Note	2016	2015
Workers' Profits Participation Fund		**36,964**	30,324
Workers' Welfare Fund		**14,126**	18,070
Loss on disposal of fixed assets		**2,846**	4,619
Exchange loss on foreign currency transactions		**5,910**	53,217
Loss from trading of raw cotton	32.1	**297**	44,991
Unrealised loss on derivative financial instrument		**-**	759
Unrealised loss on other financial assets		**1,172**	-
Unrealized loss on revaluation of foreign currency loan		**1,598**	-
Others		**16,498**	-
		79,411	151,980

32.1 Loss on trading of raw cotton

	2016	2015
Sales		
- Local	**26,370**	416,981
Less: Cost of goods sold		
- Local	**(26,667)**	(461,972)
	(297)	(44,991)

33. FINANCE COST

	2016	2015
Mark-up on:		
- long-term finance	**132,152**	260,009
- short-term borrowings	**133,190**	222,392
Discounting charges on letters of credit	**16,615**	18,789
Interest on Workers' Profits Participation Fund	**356**	2,664
Bank charges and commission	**32,784**	32,546
	315,097	536,400

34. TAXATION

	2016	2015
Current	**186,656**	186,218
Prior	**(37,877)**	(10,583)
Deferred	**68,973**	(694)
	217,752	174,941

34.1 Reconciliation between accounting profit and taxable income

	2016	2015
Accounting profit before tax	**666,821**	474,828
Tax rate %	**32%**	33%
Tax on accounting profit	**213,383**	156,693
Effect of:		
Income chargeable to tax at reduced rates	**304,458**	275,697
Prior year charge	**(37,877)**	(10,583)
Income that is not taxable in determining tax liability	**(110)**	(348)
Tax impact of tax credit	**(48,719)**	(89,825)
Tax charge for the year	**217,752**	174,941

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:

		2016	2015
Profit for the year	**Rupees in '000**	**449,069**	299,887
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**	**24.85**	16.59

36. CASH GENERATED FROM OPERATIONS

	Note	2016	2015
		Rupees in '000	
Profit before taxation		**666,821**	474,828
Adjustments for:			
Depreciation	14.1.1	**1,060,424**	1,066,229
Amortization	15	**1,986**	-
Provision for gratuity	9.2, 9.3 & 9.4	**102,766**	96,908
Reversal of provision for doubtful debts	20	**-**	(5,230)
Unrealised loss / (gain) on other financial assets	29	**1,172**	(3,816)
Unrealised loss / (gain) on revaluation of foreign currency loan		**1,598**	(4,219)
Unrealised loss on derivative financial instrument	32	**(2,274)**	759
Loss on disposal of operating fixed assets		**2,505**	4,619
Dividend income		**(1,661)**	(2,648)
Share of profit from associate	16.1	**(333)**	(1,056)
Finance cost	33	**315,097**	536,400
Cash generated before working capital changes		**2,148,101**	2,162,774
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**77,916**	(28,772)
Stock-in-trade		**(201,187)**	399,331
Trade debts		**(478,347)**	606,743
Loans and advances		**(17,952)**	140,688
Trade deposits and short term prepayments		**(594)**	(5,541)
Other receivables		**18,871**	(1,898)
		(601,293)	1,110,551
Increase in current liability			
Trade and other payables		**206,910**	130,908
Cash generated from operations		**1,753,718**	3,404,233

37. CASH AND CASH EQUIVALENTS

	Note	2016	2015
Cash and bank balances	26	**619,109**	95,551
Short-term borrowings	12	**(6,096,915)**	(4,618,149)
		(5,477,806)	(4,522,598)

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:

	2016				
Particulars	**Chief Executive Officers**	**Directors**		**Executives**	**Total**
		Executive	**Non-Executive**		
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**
Total	**23,556**	**46,752**	**30**	**214,071**	**284,409**
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.

