

# Indus Dyeing

*& Manufacturing Company Limited*



## **FIRST QUARTERLY REPORT**

***Condensed Interim Financial Information***

***July 01, 2018 to September 30, 2018***

***(Un - audited)***

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**COMPANY INFORMATION****Board of Directors**

- |    |                     |                         |
|----|---------------------|-------------------------|
| 1  | Mian Mohammad Ahmed | Chairman                |
| 2  | Mr. Shahzad Ahmed   | Chief Executive Officer |
| 3  | Mr. Riaz Ahmed      |                         |
| 4  | Mr. Naveed Ahmed    |                         |
| 5  | Mr. Kashif Riaz     |                         |
| 6  | Mian Imran Ahmed    |                         |
| 7  | Mr. Irfan Ahmed     |                         |
| 8  | Mr. Shafqat Masood  |                         |
| 9  | Mr. Shahwaiz Ahmed  |                         |
| 10 | Sheikh Nishat Ahmed |                         |
| 11 | Mr. Farooq Hassan   | Nominee N.I.T.          |

**Audit committee**

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

**Human resource and remuneration committee**

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

**Company secretary**

Mr. Ahmed Faheem Niazi

**Group Chief financial officer**

Mr. Zahid Mahmood

**Chief financial officer**

Mr. Arif Abdul Majeed

**Chief Internal auditor**

Mr. Yaseen Hamidia

**Legal Advisor**

Mr. M. Yousuf Naseem ( Advocates & Solicitors )

## INDUS DYEING & MANUFACTURING COMPANY LIMITED

### Registered office

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

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

### Symbol of the company

IDYM

### Website

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

### Auditors

M/s Deloitte Yousuf Adil  
Chartered Accountants

### Registrar & Share Transfer Office

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

Tel. 35662023 - 24  
Fax. 35221192

### Factory location

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

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## DIRECTORS' REPORT FOR THE 1<sup>st</sup> QUARTER ENDED SEPTEMBER 30, 2018

The Board of Directors is pleased to present the un-audited financial statements of the Company for the 1<sup>st</sup> quarter ended September 30, 2018.

### OPERATING RESULTS

Consolidated turnover for the 1<sup>st</sup> quarter ended September 30, 2018 was Rs.9,074 million against Rs.7,210 million for the same period last year, whereas the consolidated net profit after tax was Rs. 879 million as compared to Rs. 366 million of the last corresponding period. The increase in profits is because of the devaluation of rupee against US dollar in this quarter and also an increase in yarn prices. The Company has shown better performance during the 1<sup>st</sup> quarter under review despite various challenges such as increased cost of raw material and higher energy prices in Pakistan. Due to the persistent efforts of the management in procurement of raw material, sales and cash flow planning the Company was able to achieve these results. The following are the financial results of the Company for the 1<sup>st</sup> quarter ended September 30, 2018.

### FINANCIAL HIGHLIGHTS

	1 <sup>st</sup> Quarter Ended September 30 (Rs. In million)	
	2018	2017
Sales-Net	9,074	7,210
Gross Profit	1,406	793
Other Operating Income	31	36
<b>Profit Before Taxation</b>	<b>954</b>	<b>436</b>
Taxation	(76)	(70)
<b>Net Profit After Tax</b>	<b>879</b>	<b>366</b>

### REVIEW OF OPERATIONS

Sales increased by 25.85% during the 1<sup>st</sup> quarter under review over the last corresponding period. This increase was in spite of an increase in raw material prices, minimum wages slabs, distribution and administrative costs. Net profit after tax has increased by Rs. 513 million over the last corresponding period.

The towel unit's sales during the 1<sup>st</sup> quarter ended September 30, 2018 were Rs. 1,739 million and contributed Rs. 83 million toward profits after tax in the above mentioned consolidated results.

### EARNINGS PER SHARE

The earnings per share for the 1<sup>st</sup> quarter ended September 30, 2018 are Rs. 48.62 per share as compared to Rs. 20.25 per share of the previous corresponding period.

### FUTURE PROSPECTS

Further devaluation of Rupee against US dollar in October 2018 will have a positive result on yarn sale prices in subsequent quarters. However, the cotton crop production for 2018-19 is estimated at around 10 million bales against targeted production of 14 million bales. This is because of poor quality seeds, shortage of water and low acreage due to an increase in sugarcane production area. On account of these circumstances we will be compelled to import cotton at higher costs, which will eventually increase our cost of sales.

Despite these challenging scenarios of increased cotton and energy prices your company is highly optimistic for its future outlook. However, the government should recognize the consequences of increasing costs of doing business and take measures by reducing energy prices, removing GIDC provisions and ensuring the timely release of sales tax, income tax and duty draw back refunds. With these improvements we expect better profit margins in the second quarter of the financial year 2018-19.

### 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 they have shown in our products and our bankers for their continued support to the Company. We are grateful to our shareholders for their confidence in our management.

