Annual Report 2019

INDUS DYEING & MANUFACTURING COMPANY LIMITED

Company profile

Board of Directors

1	Mr. Naveed Ahmed	Chairman
2	Mr. Shahzad Ahmed	Chief Executive
3	Mr. Riaz Ahmed	
4	Mr. Kashif Riaz	
5	Mr. Imran Ahmed	
6	Mr. Irfan Ahmed	
7	Mr. Shafqat Masood	
8	Mr. Shahwaiz Ahmed	
9	Mr. Danish Naveed	
10	Sheikh Nishat Ahmed	
11	Mr. Farooq Hassan	

Audit committee

1	Sheikh Nishat Ahmed	Chairman
2	Mr. Shafqat Masood	Member
3	Mr. Shahwaiz Ahmed	Member

Human resource and remuneration committee

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

Company secretary

Mr. Ahmed Faheem Niazi

Group Chief financial officer

Mr. Zahid Mahmood

Chief financial officer

Mr. Arif Abdul Majeed

Chief Internal auditor

Mr. Yaseen Hamidia

Legal Advisor

Mr. M. Yousuf Naseem (Advocates & Solicitors)

Registered office

Office # 508,	Tel.	111 - 404 - 404
5th floor, Beaumont Plaza,	Fax.	009221 - 35693593 - 4
Civil Lines Quarters, Karachi.		

Symbol of the company IDYM

Website

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,	Tel.	35662023 - 24
Shahrah-e-Iraq, Saddar, Karachi.	Fax.	35221192

Factory location

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

INDUS DYEING & MFG. CO. LIMITED

VISION

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

MISSION

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

CHAIRMAN'S REVIEW

FOR THE YEAR ENDED JUNE 30, 2019

It is my privilege and pleasure in presenting to the members of Indus Dyeing and Manufacturing Company Limited review on the performance of the Company for the financial year ended June 30,2019. I would take this opportunity to invite you for the 62nd Annual General Meeting of the company.

Review of the Boards Performance

The board is fully aware of its role for achieving the vision, mission and objectives of the company. The board is governed by relevant laws and regulations while performing its obligations, responsibilities and duties as specified and prescribed therein. Board members are equipped with suitable knowledge, variety of expertise and experience which is required to successfully govern the business. Every board member is committed to perform for the growth of the company and all his tasks are devoted and focused towards the company's values and mission.

The board strictly monitored the performance of its sub-committees. Comprehensive and effective meetings of the board resulted in conducive decisions for the Company. In addition to it, the board also ensurescompliance with all applicable rules and best practices of thecompany.

To keep updated the board members and enabling them to remain harmonized for continuous progression of the company, the board assessed its sub-committees along with the evaluation of its own performance, facilitating the board to play an effective and efficient role in accomplishing set targets of the company.

Review of Company's Performance

I would like to appreciate the management of the company in achieving consolidated net profit after tax of Rs. 2,331million despite difficult conditions and tough competition, the company achieved 15.5% growth in sales and 31% growth in profitability.

Further, I would like to appreciate the hard work of the management in achieving these results which are admirable. The management would strive to improve efficiencies in operations, sales and marketing to emerge as a leader in the market.

On Behalf of the board, I would like to thanks all stakeholders for their continued confidence in the company and for their support, dedication and hard work.

October 07, 2019

Chairman

Naveed Ahmed

Directors' Report to the Shareholders

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 30th, 2019 before the Sixty-Second Annual General Meeting of the Company.

The consolidated financial highlights of the Company are as under:

	For the year ended	
	June 30 2019	**June 30 2018**
	(Rupees in 000)	
Sales	35,372,578	30,630,286
Gross profit	3,696,349	3,013,451
Other operating income	1,189,419	654,869
Finance cost	(656,020)	(372,135)
Provision for taxation	(357,614)	(226,823)
Profit for the year after taxation	2,331,497	1,781,697
Un-appropriated profit brought forward	6,328,375	4,786,250
Un-appropriated profit carried forward	8,362,963	6,328,375
Earnings per share-basic and diluted (net)	129.00	98.58

DIVIDEND

The Board of Directors in their meeting held on 19 August 2019 announced an interim cash dividend @ 250% i.e. Rs. 25 per share for the year ended 30th June 2019.

EARNING PER SHARE

The consolidated earnings per share is Rs. 129.00 as compared to Rs. 98.58 per share last year. Earnings per share of the Company on a stand-alone basis is Rs. 95.40 as compared to Rs.76.28 per share last year.