	2015				
Particulars	Chief Executive Officers	Directors		Executives	Total
		Executive	Non-Executive		
	-----------------------Rupees in '000-----------------------				
Remuneration including benefits	17,372	34,205	-	129,222	180,799
Medical	-	-	-	3,024	3,024
Utilities	592	2,506	-	5,365	8,463
Travelling	574	-	-	4,143	4,717
Vehicle running	264	-	-	2,377	2,641
Retirement benefits	-	-	-	14,071	14,071
Bonus and others	-	-	-	5,654	5,654
Entertainment	5	-	-	-	5
Meeting fee	20	70	70	-	160
Total	18,827	36,781	70	163,856	219,534
Number of persons	2	4	6	116	128

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 an associate (Sunrays Textiles Mills Limited), entities with common directorship, key management personnel and post employment benefit scheme. The Group carries out transactions with related parties on agreed terms. Remuneration of key management personnel is disclosed in note 38 to the consolidated financial statements and amount payable in respect of staff retirement benefits is disclosed in note 9. significant transactions with related parties other than those shown elsewherein these financial statements, are as follows:

Relationship	**Nature of transactions**	**2016**	**2015**
		Rupees in '000	
Associate	Sale of yarn	**37,581**	85
	Purchase of yarn	**160,608**	158,897
	Waste purchases	**2,164**	-
	Expenses adjusted / reimbursed	**-**	5
Directors and spouses	Amount paid	**175,398**	307,042
	Amount received	**161,271**	321,170
Balances with related parties		**3,199**	**-**
Associate - payable		**1,733**	7,834
Associate - receivable		**-**	845
Directors and their spouses - payable		**-**	14,127
Balances with other related parties due to common directorship			
- Receivable		**1,917**	-
- Payable		**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 summarised as follows:

40.1 Credit risk and concentration of credit risk

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

Credit risk of the Group arises principally from the long-term investments, trade debts, loans and advances, and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the

reporting date is as follows:

	2016	2015
	Rupees in '000	
Long-term deposits	**14,757**	15,338
Trade debts	**1,831,228**	1,352,881
Loans to staff	**22,280**	17,573
Trade deposits	**2,336**	1,577
Other receivables	**80,652**	97,249
Bank balances	**598,875**	88,796
	2,550,128	1,573,414

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	Credit rating Short-term
Allied Bank Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA	A1+
Bank Islami Pakistan Limited	PACRA	A	A1
Barclays Bank	Moody's	A2	P1
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	A+	A1
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Industrial and Commercial Bank of China	Moody's	A1	P1
JS Bank Limited	PACRA	A+	A1+
Meezan Bank Limited	JCR-VIS	AA	A1+
MCB Bank Limited	PACRA	AAA	A1+
National Bank of Pakistan	JCR-VIS	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank Pakistan Limited	PACRA	AAA	A1+
The Bank of Punjab Limited	PACRA	AA	A1+
United Bank Limited	JCR-VIS	AA+	A1+

40.2 Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Group could be required to pay its liabilities earlier than expected or would have difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group ensures that it has sufficient cash on demand to meet expected working capital requirements. 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, 2016						
Trade and other payables	1,419,584	1,419,584	1,133,303	-	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
June 30, 2015						
Trade and other payables	1,272,022	1,272,022	1,272,022	-	-	-
Long-term financing	2,280,653	2,300,172	11,592	225,126	387,311	1,676,143
Short-term borrowings	4,618,149	4,698,925	1,125,150	2,183,581	1,390,194	-
Interest / mark-up payable	70,066	70,073	56,508	222	13,343	-
	8,240,890	8,341,192	2,465,272	2,408,929	1,790,848	1,676,143

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:

	2016	2015
	Rupees in '000	
6 months or less		
- Short-term borrowings	**6,096,915**	4,618,149
- Long-term loans	**1,677,678**	2,172,368

40.3 Market risk management

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

40.3.1 Interest rate risk management

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

	Carrying amount	
	2016	2015
	Rupees in '000	
Fixed rate instruments		
Financial assets	**515,835**	11,205
Financial liabilities	**632,245**	788,414
Variable rate instruments		
Financial liabilities		
- KIBOR based	**5,550,326**	4,035,484
- LIBOR based	**1,592,021**	1,167,309

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, 2016 would decrease / increase by Rs. 33.543 million (2015: Rs. 24.214 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

	2016		2015	
	Rupees	**US Dollar**	Rupees	US Dollar
Trade debts	**1,147,223**	**10,957**	843,126	8,307
Foreign currency loans	**2,802,021**	**26,762**	2,374,174	23,391
	3,949,244	**37,719**	3,217,300	31,698

	2016	2015
	Rupees	
Average rate	**104.37**	101.62
Balance sheet date rate	**104.70**	101.5

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, 2016, 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. 82.739 million (2015: Rs. 76.552 million) determined on the outstanding balance at year end. Profit / (loss) is more sensitive to movement in Rupee / US Dollar in 2016 than 2015 because of high fluctuation in foreign currency exchange rate.