On Behalf of the Board



SHAHZAD AHMED  
Chief Executive

Karachi:  
October 30, 2018

## ڈائریکٹر رپورٹ

پورڈ آف ڈائریکٹر 30 ستمبر 2018 کو ختم ہونے والی پہلی سرمایہ کے لیے کمپنی کے (خیر آؤٹ شدہ) مالیاتی حساب آپ کو سمرٹ کے ساتھ پیش کرتے ہیں۔

### نتائج آپریٹنگ:

سال رواں کی پہلی سرمایہ کا اختتام مورخہ 30 ستمبر 2018 کو ہوا، اس مدت میں مجموعی فروخت 9,074 ملین کے مقابلے میں گزشتہ مالی سال میں اسی مدت کیلئے 7,210 ملین تھی جبکہ مجموعی منافع بعد از ٹیکس گزشتہ صاف مدت کے 879 ملین کی نسبت 366 ملین روپے تھا۔ منافع میں اضافے کی وجہ اس سرمایہ میں امریکی ڈالر کے مقابلے میں روپے کی کم قیمت کے باعث تھا اور دھاک کی قیمتوں میں اضافہ بھی ہے۔ کمپنی نے پہلی سرمایہ کے دوران بہتر کارکردگی دکھائی ہے۔ اگر اس پر نظر ڈالی جائے تو کمپنی کو پاکستان میں عام مال اور توانائی کی قیمتوں کے بڑھ جانے کی مشکلات کا سامنا تھا۔ عام مال، فروخت اور قدرتی گیس روٹ کی عیسٰی منصوبہ بندی کی خریداری میں انتظامیہ کی مسلسل کوششوں کی وجہ سے ہوا جس کے وجہ سے کمپنی اپنے اہداف حاصل کر سکی۔ پہلی سرمایہ جس کا اختتام 30 ستمبر 2018 کو ہوا کمپنی کے مالی نتائج درج ذیل ہیں۔

مالیاتی گروہار سے کے نکات:

پہلی سرمایہ کا اختتام 30 ستمبر 2018	2018	2017
مجموعی فروخت	9,074	7,210
مجموعی منافع	1,406	793
دیگر آپریشنل آمدن	31	36
منافع قبل از ٹیکس	954	436
ٹیکس	(76)	(70)
مجموعی منافع بعد از ٹیکس	879	366

### آپریشن کا جائزہ:

فروخت میں 25.85 فیصد کا اضافہ جو کہ پہلی سرمایہ کے دوران اور پہلی اسی مدت کے دوران سے ہوا۔ یہ اضافہ عام مال کی قیمت، کم از کم اجرت سلیب، تقسیم کاری اور انتظامیہ کے اخراجات میں اضافے کے باوجود تھا۔ پہلی اسی مدت کے مقابلے میں بعد از ٹیکس منافع میں 513 ملین کا اضافہ ہوا۔

ستمبر 2018 کو اختتام پزیر ہونے والی پہلی سرمایہ کے دوران تو یہ یونٹ کی فروخت 1,739 ملین تھی اور نتائج درج بالا میں منافع بعد از ٹیکس 83 ملین کی شرکت شامل ہے۔

### فی حصص آمدن:

گزشتہ مدت کے 20.25 فیصد فی حصص کے مقابلے میں پہلی سرمایہ کے اختتامی تاریخ 30 ستمبر 2018 تک فی حصص آمدن 48.62 روپے تھی۔

### مستقبل کے امکانات:

اکتوبر 2018 میں روپے کی قدر میں مزید کمی امریکی ڈالر کے مقابلے میں اگلے سرمایہ میں دھاکے کی فروخت کی قیمتوں پر مثبت نتیجہ کی توقع ہے۔ تاہم، 19-2018 رواں سال کے دوران کمپنی کا پیداوار کا تخمینہ کم و بیش 10 ملین گاٹھیں لگا یا گیا ہے جبکہ متوقع هدف 14 ملین گاٹھیں ہیں۔ پیداوار کی کمی کی وجہ خراب معیار، سچ، پانی کی قلت اور ساڑھی ساڑھی ساڑھی کے علاقے میں کمی کر کے گنے کی کاٹ کے لیے وسعت دی گئی۔ ان حالات و حقائق کے حساب سے زیادہ قیمت پر کمپنی درآمد کرنے پر زور دیا جائے گا جو بالآخر قیمت فروخت میں اضافہ کا باعث ہوگی۔ کمپنی اور توانائی کی قیمتوں میں اضافہ کرنے والے ان مشکلات کے باوجود آپ کی کمپنی اپنے مستقبل کے نقطہ نظر کے لئے پرامید ہے۔ تاہم، کمپنی بڑھانے کے ان مشکل حالات کے باوجود گورنمنٹ قیمتوں کے بڑھنے پر قابو پائے اور کاروبار جاری رکھنے کیلئے موثر اقدامات جیسے کہ توانائی کی قیمتوں میں کمی جیسے اقدامات، GIDC کی دفعات کو برطرف کرنے، سبلیٹکس، آمدنی ٹیکس اور ڈیوٹی ڈرائیو رینڈمز کے بر وقت اجراء کو یقینی بنایا جائے۔ اسی ہی بہتری کے ساتھ مالی سال 2018-19 کے دوسرے سرمایہ میں بہتر منافع بخش کاروبار کی توقع رکھتے ہیں۔

### اظہار تشکر:

مہم اپنی کمپنی کے ہر ملازم، مہارمن، بینکرز اور شیئر ہولڈرز کے منظور ہیں جنہوں نے کمپنی کے مقاصد میں اپنا حصہ ڈالا اور بھرپور سہاہت دیا۔

پورڈ کی جانب سے

محمد احمد

شہزاد احمد

(چیف ایگزیکٹو آفیسر)