BUSINESS OVERVIEW

During the year under review group has earned net profit after tax of Rs. 2,331 million with an increase of 31% over last year profits of Rs. 1,781 million. Sales of the company has increased by 15.5% over the last year.

Devaluation of Pak Rupee by almost 30% impacted positively on the sales of the company. However, on the other side prices of local and imported raw material, financial and other costs also increased.

The management has endeavored to reduce cost in every area of operations. In spite of all the challenges, consistent efforts by the management of the company have resulted in handsome profits for the benefit of the shareholders of the Company.

Indus Home Limited (Subsidiary) performed well, and there is 14% growth in sale for the year under review. Profit of the year has increased by 72%. Additions to fixed assets of Rs. 950 M has increased the cost of depreciation along with insurance and finance cost. Capex incurred in the year 2019, includes Stitching Hall Extension, Looms, Fabric Dyeing Machines, Printing Machine, Tumbling, Eton, Stitching Machine, Polishing and Shearing machine to replace old and used machinery. Disposal includes Looms and Tumbler Dryer.

With reference to our Company's venture in the renewable energy sector through our subsidiary "Indus Wind Energy Limited", considerable progress has been achieved. To start with from where we left off in our last Annual Report, our Company was successful in concluding agreements with Machinery Suppliers, EPC Contractors and Financial Institutions. Moreover, the project company had applied for Cost-Plus Tariff which had been awarded by NEPRA. Presently, the company is engaged in its effort to do the financial close of project with the funders and government, and will soon embark on the construction of project in the third quarter of the new fiscal year. Considering that everything goes as per projections, Indus Wind Energy Project by Grace of Almighty will commence the operations by the end of second quarter of the fiscal year 2020 which will contribute immensely to potential benefits and value to all stakeholders.

FUTURE OUTLOOK

The future outlook for the textile industry is challenging as the USA/China Trade war could impact our businesses. Slowdown in world economic growth, ever increasing costs and government policies toward textile exporters would be another factor that could affect the business of the company. Increase in interest rates and utility prices would negatively affect the business of the company. Although the devaluation brought some benefits for exporters, but on the other side it diluted the benefits due to increase in prices of raw material and other inputs.

Cotton price in Pakistan is too high when compared to regional cotton producers like India owing to the fact that Pakistan lags behind in cotton producing targets each year. Pakistan needs 15 Million Bales of Cotton for Textile consumption whereas it produces only 10 to 11 Million Bales on average. Special attention towards increasing the crop size and quality is required.

As the inflation hit the economy negatively thereby increasing the overall costs of doing business. The policies of government kept on changing which created lot of uncertainties in the business community. The textile sector looks for consistent policies to build confidence among the manufacturers for enhancement of their capacities and BMR. In spite of these challenges on the horizon and ever-increasing competition, the management of the company is committed to achieve better results in the future.

CORPORATE SOCIAL RESPONSIBILITY

The management work towards empowering people by helping them develop the skills they need to succeed in a global economy. The company equips communities with information, technology and the capacity to achieve improved health, education and livelihood outcomes.

Key to this approach are employees of the company who generously give of their time, experience and talent to serve communities; company encourages and facilitate them to do so.

POST BALANCE SHEET EVENTS

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

RELATED PARTY TRANSACTION

The company has presented all related party transactions before the audit committee and the Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details of all related part transactions have been provided in Note 39 of the annexed financial statements for the year ended June 30, 2019.

CORPORATE GOVERNANCE, FINANCIAL REPORTING AND INTERANAL CONTROL SYSTEM

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

We are pleased to report that:

- The financial statements, prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored. Emphasis is being done on control procedures to ensure that the policies of the company are adhered with and in case of any anomaly, rectification is done timely.
- The board is satisfied that the company is a going concern, Auditors have emphasized the matter of going concern in their report however these financial statements have been prepared on going concern assumption for reasons more fully disclosed in the financial statements.
- Key operating and financial data for the last six year is annexed.
- There are no statuary payments on account of taxes, duties, levies and charge which are outstanding as on June 30th 2019 except for those disclosed in financial statements.