40.3.3 Equity price risk management

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

At the balance sheet date, the Group has exposure of Rs. 21.611 million (2015: Rs. 21.278 million) to listed equity securities of an associate which is held for strategic rather than trading purpose. The Group does not actively trade these securities.

At the balance sheet date, the Company has exposure of Rs. 3,709 million (2014: Rs. 3,676 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. million (2015: Rs. 165.782 million). A decrease / increase of 5% on the PSX market index would have an impact of approximately Rs. million (2015: Rs. 8.291 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	
Assets as per balance sheet			
- June 30, 2016			
Long-term deposits	14,757	-	14,757
Long-term investments	-	-	-
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	-	676,603	676,603
Cash and Bank balances	619,109	-	619,109
	2,570,362	676,603	3,246,965

	Loan and receivables	Fair value through profit & loss account	Total
	------ Rupees in '000 ------		
Assets as per balance sheet			
- June 30, 2015			
Long-term deposits	15,338	-	15,338
Long-term investments	-	-	-
Trade debts	1,352,881	-	1,352,881
Loans	17,573	-	17,573
Trade deposits	1,577	-	1,577
Other receivables	95,600	-	95,600
Other financial assets	-	169,593	169,593
Cash and Bank balances	95,551	-	95,551
	1,578,520	169,593	1,748,113

	Financial liabilities measured at amortized cost	Total
	Rupees in '000	
Liabilities as per balance sheet		
- June 30, 2016		
Long-term financing	**1,677,678**	**1,677,678**
Trade and other payables	**1,229,240**	**1,229,240**
Short-term borrowings	**6,096,915**	**6,096,915**
Interest / mark-up payable	**33,572**	**33,572**
	9,037,405	**9,037,405**
Liabilities as per balance sheet		
- June 30, 2015		
Long-term financing	2,280,653	2,280,653
Trade and other payables	1,272,022	1,272,022
Short-term borrowings	4,618,149	4,618,149
Interest / mark-up payable	70,066	70,066
	8,240,890	8,240,890

40.6 Fair value hierarchy

Fair value of other financial assets classified as 'at fair value through profit or loss' which are tradable in an open market is based on the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from the carrying value as the items are short-term in nature.

The Company classifies 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:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities ;

Level 2: Fair value measurements using inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: Fair value measurements using Inputs for assets or liability that are not based on observable market data (i.e. unobservable inputs).

The table below provides information on financial assets or liabilities carried at fair values, by valuation methods.

	Level 1	Level 2	Level 3	Total
	---------- Rupees in '000 ----------			
Other financial assets	275,762	2,274	-	278,036
June 30, 2016	275,762	2,274	-	278,036

	Level 1	Level 2	Level 3	Total
	---------- Rupees in '000 ----------			
Other financial assets	167,944	1,649	-	169,593
June 30, 2015	167,944	1,649	-	169,593

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, 2016 and 2015 were as follows:

	2016	2015
	Rupees in '000	
Total borrowings (note 8 & 12)	**7,774,593**	6,898,802
Less: cash and bank balances (note 26)	**(619,109)**	(95,551)
Net debt	**7,155,484**	6,803,251
Total equity	**11,115,770**	10,674,211
Total capital	**18,271,254**	17,477,462
Gearing ratio	**39%**	39%

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

	2016	2015
	Rupees in '000	

42. CAPACITY AND PRODUCTION

Spinning units	**2016**	**2015**
Total number of spindles installed	**200,242**	198,672
Total number of spindles worked per annum (average)	**196,610**	190,753
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**142,739,360**	147,218,918
Actual production for the year after conversion into 20 counts (lbs.)	**133,416,295**	130,540,075

Ginning units		
Installed capacity to produce cotton bales	**200,750**	200,750
Actual production of cotton bales	**8,654**	14,797
Number of shifts	**2**	2
Capacity attained in (%)	**4.31%**	10.96%

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

	2016	**2015**
Weaving unit	**Lbs**	**Lbs**
Normal capacity - Weaving	**40,953,000**	40,953,000
Actual Production - Weaving	**20,738,494**	20,169,992

43. NUMBER OF EMPLOYEES

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

	No. of employees	
	2016	**2015**
Average number of employees during the year	**4,256**	4,569
Number of employees as at June 30	**4,518**	4,350

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. DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on October 04, 2016 by the Board of Directors of the Group.