کراچی

تاریخ 30 اکتوبر، 2018

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2018

	Sept 30, 2018 (Un-Audited)	June 30, 2018 (Audited)		Sept 30, 2018 (Un-Audited)	June 30, 2018 (Audited)
Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----	Note	----- (Rupees in '000) -----	----- (Rupees in '000) -----
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>		
<b>Share capital and reserves</b>			<b>Non-current assets</b>		
<b>Authorized share capital</b>					
45,000,000 ordinary shares of Rs. 10/- each	<u>450,000</u>	<u>450,000</u>	Property, plant and equipment	5 6,280,678	6,310,579
			Intangibles	18,730	19,592
<b>Issued, subscribed and paid-up capital</b>			Long-term investments	7 3,689,680	3,689,680
18,073,732 ordinary shares of Rs. 10/- each	180,737	180,737	Long-term deposits	4,831	4,810
Reserves	7,000,000	7,000,000		9,993,919	10,024,661
Unappropriated profit	4,632,661	3,889,946	<b>Current assets</b>		
	<u>11,813,398</u>	<u>11,070,683</u>	Stores, spares and loose tools	274,038	265,723
			Stock-in-trade	5,001,089	4,716,028
<b>Non-current liabilities</b>			Trade debts	4,920,022	3,533,973
Long-term financing	1,337,879	1,323,195	Loans and advances	111,847	165,097
Deferred liabilities	385,408	373,007	Trade deposits and short-term prepayments	1,577	1,649
	1,723,287	1,696,202	Other receivables	133,003	63,547
<b>Current liabilities</b>			Other financial assets	313,063	315,213
Trade and other payables	2,315,720	1,920,207	Tax refundable	534,507	489,286
Unclaimed dividend	11,075	11,080	Cash and bank balances	75,119	116,289
Interest / mark-up payable	41,110	44,631		11,364,265	9,666,805
Short-term borrowings	5,148,670	4,594,774		21,358,184	19,691,466
Current portion of long-term financing	304,924	353,889			
	<u>7,821,499</u>	<u>6,924,581</u>			
	<u>21,358,184</u>	<u>19,691,466</u>			

### CONTINGENCIES AND COMMITMENTS

4

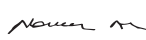
The annexed notes 1 to 12 form an integral part of this unconsolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	Three months period ended	
		Sept 30, 2018	Sept 30, 2017
		(Rupees in '000)	
Sales - net		6,563,606	5,370,007
Cost of goods sold	8	(5,480,891)	(4,749,212)
Gross profit		1,082,715	620,795
Other income		7,332	6,040
		1,090,047	626,835
Distribution cost		(70,156)	(90,261)
Administrative expenses		(73,887)	(59,803)
Other operating expenses		(79,923)	(56,845)
Finance cost		(74,836)	(42,146)
Profit before taxation		791,245	377,780
Taxation	9	(48,530)	(56,533)
Profit after taxation		742,715	321,247
Earnings per share - basic and diluted		41.09	17.77


The annexed notes 1 to 12 form an integral part of this unconsolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Three months period ended	
	Sept 30, 2018	Sept 30, 2017
	----- (Rupees in '000) -----	
Profit after taxation	742,715	321,247
Other comprehensive income	-	-
<b>Total comprehensive income for the period</b>	<b>742,715</b>	<b>321,247</b>

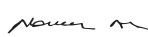
The annexed notes 1 to 12 form an integral part of this unconsolidated condensed interim financial information.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Issued, subscribed and paid-up capital	Capital		Reserves		Total
		Share Premium	Merger Reserve	General Reserve	Un-appropriated Profits	
----- (Rupees in '000) -----						
Balance at June 30, 2017 (Audited)	180,737	10,920	11,512	6,977,568	2,742,795	9,923,532
Comprehensive Income						
Profit for the first quarter ended September 30, 2017	-	-	-	-	321,247	321,247
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	321,247	321,247
Balance at September 30, 2017 (Un-Audited)	180,737	10,920	11,512	6,977,568	3,064,042	10,244,779
Balance at June 30, 2018 (Audited)	180,737	10,920	11,512	6,977,568	3,889,946	11,070,683
Comprehensive Income						
Profit for the first quarter ended September 30, 2018	-	-	-	-	742,715	742,715
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	742,715	742,715
Balance at September 30, 2018 (Un-Audited)	180,737	10,920	11,512	6,977,568	4,632,661	11,813,398

The annexed notes 1 to 12 form an integral part of this unconsolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## UNCONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Three months period ended	
	Sept 30, 2018	Sept 30, 2017
	----- (Rupees in '000) -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	791,245	377,780
<b>Adjustments for non-cash items:</b>		
Depreciation of property, plant and equipment	145,617	142,953
Amortization on intangibles	862	1,231
Provision for gratuity	25,976	19,241
Loss / ( gain ) on disposal of property, plant and equipment	963	(260)
Unrealized loss / ( gain ) on revaluation of other financial assets	5,010	17,839
Dividend income	(441)	(808)
Finance cost	74,836	42,146
<b>Cash generated before working capital changes</b>	<b>1,044,068</b>	<b>600,122</b>
Working capital changes		
Decrease / (increase) in current assets		
Stores, spares and loose tools	(8,315)	(646)
Stock in trade	(285,061)	662,473
Trade debts	(1,386,049)	(26,083)
Loans and advances	(30,761)	(68,756)
Trade deposits and short-term prepayments	72	(21,085)
Long term deposits	(21)	-
Other receivables	21,830	35,659
	(1,688,305)	581,562
Increase in current liabilities		
Trade and other payables	395,513	282,384
Cash generated from operations	(248,724)	1,464,068
Income taxes paid	(28,927)	(33,256)
Finance cost paid	(78,357)	(62,086)
Gratuity paid	(10,023)	(11,658)
<b>Net cash (used in) / generated from operating activities</b>	<b>(366,031)</b>	<b>1,357,068</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments made for acquisition of property, plant and equipment	(109,718)	(123,822)
Proceeds from disposal of property, plant and equipment	1,133	8,096
Other financial assets	(2,860)	124,154
Dividend received	441	808
<b>Net cash used in investing activities</b>	<b>(111,004)</b>	<b>9,236</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	83,744	29,256
Repayment of long-term financing	(201,770)	(96,811)
Dividend Payment	(5)	-
<b>Net cash used in financing activities</b>	<b>(118,031)</b>	<b>(67,555)</b>
<b>Net decrease in cash and cash equivalent (A+B+C)</b>	<b>(595,066)</b>	<b>1,298,749</b>
Cash and cash equivalents at beginning of the period	(4,478,485)	(3,661,076)
<b>Cash and cash equivalents at end of the period</b>	<b>(5,073,551)</b>	<b>(2,362,327)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	75,119	188,679
Short-term borrowings	(5,148,670)	(2,551,006)
	<b>(5,073,551)</b>	<b>(2,362,327)</b>