COMPOSITION OF BOARD

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2017 applicable on listed entities which is given below:

Total number of Directors	
a. Male	11
b. Female	00
Composition	
I. Independent Director	02
II. Executive Director	02
III. Non -Executive Director	07

The names of the directors as at June 30, 2019 are as follows:

1)	Mr. Naveed Ahmed	Chairman
2)	Mr. Shahzad Ahmed	Chief Executive
3)	Mr. Imran Ahmed	Director
4)	Mian Riaz Ahmed	Director
5)	Mr. Irfan Ahmed	Director
6)	Mr. Kashif Riaz	Director
7)	Mr. Shahwaiz Ahmed	Director
8)	Mr. Danish Naveed	Director
9)	Mr. Shafqat Masood	Director
10)	Mr. Sheikh Nishat Ahmed	Director
11)	Mr. Farooq Hassan	Director

BOARD OF DIRECTORS

The Board of Directors of the company is predominantly independent which ensures transparency and good corporate governance. Board members are competent and proficient leaders having immense experiencein various sectors of business world. The board comprises of Chairman, two independent Director, seven non-executive Directors and two executive Directors (including the Chief Executive Officer). The non-executive Directors bring to the company their vast experience of business, governance and law, contributing valuable input and ensuring the company's operations at a high standard of the principles of legal and corporate compliance.

During the year under review, the trading in shares of the Company by the CEO, Directors, Spouses and Minor as follows:

	Purchase of Shares
1. Mr. Danish Naveed	100

Board of Directors meetings and their attendance during the year 2018-2019:

Name of Directors	Eligibility	Attended
Mian Mohammad Ahmed (Ex-Chairman)	4	4
Mian Shahzad Ahmed (Chief Executive)	4	4
Mr. Riaz Ahmed	4	4
Mr. Naveed Ahmed (Appointed as Chairman 11/06/2019)	4	4
Mian Imran Ahmed	4	3
Mr. Kashif Riaz	4	4
Mr. Irfan Ahmed	4	4
Mr. Shahwaiz Ahmed	4	4
Mr. Shafqat Masood	4	4
Mr. Sheikh Nishat Ahmed	4	4
Mr. Farooq Hassan (Nominee NIT)	4	4
Mr. Danish Naveed (Appointed 28-Jun-2019	-	-

HUMAN RESOURCE AND REMENURATION COMMITTEE

Committee constitutes of:

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

Two (2) Meeting were held during the financial year from July 2018 to June 2019. All three members were present in the meeting.

AUDIT COMMITTEE

The Board of Directors constituted a fully functional Audit Committee comprising three members: one is Independent Director and two are non-executive Director. The term of reference of the committee, inter alia, consists of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measures to safeguard the Company's assets.

AUDIT COMMITTEE MEETINGS

Five (5) meetings were held during the period from July 2018 to June 2019. All of the members are non-executive Directors including the Chairman.

Committee constitutes of and status of attendance during the year by:

		Previous Members Jul 2018 to Feb 2019		New Members Mar 2019 to Jun 2019	
Name of Members		Eligibility	Attended	Eligibility	Attended
Sheikh Nishat Ahmed	(Chairman)	4	4	1	1
Mr. Irfan Ahmed	(Member)	4	4	-	-
Mr. Kashif Riaz	(Member)	4	4	-	-
Mr. Shafqat Masood	(Member)	-	-	1	1
Mr. Shahwaiz Ahmed	(Member)	-	-	1	1

The Board has a formal remuneration policy for its Directors (Executive/Non-Executive) duly approved by the Board of Directors. The policy has been designed as a component of HR strategy and both are required to support business strategy. The Board believes that the policy is appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the company as well as to create congruence between Directors, executives and shareholders.

APPOINTMENT OF AUDITORS

Messer's Deloitte Yousaf Adil, Chartered Accountant, (Deloitte) member firm of Deloitte Touché Tohmatsu Limited, a reputable Chartered Accountants Firm completed its tenure of appointment with the company and being eligible has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the board, has proposed Deloitte for reappointment as auditors of the company for the ensuring year.

INTERNAL AUDIT FUNCTION

The board have set up efficient and energetic internal control system with operational, financial and compliance controls to carry on the business of the company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken on the basis of recommendations contained in the internal audit reports.

SHAREHOLDING PATTERN

The shareholding pattern as at June 30th, 2019 is annexed.

WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company http://www.indus-group.com for information of the shareholders and others.

ACKNOWLEDGEMENT

We acknowledge the contribution of each and every employee of the Company. We would like to express our thanks to our customers for the trust shown in our products and the bankers for continued support to the Company.

We are also grateful to our shareholders for their confidence in our management.