46. GENERAL

46.1 The Board of Directors proposed a final dividend for the year ended June 30, 2016 of Rs. 5/= per share (2015: Nil) at their meeting held on October 04, 2016 for approval of members at their Annual General Meeting. These consolidated financial statements do not reflect this dividend payable which will be accounted for in the year in which it is approved.

46.2 Figures have been rounded off to the nearest thousand rupees.

46.3 Comparative figures have been re-arranged and reclassified where necessary for the purpose of comparison and better presentation, the effect of which is not material.

Shahzad Ahmed
Chief Executive Officer

Naveed Ahmed
Director

کمپنی کے حصص کی تجارت

درج ذیل معلومات کے علاوہ ڈائریکٹرز، چیف ایگزیکٹیو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکریٹری نے کمپنی کے حصص کی مد میں کوئی تجارت نہیں کی۔

ڈائریکٹر کا نام	خرید	فروخت	تحفہ
نوید احمد	-	-	880,000
شازیہ نوید	-	-	(880,000)

ڈیویڈنڈ

ادارے کے ڈائریکٹرز اختتام سال 30 جون ۲۰۱۶ کیلئے **%۵۰** فی صد ڈیویڈنڈ تجویز کرتے ہیں۔ جو کہ **5** روپے فی شیئر بنتا ہے۔

منسلک اداروں/افراد کے ساتھ معاملات کی تصدیق

اس بات کی تصدیق کی جاتی ہے کہ دوران سال منسلک ادارو/افراد کے ساتھ تمام معاملات کو بورڈ اور آڈٹ کمیٹی نے منظور کیا ہے اور اس سے متعلق تمام معاملات مالیاتی گوشواروں کیساتھ منسلک ہیں۔

آڈیٹرز

کمپنی کے سبکدوش ہونے والے آڈیٹرز میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاوءنٹنٹ نے اہلیت کی بنیاد پر خود کو 30 جون ۲۰۱۷ کی تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی نے بھی اس کی سفارش کی ہے۔

اظہار تشکر

ادارے کے ڈائریکٹرز تمام ملازمین کی کوششوں کا اعتراف کرتے ہیں۔ ہم اپنے ان تمام گاہکوں کا شکریہ ادا کرتے ہیں جنہوں نے ہماری مصنوعات پر اعتماد کیا اور وہ تمام بینکرز جنہوں نے تسلسل کے ساتھ ہماری معاونت کی۔ ہم اپنے تمام حصہ داروں کے شکر گزار ہیں جنہوں نے انتظامیہ پر اعتماد کا اظہار کیا۔

بورڈ آف ڈائیریکٹرز کی جانب سے

شہزاد احمد	نوید احمد
چیف ایگزیکٹو آفیسر	ڈائریکٹر

04 اکتوبر 2016

بورڈ اور اسکی کمیٹیوں کی میٹنگز

30 جون 2016 کو ختم ہونے والے سال کیلیئے بورڈ اور اسکی مختلف کمیٹیوں کے انعقاد اور حاضری کی صورتحال مندرجہ ذیل رہی۔

	بورڈ میٹنگز	آڈٹ کمیٹی میٹنگز	انسانی وسائل اور معاوضہ کمیٹی کی میٹنگز
کل میٹنگز	5	4	1
نام	حاضری	حاضری	حاضری
میاں محمد احمد	4	-	-
میاں ریاض احمد	3	-	-
میاں شہزاد احمد	4	-	-
میاں نوید احمد	5	-	-
میاں عرفان احمد	3	3	1
میاں کاشف ریاض	4	4	1
میاں شاہ ویز احمد	5	-	-
شفقت مسعود	4	-	-
فاروق حسن	5	-	-
شیخ نشاط احمد	5	4	1