The annexed notes 1 to 12 form an integral part of this unconsolidated condensed interim financial information.

*Arif Abdul Majeed*

**Arif Abdul Majeed**  
Chief Financial Officer

*Shahzad Ahmed*

**Shahzad Ahmed**  
Chief Executive Officer

*Naveed Ahmed*

**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

### 1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 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 (subsequently replaced by the repealed Companies Ordinance, 1984 and now Companies Act, 2017). 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 addresses of these facilities are as follows:

Manufacturing Unit	Address
- Hyderabad	P-1, S.I.T.E, Hyderabad, Sindh
- Karachi	Plot Number 03 & 07, Sector 25, Korangi Industrial Area, Karachi.
- Muzaffargarh	Muzaffargarh, Bagga Sher, District Multan

The Company has the following investees:

- 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. STATEMENT OF COMPLIANCE

- 2.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

- International accounting standards ( IAS ) 34, Interim Financial Reporting, issued by the International Accounting Standards Board ( IASB ) as notified under the Companies Act , 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

- 2.2 Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of ( IAS ) 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

- 2.3 These unconsolidated condensed interim financial information does not include all of the information required for annual audited financial statements and therefore should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018.

- 2.4 This unconsolidated condensed interim financial information is presented in Pakistani Rupees which is also the Company's functional currency.

- 2.5 The comparative balance sheet presented has been extracted from unconsolidated annual audited financial statements of the Company for the year ended June 30, 2018, whereas comparative condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity presented in this condensed interim financial information have been extracted from the unaudited unconsolidated condensed interim financial information for the first quarter ended September 30, 2017.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

- 3.1 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision.

The accounting policies, underlying estimates and methods of computations adopted in the preparation of this unconsolidated condensed interim financial information are the same as those applied in the preparation of the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2018.

- 3.2 The financial risk management policies and objectives adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2018.

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

	Sept 30, 2018 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited) ----- (Rupees in '000) -----
<b>4. CONTINGENCIES AND COMMITMENTS</b>		
<b>4.1 Contingencies</b>		
4.1.1 Claim of arrears of social security contribution not acknowledged. Appeal is pending in the Honorable High Court of Sindh. The management is hopeful for favorable outcome.	<u>453</u>	<u>453</u>
4.1.2 Guarantees issued by banks on behalf of the Company	<u>3,817</u>	<u>3,817</u>
4.1.3 Guarantees issued by banks in favour of gas / electric companies	<u>104,768</u>	<u>104,768</u>
4.1.4 Bank guarantees against payment of infrastructure cess	<u>308,042</u>	<u>296,042</u>
<b>4.2 Commitments</b>		
Letters of credit for raw material and stores and spares	<u>2,124,106</u>	<u>1,098,318</u>
Letters of credit for property, plant and equipment	<u>421,410</u>	<u>203,663</u>

## 5. PROPERTY, PLANT AND EQUIPMENT

During the period following additions and disposals / transfers were made:

	----- (Un-Audited) -----			
	Three months period			
	Sept 30, 2018		Sept 30, 2017	
	Additions / transfers	Disposal at carrying value / transfers	Additions / transfers	Disposal at carrying value / transfers
	----- (Rupees in '000) -----			
<b>Assets</b>				
Office building	-	-	20,100	-
Factory building	-	-	39,922	-
Plant and machinery	85,317	(1,977)	84,177	(8,836)
Power generator	10,007	-	-	-
Office equipment	130	-	-	-
Furniture and fixtures	692	-	1,292	-
Vehicles	17,223	(124)	4,218	-
Capital work in progress	-	-	1,481	-
	<u>113,369</u>	<u>(2,101)</u>	<u>151,190</u>	<u>(8,836)</u>

## 6. INTANGIBLE ASSETS

		Three months period ended	
		Sep 30, 2018 (Unaudited) ----- (Rupees in '000) -----	Sep 30, 2017 (Unaudited) ----- (Rupees in '000) -----
	Note		
Intangibles under use	6.1	10,630	15,186
Intangibles under implementation		8,100	8,100
		<u>18,730</u>	<u>23,286</u>
6.1 Cost			
Accumulated amortization		18,241	18,241
Net book value		<u>(7,611)</u>	<u>(3,055)</u>
		<u>10,630</u>	<u>15,186</u>
		30%	30%