On Behalf of Board of Directors

Shahzad Ahmed	**Imran Ahmed**
Chief Executive Officer	**Director**

Dated: October 07, 2019
Karachi.

Key operating and financial results

	2014	2015	2016	2017	2018	2019
	Rupees in "000"					
Operating data						
Turn over	18,849,796	20,514,847	18,269,007	19,932,316	22,263,855	25,131,061
Less : commission	(233,064)	(229,804)	(165,230)	(175,252)	(173,428)	(204,775)
Sales (net)	18,616,732	20,285,043	18,103,777	19,757,064	22,090,427	24,926,286
Gross profit	2,052,994	1,604,924	1,128,954	1,723,694	2,334,642	2,701,831
Profit before tax	1,059,747	423,937	268,893	962,934	1,561,596	2,047,663
Profit after tax	1,187,803	276,346	91,871	685,835	1,378,581	1,724,254
Financial data						
Gross assets	16,124,298	15,667,103	16,782,496	17,229,879	19,691,466	22,716,984
Return on equity	12.74%	2.96%	0.98%	6.91%	12.45%	13.79%
Current assets	6,343,867	5,637,231	6,599,848	7,256,217	9,666,805	12,289,316
Shareholders equity	9,325,254	9,330,865	9,418,035	9,923,532	11,070,683	12,503,105
Long term debts and deferred liabilitie:	1,995,294	1,401,166	1,478,333	1,401,927	1,703,529	2,315,636
Current liabilities	4,803,750	4,935,072	5,886,128	5,904,420	6,917,254	7,898,243
Key ratios						
Gross profit ratio	11.03%	7.91%	6.24%	8.72%	10.57%	10.84%
Net profit	6.38%	1.36%	0.51%	3.47%	6.24%	6.92%
Debt / equity ratio	18 : 82	13 : 87	14 : 86	12 : 88	13 : 87	16 : 84
Current ratio	1.32	1.14	1.12	1.23	1.40	1.56
Earning per share (basic and diluted)	65.72	15.29	5.08	37.95	76.28	95.40
Dividend (percentage)						
- Cash	150% Int	150% Int	50% Final	180% Final	160% Final	-
- Stock	-					
- Specie dividend	-	-	-	-	-	-
Statistics						
Production (tons)	50,785	51,565	52,684	51,886	50,292	52,690

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF INDUS DYEING & MANUFACTURING CO. LIMITED
June 30, 2019

No. of Share holders	Shareholding From	Shareholding To	Total Shares Held	Percentage of Total Capital
1,042	1	100	25,718	0.14
122	101	500	26,144	0.14
14	501	1,000	9,404	0.05
19	1,001	5,000	38,733	0.21
1	5,001	15,000	11,227	0.06
5	15,001	50,000	151,179	0.84
2	50,001	100,000	179,500	0.99
4	100,001	500,000	1,362,795	7.54
3	500,001	800,000	1,871,378	10.35
2	1,200,001	1,500,000	2,749,939	15.22
3	1,500,001	2,200,000	6,273,543	34.71
1	2,880,001	5,352,700	5,374,172	29.73
1,218			**18,073,732**	**100.00**

Categories of shareholding

Share holders	No. of Share Holders	Shares Held	Percentage
Individuals	1,189	285,831	1.58
Joint Stock Companies	8	2,603	0.01
Financial Institutions	3	763,774	4.23
Insurance Companies	1	446,605	2.47
Mutual Fund	1	525,295	2.91
Directors, CEO their Spouses & Minor Children	16	16,049,624	88.80
	1,218	**18,073,732**	**100**

INDIVIDUALS	**1,189**		**285,831**
JOINT STOCK COMPANIES	**8**		
N.H Capital Fund Limited		10	
Kamal Factory (Pvt) Ltd		1,400	
S.H. Bukhari Securities (Pvt) Ltd		525	
United Securities (Pvt) Ltd		17	
Black Stone Equities (Pvt) Ltd		106	
M/s Azeem Services (Pvt) Ltd		198	
Habib & Sons Limited		85	
M/s First Capital Equities Ltd		262	
			2,603
FINANCIAL INSTITUTIONS	**3**		
National Bank of Pakistan		267,657	
National Investment Trust		11,227	
United Bank Limited Trading Port Folio		484,890	
			763,774
INSURANCE COMPANIES	**1**		
State Life Insurance Corp. of Pakistan		446,605	**446,605**