شیئر ہولڈنگ پیٹرن

شیئر ہولڈنگ پیٹرن سے متعلق معلومات اس رپوٹ کے ساتھ علیحدہ سے منسلک ہے۔

اہم آپریٹنگ اور مالیاتی معلومات

گذشتہ چھ سالوں کی اہم آپریٹنگ اور مالیاتی معلومات اس رپوٹ کے ساتھ علیحدہ سے منسلک ہے۔

قانونی ادائیگیاں

سال کے اختتام تک حکومتی ٹیکسوں، ڈیوٹیوں، اور دیگر ادائیگیوں کی مد میں کوئی رقم زائد المیعاد واجب الادا نہیں ماسوائے عمومی ادائیگیوں کے اور ان ادائیگیوں کی مد میں جو مختلف سطحوں پر زیر سماعت ہیں اور مالیاتی گوشواروں میں جن کا ذکر ہو چکا ہے۔

ضابطہ اخلاق

بورڈ نے ایک تجارتی ضابطہ اخلاق اپنایا ہے جس سے تمام ملازمین نا صرف آگاہ ہیں بلکہ اس پر دستخط کر چکے ہیں یہ ضابطہ اخلاق ادارے میں سختی سے نافذ العمل ہے اور تمام ملازمین اسی ضابطہ اخلاق کے اصولوں پر کاربند ہیں۔

وژن اور مشن

ادارے کے وژن اور مشن پر منسلک بیان اس رپوٹ کے ساتھ علیحدہ سے منسلک ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا ڈھانچہ

اس بات کی تصدیق کی جاتی ہے کہ۔

(i) مالیاتی گوشوارے ہمراہ اسکے تفصیلی نوٹس کمپینز آرڈینس 1984 کے تقاضوں کے تحت بنائے گئے ہیں۔ اور یہ گوشوارے ادارے کے معاملات کی حالت اور آپریشنز کے نتائج، مالی بہاو اور ایکویٹی میں تبدیلیوں کو منصفانہ پیش کرتے ہیں۔

(ii) مالیاتی کتب کو مناسب طریقے سے برقرار رکھا گیا ہے۔

(iii) مالیاتی گوشواروں کی تیاری میں مالیاتی پالیسیوں کو تسلسل سے لاگو کیا گیا ہے۔ اور مالیاتی اندازاے معقول اور دانشمندانہ فیصلے کی بنیاد پر مبنی ہیں۔

(iv) مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ کے اصولوں جو کہ پاکستان مین لاگو ہیں کو مدنظر رکھا گیا ہے۔

(v) اندرونی کنٹرول کا نظام بہترین ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

(vi) سالانہ مالیاتی گوشوارے اختتام سال کے چار ماہ کے اندر ترسیل کردیئے جاتے ہیں۔

(vii) اس بارے میں کوئی شک نہیں کے ادارہ آنے والے وقتوں میں قائم رہنے کی صلاحیت رکھتا ہے۔

(viii) اسٹاک ایکسچینج کے لسٹنگ قوانین کے تحت وضع کردہ کارپوریٹ گورنینس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔

بورڈ آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورنس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی تشکیل دی ہے جو اندرونی کنٹرول کے نظام کی عملدرآمد کی نگرانی بڑے موثر طریقے سے کررہی ہے یہ آڈٹ کمیٹی سہ ماہی ۔ششماہی ۔اور سالانہ مالیاتی گوشواروں کا جائزہ لیتی ہے قبل اسکے کے کہ یہ بورڈ کو پیش کئے جائیں یا چھاپے جائے ۔یہ آڈٹ کمیٹی بیرونی آڈیٹرز کے ساتھ انکے انتظامیہ کے نام لکھے ہوئے خط و دیگر مسائل پر تفصیلی گفتگو کرتی ہے۔ یہ کمیٹی اندرونی آڈیٹرز کی رپوٹ کا بھی جائزہ لیتی ہے اور دونوں طرح کے آڈیٹرز کیساتھ ملاقات کا بھی اہتمام کرتی ہے جیسا کہ کوڈ آف کارپوریٹ گورنس کے تحت ضروری ہے۔

طلب میں کمی رہی جس نے پاکستانی دھاگے کی مقابلاتی صلاحیت پہ منفی اثر ڈالا جب کہ دوسری جانب پنک بال وارم اور سفید مکھی کے حملوں نے سندھ اور پنجاب کی کپاس کی فصلوں کو شدید نقصان پہنچایا جس کے نتیجے میں ملک میں کپاس کی درآمد ماضی قریب میں بلندترین سطح پر رہی۔