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

			Sept 30, 2018 (Un-Audited) ----- (Rupees in '000) -----	June 30, 2018 (Audited) -----
<b>7. LONG TERM INVESTMENTS</b>	<b>Note</b>			
Investment in an associate - at cost			13,476	13,476
Investment in subsidiaries - at cost	7.1		3,676,204	3,676,204
			<b>3,689,680</b>	<b>3,689,680</b>
<b>7.1 Investment in subsidiaries - at cost</b>				
Indus Home Limited (IHL)			2,491,204	2,491,204
Indus Lyallpur Limited (ILP)			1,185,000	1,185,000
Indus Wind Energy Limited (IWE)			-	-
			<b>3,676,204</b>	<b>3,676,204</b>
			<b>----- (Un-Audited) -----</b>	
			<b>Three months period ended</b>	
			Sept 30, 2018	Sept 30, 2017
			----- (Rupees in '000) -----	
<b>8. COST OF GOODS SOLD</b>	<b>Note</b>			
Raw material consumed			4,461,879	3,550,403
Manufacturing expenses	8.1		1,061,841	971,655
Outside purchases			14,670	-
			<b>5,538,390</b>	4,522,058
Work in process				
Opening stock			242,775	218,812
Closing stock			(287,984)	(229,617)
			<b>(45,209)</b>	<b>(10,805)</b>
Cost of goods manufactured			<b>5,493,181</b>	4,511,253
Finished Goods				
Opening stock			531,034	644,450
Closing stock			(543,324)	(406,491)
			<b>(12,290)</b>	<b>237,959</b>
			<b>5,480,891</b>	4,749,212
			<b>----- (Un-Audited) -----</b>	
			<b>Three months period ended</b>	
			Sept 30, 2018	Sept 30, 2017
			----- (Rupees in '000) -----	
<b>8.1 Manufacturing expenses</b>				
Salaries, wages and benefits			345,831	300,803
Fuel, water and power			390,846	344,293
Stores and spares consumed			82,162	81,430
Packing material consumed			90,486	89,731
Insurance			2,825	4,871
Repairs and maintenance			6,722	9,305
Rent, rate and taxes			767	1,014
Depreciation			138,557	136,476
Others			3,645	3,732
			<b>1,061,841</b>	<b>971,655</b>

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## 9. TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. In this unconsolidated condensed interim financial information tax expense for the period has been determined on provisional basis. Final liability will be determined on the basis of annual results.

The charge for deferred tax is based on net taxable temporary differences that exist at period end for local operations. It is likely that the income of the Company will be taxable based on turnover tax and under final tax regime in future. Hence, deferred tax is recognized to the extent of local operations.

## 10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries [(Indus Wind Energy Limited), (Indus Lyallpur Limited), (Indus Home Limited) and (Indus Home US Inc.)], associate (Sunrays Textiles Mills Limited) and entities where directors held interest (Riaz Cotton Factory and Haji Moula Bux Cotton Company) and key management personnel. The Company carries out transactions with related parties on agreed terms. Transactions with related parties during the period and balances with them at period end are as follows:

**Three months period ended**  
**Sept 30**      **Sept 30**  
**2018**      **2017**  
**(Un-Audited)**      **(Un-Audited)**  
**----- (Rupees in '000) -----**

### 10.1 Transactions during the period

Name of related party	Basis of relationship	Nature of transactions		
Indus Lyallpur Limited	100% owned subsidiary	Conversion cost paid	11,233	-
Indus Home Limited	100% owned subsidiary	Yarn sale	130	31,026
		Conversion cost received	95,896	58,733

**Sep 30,**      **June 30**  
**2018**      **2018**  
**(Un-Audited)**      **(Audited)**  
**----- (Rupees in '000) -----**

Balances with related parties	Basis of relationship	Nature of transactions		
Indus Lyallpur Limited	100% owned subsidiary	Receivable from related party	18,827	3,236
Indus Home Limited	100% owned subsidiary	Receivable from related party	19,105	-
Indus Wind Energy Limited	100% owned subsidiary	Receivable from related party	3,264	-
Sunrays Textile Mills Limited	Associate of Common Directorship and 0.99%	Payable to related party	1,975	125
Riaz Cotton Factory	Associate of Common Directorship	Payable to related party	1,917	1,917
Haji Mola Buksh Cotton Factory	Associate of Common Directorship	Payable to related party	1,253	1,253

## 11. DATE OF AUTHORISATION FOR ISSUE

This unconsolidated condensed interim financial information was authorized for issue on 30th October 2018 by the Board of Directors of the Company.

## 12. GENERAL

12.1 Figures have been rounded off to the nearest thousand of Rupee.

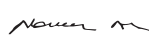
12.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation, the effect of which is not material.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# Indus Dyeing

*& Manufacturing Company Limited*



## **CONSOLIDATED FIRST QUARTERLY REPORT**

***Condensed Interim Financial Information  
July 01, 2018 to September 30, 2018  
(Un - audited)***



# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM BALANCE SHEET ( UN-AUDITED ) AS AT SEPTEMBER 30, 2018