MUTUAL FUND	**1**		
CDC-Trustee National Investment (UNIT) Trust		525,295	**525,295**
DIRECTORS AND THEIR SPOUSES	**16**		
Mian Mohammad Ahmed		1,400,149	
Mian Riaz Ahmed		1	
Mr. Shahzad Ahmed		1,349,790	
Mr. Naveed Ahmed		2,144,358	
Mr. Kashif Riaz		5,374,172	
Mr. Imran Ahmed		1,981,959	
Mr. Irfan Ahmed		2,147,226	
Mr. Shafqat Masood		40,585	
Mr. Shahwaiz Ahmed		1,092	
Mr. Danish Naveed		100	
Mr. Sheikh Nishat Ahmed		100	
Mrs. Salma Jabeen		95,620	
Mrs. Lozina Shahzad		796,616	
Mrs. Shazia Naveed		3,139	
Mrs. Fadia Kashif		549,467	
Mrs. Tahia Imran		165,250	
			16,049,624
			18,073,732

Share holders holding 10% or more voting interest in the company as at June 30, 2019

Name	Holding	Percentage
Mr. Kashif Riaz	5,374,172	29.73
Mr.Imran Ahmed	1,981,959	10.97
Mr. Naveed Ahmed	2,144,358	11.86
Mr. Irfan Ahmed	2,147,226	11.88

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 2018-2019

Name	Purchase	Sold
Mr. Danish Naveed	100	Nil

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2017
Indus Dyeing and Manufacturing Company Limited
For the year ended June 30, 2019

The Company has complied with the requirements of the Regulations in the following manner:

1. The total number of director are 11 as per the following;

    a) Male 11
    b) Female -

2. The composition of Board is as followed;

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

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

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. 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.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. 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. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The Board of directors have a formal policy and transparent procedures for the remuneration of the directors in accordance with the Act and these Regulations.

9. There was one casual vacancy occurred in the Board during the year.

10. Majority of the directors of the company are exempt from the requirement of the directors training programor has obtained the certificate, except for one director appointed during the year who will obtain certificate in due course. The board is in the process to obtain exemption from the Commission for all directors exempt on the basis of qualification and experience criteria.

11. The board has approved appointment of CFO, Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employmentand complied with relevant requirements of the Regulations.

12. CFO and CEO duly endorsed the financial statements before approval of the board.

13. The board has formed committees comprising of the members given below:
    a) Audit Committee

Chairman	Mr. Sheikh Nishat Ahmed
Members	Mr. Shahwaiz Ahmed Mr. Shafqat Masood

    b) HR and Remuneration Committee

Chairman	Mr. Sheikh Nishat Ahmed
Member	Mr. Shahwaiz Ahmed Mr. Irfan Ahmed

14. The terms of the reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

15. The frequency of the meeting of the committee were as per following:

    a) Audit Committee 5 meetings including 4 Quarterly meetings
    b) HR and Remuneration Committee 2meetings in a year

16. The board has set up an effective internal audit function. The staff of Internal Audit Function is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

17. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

18. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regards.

19. We confirm that all other requirements of the Regulations have been complied with except that no female director has been appointed by the board of directors as per the required regulations.

On behalf of the Board of Directors

Mr. Naveed Ahmad

Karachi: October 07, 2019

Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 62nd Annual General Meeting of Indus Dyeing & Manufacturing. Co. Limited. will be held at **Indus Dyeing & Manufacturing Company. Limited.** Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Monday, October 28, 2019 at 03:30 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the Annual General Meeting held on October 27, 2018.

2. To receive, consider, approve and adopt the audited consolidated and un consolidated financial statements of the Company for the financial year ended June 30, 2019, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report;

3. To appoint the Statutory Auditors for the year ending June 30, 2020 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Deloittee Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;

4. To approve the interim cash dividend already paid @250% as final cash divined for the year ended June 30, 2019.

SPECIAL BUSINESS:

5. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2019 by passing the following resolution with or without modification:

   "RESOLVED THAT all related parties transactions carried out by the Company as disclosed in Note No 38 of the Financial Statements of the Company for the year ended June 30, 2019 be and are hereby noted, ratified and approved."

6. To approve potential transactions with related parties intended to be carried out in the financial year 2019-2020 and to authorize the Board of directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

   The resolutions to be passed in this respect (with or without modification) as special resolutions are as under:

   "RESOLVED THAT in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2019-20.

   "RESOLVED FURTHER THAT the Board of directors of the Company may, at its discretion, approves specific related party/parties transaction(s) from time to time, irrespective of the composition of the Board, and in accordance with the provisions of related laws/regulations and Company's policy pertaining to related parties transactions till the next Annual General Meeting.