اگر چہ ملک میں توانائی کی ترسیل میں اس سال بہتری دیکھنے میں آئی جس کی بڑی وجہ سال کی دوسری ششماہی میں صنعتوں کو RLNG کی فراہمی ہے لیکن بجلی گیس کی قیمتیں ابھی بھی خطے کے دوسرے ممالک کے مقابلے میں زیادہ ہیں۔

آپ کی کمپنی بھی متذکرہ بالا مسائل کا شکار رہی لیکن بروقت فیصلوں اور خرید و فروخت اور مالیات کے سمجھدارانہ نظام کی بدولت اس کے اثرات کافی حد تک کم رہے۔

ملکی گھریلو کپڑا سازی کی جانب دیکھیں تو تولیہ کی برآمدات میں گذشتہ سال سے معمولی یعنی 0.4% کی کمی دیکھنے میں آئی۔ مگر مقدار میں برآمدات 0.6% سے بڑھیں ہے۔ کپاس اور ایندھن کی قیمتوں میں کمی اور کم شرح سود کی بدولت کاروبار کو استحکام ملا اور نتیجتاً گرتی ہوئی قیمتوں کے باوجود آپکے ادارے نے نفع حاصل کیا۔ ادارے نے اس سال 186 ملین روپے مصارف اصل کی مد میں خرچ کئے جس میں سے 160 ملین روپے کی نئی مشینری خریدی گئی جیسا کہ ٹیکسٹائل فنشنگ مشینری، اینگر یور اور ڈیزل جنریٹر وغیرہ۔

جیسا کہ ہم نے اپنی گذشتہ سالانہ رپوٹ میں زکر کیا تھا کہ اے 50 میگاواٹ کا ہوا سے چلنے والا بجلی گھر لگانے جارہے ہیں جسکے لیئے ایک علیحدہ کمپنی بنائی گئی ہے جسکا نام انڈس ونڈ انرجی لمیٹیڈ رکھا گیا ہے۔ اسی ضمن میں امسال مزید کام ہوا ہے اور حکومت سندھ نے اس منصوبے کیلیئے جھمپیر کے علاقے میں زمین مختص کی ہے ساتھ ہی اس منصوبے سے متعلق فزیبلٹی اسٹیڈی بھی مکمل کر کے متعلقہ اداروں کی منظوری کیلیئے بھجوادی گئی ہے۔

مستقبل کی صورتحال

دھاگے کی قیمتوں میں آخری سہ ماہی سے بتدریج بحالی نظر آرہی ہے ساتھ ہی ملکی خام کپاس کی پیداوار کے مثبت اندازے لگائے جارہے ہیں ہمارے خیال میں ان دونوں عوامل کی بدولت اگلے سال کے نتائج بہتر ہونگے گیس انفرااسٹرکچر ڈیویلپمنٹ چارجز (GIDC) کے متعلق آنے والا فیصلہ بھی صنعت پر گہرا اثر ڈالے گا۔

مزید، انڈس گروپ نئی مارکیٹیں اور گاہکوں کی تلاش جاری رکھے ہوئے ہے ساتھ ہی موجودہ گاہکوں کے ساتھ دھاگے اور گھریلو کپڑے کی مصنوعات میں تجارتی اعداد میں اضافہ کی کوشش کر رہا ہے امریکا میں گھریلو کپڑے کی مصنوعات کی براہ راست فروخت کا تجربہ بذریعہ انڈس ہوم۔ USA کامیاب رہا۔ اور انتظامیہ اس سلسلے میں مزید کوششیں کر رہی ہے کہ ان گاہکوں کی طلب پوری کی جائے جو بغیر بینک کے لیٹر آف کریڈٹ کے کام کرنا چاہ رہے ہیں۔ ادارہ انڈس ہوم USA میں مزید 300,000 ڈالر کی سرمایہ کاری کرنے جارہا ہے تاکہ امریکہ میں براہ راست فروخت کی تجارت کو مزید فروغ دیا جاسکے۔