	Sep 30, 2018	June 30, 2018		Sep 30, 2018	June 30, 2018
Note	(Unaudited)	(Audited)	Note	(Unaudited)	(Audited)
	----- (Rupees in '000) -----			----- (Rupees in '000) -----	
<b>EQUITY AND LIABILITIES</b>			<b>ASSETS</b>		
<b>Share capital and reserves</b>			<b>Non-current assets</b>		
<b>Authorised share capital</b>					
45,000,000 ordinary shares of Rs. 10/- each	<u>450,000</u>	<u>450,000</u>			
Issued, subscribed and paid up capital	180,737	180,737	Property, plant and equipment	7 10,759,969	10,638,926
			Intangible assets	18,628	21,861
Reserves	7,000,420	7,000,157	Long-term investments	9 28,394	26,784
			Deferred tax assets - net	5,670	-
Unappropriated profit	7,207,034	6,328,375	Long-term deposits	15,496	15,475
	<u>14,388,191</u>	<u>13,509,269</u>		<u>10,828,157</u>	<u>10,703,046</u>
<b>Non-current liabilities</b>			<b>Current assets</b>		
Long-term financing	1,844,121	1,813,143			
Deferred liabilities	575,288	563,847	Stores, spares and loose tools	749,747	578,782
	2,419,409	2,376,990	Stock-in-trade	8,119,046	7,384,547
<b>Current liabilities</b>			Trade debts	6,741,477	5,194,308
Trade and other payables	2,998,408	2,742,665	Loans and advances	149,840	256,670
Unclaimed dividend	11,075	11,080	Trade deposits and short-term prepayments	1,577	4,374
Interest / mark-up payable	55,911	65,406	Other receivables	252,673	183,261
Short-term borrowings	7,961,433	6,541,667	Other financial assets	316,288	317,838
Current portion of long-term financing	350,351	394,567	Tax refundable	815,363	746,122
	11,377,178	9,755,385	Cash and bank balances	210,610	272,696
				<u>17,356,621</u>	<u>14,938,598</u>
<b>CONTINGENCIES AND COMMITMENTS</b>					
	<u>28,184,778</u>	<u>25,641,644</u>		<u>28,184,778</u>	<u>25,641,644</u>


The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Note	Quarter ended	
		Sep 30, 2018	Sep 30, 2017
Sales - net		9,073,673	7,210,356
Cost of goods sold	10	(7,667,657)	(6,417,671)
Gross profit		1,406,016	792,685
Other income		31,242	36,335
		1,437,258	829,020
Distribution cost		(153,486)	(151,049)
Administrative expenses		(120,636)	(106,863)
Other operating expenses		(96,924)	(67,238)
Finance cost		(113,352)	(68,250)
		(484,398)	(393,400)
Share of profit from associate - net of tax	9.1	1,610	154
<b>Profit before taxation</b>		<b>954,470</b>	<b>435,774</b>
Taxation	11	(75,811)	(69,746)
<b>Profit for the period - attributable to ordinary share holders of the Holding Company</b>		<b>878,659</b>	<b>366,028</b>
<b>Earnings per share - basic and diluted</b>		<b>48.62</b>	<b>20.25</b>

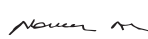
The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

**Three months period ended**  
**Sept 30,      Sept 30,**  
**2018          2017**  
**----- (Rupees in '000) -----**

Profit for the period	878,659	366,028
-----------------------	---------	---------

**Other comprehensive income**

**Items that may be reclassified subsequently  
to profit and loss**

Exchange gain / ( loss ) on translation of balances of foreign subsidiary	263	(22)
--	-----	------

**Items that will not be reclassified subsequently  
to profit and loss**

-	-
---	---

**Total comprehensive income for the period - attributable  
to ordinary share holders of the Holding Company**

878,922	366,006
---------	---------

The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	Reserves				Revenue		Total
	Issued, subscribed and paid up capital	Share premium	Merger reserve	Exchange translation reserve	General reserve	Unappropriated profit	
	(Rupees in '000)						
Balance at June 30, 2017 (audited)	180,737	10,920	11,512	(556)	6,977,568	4,786,250	11,966,431
Comprehensive income for the period							
Profit for the period ended September 30, 2017	-	-	-	-	-	366,028	366,028
Exchange gain on translation of foreign subsidiary	-	-	-	(22)	-	-	(22)
Total comprehensive income for the period	-	-	-	(22)	-	366,028	366,006
Associate's transfer of surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-	54	54
Transactions with owners recorded directly in equity							
Balance at September 30, 2017 (unaudited)	180,737	10,920	11,512	(578)	6,977,568	5,152,332	12,332,491
Balance at June 30, 2018 (audited)	180,737	10,920	11,512	157	6,977,568	6,328,375	13,509,269
Comprehensive income for the period							
Profit for the period ended September 30, 2018	-	-	-	-	-	878,659	878,659
Exchange gain on translation of foreign subsidiary	-	-	-	263	-	-	263
Total comprehensive income for the period	-	-	-	263	-	878,659	878,922
Balance at September 30, 2018 (unaudited)	180,737	10,920	11,512	420	6,977,568	7,207,034	14,388,191


The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## CONSOLIDATED CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

	<b>Three months period ended</b>	
	Sept 30, 2018	Sept 30, 2017
	----- (Rupees in '000) -----	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	954,470	435,774
<b>Adjustments for:</b>		
Depreciation and Amortization	233,752	228,951
Provision for gratuity	34,729	31,895
Share of profit from associate	(1,610)	(154)
Loss on disposal of property, plant and equipment	963	(2,837)
Unrealised loss / (gain) on revaluation of other financial assets	16,077	17,839
Finance cost	113,352	68,249
Dividend income	(441)	(808)
<b>Cash generated before working capital changes</b>	<b>1,351,292</b>	<b>778,909</b>
Working capital changes:		
(Increase) / decrease in current assets		
Stores, spares and loose tools	(170,965)	45,609
Stock in trade	(734,499)	764,888
Trade debts	(1,547,169)	102,964
Loans and advances	92,291	(13,304)
Long term deposits	(21)	-
Trade deposits and short-term prepayments	2,797	(19,816)
Other receivables	(87,467)	(131,579)
Other financial assets	1,550	549,161
	(2,443,483)	1,297,923
Increase in current liabilities		
Trade and other payables	255,743	302,994
<b>Cash generated from operations</b>	<b>(836,448)</b>	<b>2,379,826</b>
Income taxes paid	(60,569)	(64,559)
Finance cost paid	(122,847)	(89,198)
Gratuity paid	(14,235)	(18,083)
<b>Net cash generated from / (used in) operating activities</b>	<b>(1,034,099)</b>	<b>2,207,986</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of property, plant and equipment	(349,744)	(166,015)
Proceeds from disposal of property, plant and equipment	1,133	7,580
Other financial assets	(2,860)	-
Dividend received	441	808
<b>Net cash used in investing activities</b>	<b>(351,030)</b>	<b>(157,627)</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term financing	112,084	100,010
Long term finance repaid -net	(209,065)	(101,148)
Dividend paid	(5)	-
<b>Net cash generated from / (used in) financing activities</b>	<b>(96,986)</b>	<b>(1,138)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>(1,482,115)</b>	<b>2,049,221</b>
Cash and cash equivalents at beginning of the period	(6,268,971)	(5,405,304)
Effects of exchange rate changes on cash and cash equivalents	263	(22)
<b>Cash and cash equivalents at end of the period</b>	<b>(7,750,823)</b>	<b>(3,356,105)</b>
<b>CASH AND CASH EQUIVALENTS</b>		
Cash and bank balances	210,610	273,667
Short-term borrowings	(7,961,433)	(3,629,772)
	<b>(7,750,823)</b>	<b>(3,356,105)</b>

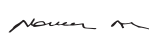
The annexed notes from 1 to 14 form an integral part of this consolidated condensed interim financial information.



**Arif Abdul Majeed**  
Chief Financial Officer



**Shahzad Ahmed**  
Chief Executive Officer



**Naveed Ahmed**  
Director

# INDUS DYEING & MANUFACTURING COMPANY LIMITED

## NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED) FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2018

### 1. THE GROUP AND ITS OPERATIONS

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

#### 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 addressess of these facilities are as follows:

Manufacturing Unit	Address
Hyderabad	P-1, S.I.T.E, Hyderabad, Sindh
Karachi	Plot Number 03 & 07, Sector 25, Korangi Industrial Area, Karachi.
Muzaffargarh	Muzaffargarh, Bagga Sher, District Multan.
Faisalabad	Chak # 61 R/B, Mouza Bedianwala, Tehsil Jaranwala at 38-Km, Sheikhpura Road, District Faisalabad.
Lahore	Raiwand Road, Manga Mandi, Lahore

#### 1.2 Subsidiary Companies

##### 1.2.1 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.

##### 1.2.2 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.

##### 1.2.3 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.

##### 1.2.4 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.

#### 1.3 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.

### 2. BASIS OF CONSOLIDATION

- The consolidated condensed interim financial information includes the condensed interim financial information of the Holding Company, its subsidiaries and an associate company collectively referred to as "the Group" in these financials information.
- 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 condensed interim financial information of the subsidiary companies are prepared for the same reporting period as of the Holding Company for the purpose of consolidation, using consistent accounting policies.

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- 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.

### 3. STATEMENT OF COMPLIANCE

- 3.1 These unconsolidated condensed interim financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of :

'- International accounting standards ( IAS ) 34, Interim Financial Reporting, issued by the International Accounting Standards Board ( IASB ) as notified under the Companies Act , 2017; and '- Provisions of and directives issued under the Companies Act, 2017.

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of ( IAS ) 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND RISK MANAGEMENT POLICIES

- 4.1 The accounting policies applied in the preparation of this consolidated condensed interim financial information are the same as those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended June 30, 2018.
- 4.2 The financial risk management policies and objectives adopted by the Group are consistent with those disclosed in the Group's annual audited consolidated financial statements for the year ended June 30, 2018.

### 5. BASIS OF PREPARATION

- 5.1 This consolidated condensed interim financial information has been prepared under the historical cost convention modified by:

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

- 5.2 This consolidated condensed interim financial information does not include all of the information required for annual financial statements and therefore should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2018.

- 5.3 This consolidated condensed interim financial information is presented in Pakistani Rupees which is also the Group's functional currency.

- 5.4 The comparative consolidated interim balance sheet presented has been extracted from annual consolidated financial statements for the year ended June 30, 2018, whereas comparative consolidated condensed interim profit and loss account, consolidated condensed interim cash flow statement and consolidated condensed interim statement of changes in equity are stated from the unaudited consolidated condensed interim financial information for the first quarter ended September 30, 2017.

### 6. CONTINGENCIES AND COMMITMENTS

#### 6.1 Contingencies

Claim of arrears of social security contribution not acknowledged. Appeal is pending in Honourable High Court of Sindh. The management is hopeful for favourable outcome.

Guarantees issued by banks on behalf of the Group

Guarantees issued by banks in favour of gas and electric distribution companies

Bank guarantees against payment of infrastructure cess

Bank guarantees in favour of Collector of Customs

Bank guarantees in favour of Government of Sindh

#### 6.2 Commitments

Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases

Civil work contracts

Foreign currency forward contracts - Sale

Post dated cheques in favour of

Revenue Department - Government of Pakistan

Contingencies and Commitments note should be read in conjunction with the annual consolidated financial statements of the Group for the year ended June 30, 2017.