کارپوریٹ گورننس

آپکی کمپنی کی انتظامیہ اچھی کارپوریٹ گورننس اور کاروبار کو بہترین اصولوں پر چلانے کیلیئے پرعزم ہے پاکستان اسٹاک ایکسچینج کی جانب سے وضع کردہ لسٹنگ ریگولیشن میں موجود کوڈ آف کارپوریٹ گورننس (code of corporate govrenance) کی تمام شقوں پر عمل کیا جارہا ہے اسی ضمن میں ایک علیحدہ تفصیل اس رپوٹ کیساتھ منسلک ہے۔

ڈائیریکٹرز رپوٹ ۳۰ جون ۲۰۱۶ء

انڈس ڈائینگ اینڈ مینوفیکچرنگ کمپنی کے ڈائیریکٹرز 30 جون 2016 کو ختم ہونے والے سال کے سالانہ مالیاتی گوشوارہ بعد از آڈٹ بمع آڈیٹرز رپورٹ بخوشی پیش کرتے ہیں

تجارتی جائزہ

آپکی کمپنی نے امسال **449** ملین روپے بعد از ٹیکس منافع حاصل کیا ہے جب کہ گذشتہ سال یہ منافع **299** ملین روپے تھا زیر جائزہ سال مصنوعات کی فروخت **24,930** ملین روپے رہی جب کہ گذشتہ سال کی فروخت **26,560** ملین روپے تھی۔کمی کی بنیادی وجہ بین الاقوامی اور ملکی مارکیٹ میں دھاگے کی قیمتوں میں کمی ہے جبکہ دوران سال منافع میں اضافہ ہواجسکی اہم وجوہات میں سے بین الاقوامی مارکیٹ میں گھریلو کپڑے کی مصنوعات کی فروخت میں اضافہ، کپاس اور تیل کی قیمتوں میں کمی اور کم شرح سود پر قرضوں کی دستیابی ہے۔

کمپنی کی آمدنی فی حصص **5.08** روپے رہی جو کہ گذشتہ سال **15.29** روپے تھی مجموعی (کنسولیڈیٹڈ) فی حصص آمدنی **24.85** روپے رہی جبکہ اسی مدت میں گذشتہ سال **16.59** روپے تھی۔

مجموعی (کنسولیڈیٹڈ) مالیاتی نتائج درج ذیل ہیں۔

	سال کا اختتام 30 جون **2016**	سال کا اختتام 30 جون **2015**
		(000 روپے)
فروخت	24,930,663	26,560,067
خام منافع	1,937,179	2,184,056
دیگر آمدن	158,071	103,697
مالیات کی قیمت	(315,097)	(536,400)
ٹیکس	(217,752)	(174,941)
سال کا منافع	449,069	299,887
جمع شدہ منافع	5,470,799	5,443,438
آگے لایا گیا منافع	5,913,069	5,470,799
فی حصص آمدنی	24.85	16.59

کاروباری صورتحال

30 جون 2016 کو ختم ہونے والا سال پاکستان میں دھاگے کی صنعت کے لئے انتہائی مشکل رہا جو کہ دنیا کی تیسری بڑی صنعت ہے ایک جانب چین میں درآمدی دھاگے کی

FORM OF PROXY

59th 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 59th Annual General Meeting of the company to be held on the 31st day of October 2016 and at my adjournment thereof.

Signed this ______________day of _____________ 2016. Signed by the said Member

SIGNED IN THE PRESENCE OF:

1.Signature :---

Name:---

Address::--

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

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

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

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

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

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

Affix Revenue Stamp Rs. 5/-

(*) upon failing of appointed proxy.

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 from.

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

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

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

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

DIVIDEND MANDATE FORM

Members of Indus Dyeing & Manufacturing Company Limited

Subject: Dividend Mandate Form

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

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

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

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

YES NO

If yes, then please provide the following information:

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

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

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

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

_______________________ Date: ______________

Signature of the Shareholder

Note:

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

Please attach attested photocopy of the CNIC / passport (in case of Foreign Shareholder).

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The Company Secretary
INDUS DYEING & MANUFACTURING CO. LTD.
5th Floor 508 Beaumont Plaza Beaumont Road
Civil Lines Qtrs Karachi

Indus Dyeing
&
Manufacturing Company Limited

HEAD OFFICE:

Office # 508, 5th floor, Beaumont Plaza,
Civil Lines Quarters, Karachi.
Tel. 111 - 404 - 404
Fax. 009221 - 35693594

www.indus-group.com/web/download.htm