Sept 30, 2018 (Unaudited) ----- (Rupees in '000) -----	June 30, 2018 (Audited)
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453	453
<u>3,817</u>	<u>3,817</u>
<u>313,005</u>	<u>279,460</u>
<u>340,042</u>	<u>328,042</u>
<u>3,040</u>	<u>3,040</u>
<u>43,154</u>	<u>43,154</u>
<u>3,176,539</u>	<u>1,862,873</u>
<u>10,368</u>	<u>12,832</u>
<u>294,123</u>	<u>438,854</u>
<u>750,463</u>	<u>1,084,776</u>

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## 7. PROPERTY, PLANT AND EQUIPMENT

During the period, the following additions and disposals / transfers were made:

	Un-Audited			
	Three months period ended			
	Sept 30, 2018		Sept 30, 2017	
	Additions / Transfers	Disposal at carrying value / transfers	Additions / Transfers	Disposal at carrying value / transfers
	(Rupees in '000)			
<b>Assets</b>				
Office building	143,247	-	20,100	-
Non factory building	30,386	-	-	-
Factory building	-	-	39,921	-
Plant and machinery	86,640	(1,977)	86,821	(7,836)
Power generator	10,007	-	-	-
Office equipment	130	(103)	128	-
Furniture and fixtures	692	(106)	1,468	(10)
Vehicles	17,223	(124)	17,411	(4,993)
Computers	-	-	166	-
<b>Capital work in progress</b>	-	(108,105)	74,029	-
	<b>288,325</b>	<b>(110,415)</b>	<b>240,044</b>	<b>(12,839)</b>

## 8. INTANGIBLE ASSETS

	Note	Three months period ended	
		Sep 30, 2018	Sep 30, 2017
		(Unaudited)	(Unaudited)
		(Rupees in '000)	
Intangibles under use	8.1	10,528	18,186
Intangibles under implementation		8,100	8,100
		<b>18,628</b>	<b>26,286</b>
8.1 Cost		25,595	25,595
Accumulated amortization		(15,067)	(7,409)
Net book value		<b>10,528</b>	<b>18,186</b>
		30%	30%

## 9. LONG TERM INVESTMENTS

	Note	Three months period ended	
		Sep 30, 2018	June 30, 2018
		(Unaudited)	(Audited)
		(Rupees in '000)	
Investment in an associate	9.1	<b>28,394</b>	26,784
9.1 Investment in associate			
Cost		1,716	1,716
Share of post acquisition profits:			
Opening		25,068	20,851
Dividend received		-	(275)
Share of profit from associate for the period		<b>1,610</b>	4,492
		<b>26,678</b>	25,068
		<b>28,394</b>	26,784
Number of shares held		68,654	68,654
Ownership interest		0.99%	0.99%
Market value (Rupees in '000)		10,229	11,702
Cost of investment (Rupees in '000)		1,716	1,716

## 10. COST OF GOODS SOLD

	Note	Un-audited	
		Three months period	
		Sep 30, 2018	Sep 30, 2017
		(Rupees in '000)	
Raw material consumed	10.1	5,926,367	3,969,469
Manufacturing expenses		1,944,390	1,705,571
Outside purchases		14,670	576,423
		<b>7,885,427</b>	6,251,463
Work in process			
Opening stock		811,992	671,686
Closing stock		(917,454)	(660,687)
		<b>(105,462)</b>	10,999
Cost of goods manufactured		<b>7,779,965</b>	6,262,462



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Finished Goods  
Opening stock  
Closing stock

Un-audited	
Three months period ended	
Sep 30, 2018	Sep 30, 2017
(Rupees in '000)	
1,098,374 (1,210,682)	1,103,807 (948,598)
(112,308)	155,209
7,667,657	6,417,671

## 10.1 Manufacturing expenses

Salaries, wages and benefits  
Fuel, water and power  
Stores and spares consumed  
Packing material consumed  
Insurance  
Repairs and maintenance  
Rent, rate and taxes  
Depreciation  
Others  
Rebate

591,137	509,645
642,959	525,810
264,952	246,139
178,818	156,164
7,956	14,196
10,045	10,718
767	1,014
233,752	231,441
14,004	24,279
-	(13,835)
1,944,390	1,705,571

## 11. TAXATION

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. However, for income covered under final tax regime, taxation is based on applicable tax rates under such regime. In this consolidated condensed interim financial information tax expense for the period has been determined on provisional basis. Final liability will be determined on the basis of annual results.

The charge for deferred tax is based on net taxable temporary differences that exist at period end for local operations. It is likely that the income of the Group will be taxable based on turnover tax and under final tax regime in future. Hence, deferred tax is recognized to the extent of local operations.

## 12. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate (Sunrays Textiles Mills Limited) and entities where directors held interest (Riaz Cotton Factory and Haji Mola Bux) and key management personnel. The Company carries out transactions with related parties on agreed terms. Transactions with related parties during the period and balances with them at period end are as follows:

### 12.1 Transactions during the period

Relationship	Nature of transactions
<b>Associate</b>	
Shareholding : 0.99 % (Sunrays Textile Mills Limited)	Sale of yarn Received conversion cost

Un-Audited	
Three months period ended	
Sep 30, 2018	Sep 30, 2017
(Rupees in '000)	
22,532	95
38,961	9,384

### 12.2 Balances with related parties

Associate - payable, Sunrays Textile Mills Ltd	2,986	4,812
Associate - receivable, Sunrays Textile Mills Ltd	-	62
Balances with other related parties due to common directorship		
- Receivable from Indus Heartland Limited	213	213
- Payable to :		
Riaz Cotton Factory	1,917	1,917
Haji Mola Buksh Cotton Factory	1,253	1,253

Sep 30, 2018	June 30, 2018
(Unaudited)	Audited
Rupees in '000'	
2,986	4,812
-	62
213	213
1,917	1,917
1,253	1,253

## 13. DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorised for issue on 30th October 2018 by the Board of Directors of the Group.

## 14. GENERAL

14.1 Figures have been rounded off to the nearest thousand of Rupee.


14.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation, the effect of which is not material.



Arif Abdul Majeed  
Chief Financial Officer



Shahzad Ahmed  
Chief Executive Officer



Naveed Ahmed  
Director