   RESOLVED FURTHER THAT all such transactions, as approved by the Board of Directors, shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval."

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

By Order of the Board

Karachi
Date; October 07, 2019

Ahmed Faheem Niazi
S/d

Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2019 to October 28, 2019 (both days inclusive) and the Final Cash Dividend will be paid to the Members whose name appear in the Register of Members. Transfers received in order at the Office of Company's Share Registrar M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra-e-Iraq, Saddar Karachi. ('Registrar') at the close of business on October 19, 2019 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2019 will be available at the website of the Company www.indus-group.com twenty-one days before the date of meeting.

   Further, as per approval obtained from members in Annual General Meeting of the Company held on October 31, 2016 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO 470(I)/2016 dated May 31, 2016 of Securities and Exchange Commission of Pakistan (SECP); Annual Audited Accounts of the Company for the year ended June 30, 2019 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company www.indus-group.com

3. Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website www.indus-group.com

4. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra-e-Iraq, Saddar Karachi.

6. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.

7. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.

ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. FOR APPOINTING PROXIES:

i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.

ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.

iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.

v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

8. Members are requested to notify Change in their addresses, if any; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted.

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

Pursuant to the provisions of the Finance Act 2019 effective July 1, 2019, the rates of deduction of income tax from dividend payments under the income Tax Ordinance, have been revised as follows:

(a)	Rate of tax deduction for filer of income tax returns	15%
(b)	Rate of deduction for non-filer of income tax returns	30%

The income tax is deducted from the payment of dividend according to Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 30%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non Filer' status of Principal Shareholder as well as Joint-holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard, all shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint-holders in respect of shares held by them to our Shares Registrar, in writing. The joint accounts information must reach to our Shares Registrar within 10 days of this notice. In case of non-receipt of the information, it will be assumed that the shares are equally held by Principal Shareholder and the Joint-holder(s).

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

10 **Dividend Mandate and Payment of Cash Dividend through Electronic Mode**

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their IBAN bank account details to the Company are requested to provide the same on the Dividend Mandate Form available on Company website at www.indus-group.com.

Non CDC shareholders are requested to send valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity) to the Registrar of the Company. Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

CDC shareholders who have also not provided their IBAN bank account details are also requested to provide the same to their Participants in CDC and ensure that their IBAN bank account details are updated. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

11. **Video Conference Facility**

Members may avail video conference facility for this Annual General Meeting other than Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at respective city.

The Company will intimate respective members regarding venue of the video-link facility before the date of Meeting along with complete information necessary to enable them to access the facility.

"I/we _____________ of _________ being member(s) of Indus Dyeing & Manufacturing Company. Limited, holder of _________ Ordinary Share(s) as per Registered Folio No./CDC Account No. ________ hereby opt for video conference facility at __________i in respect of 61st Annual General Meeting of the Company.

____

Signature of Member"

12 For any query/problem/information, Members may contact the Company at email l____________________ and/or the Share Registrar of the Company at above mentioned address and at (+92 21) ________________, email ____________________ ,

Statement under Section 134 (3) of the Companies Act, 2017

This statement sets out the material facts concerning the special business to be transacted at the 62nd Annual General Meeting of the Company to be held at **Indus Dyeing & Manufacturing Company Limited.** Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi

Explanation on Agenda Item No. 5 & 6

The related parties transactions carried out in normal course of business with associated companies and related parties were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Rule 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to Section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting as a special resolution in terms of section 208 of the said Act.

The transactions with related parties carried out during the fiscal year 2018-2019 to be ratified as disclosed in Note No 38 of the Financial Statements of the Company for the year ended June 30, 2019

Since related party transactions are an ongoing process and a restriction to carry out business with related parties merely due to absence of valid quorum would adversely affect the business of the Company. Therefore shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 of which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Further; it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party (ies) with which the transaction(s) shall be carried out. In view of the same and In order to ensure smooth supply during the year, the Company seeks the broad approval of the shareholders that the Board may cause the Company to enter into transactions with related party / parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2019-20.

All such transactions will be clearly stipulated at the end of the next financial year in the company's Annual Report. In addition to this all such transactions shall also be placed before the shareholders in the next General Meeting for their approval/ ratification.

The Directors are interested in these resolutions to be extent of their common directorship and shareholding in the associated companies.

INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF INDUS DYEING & MANUFACTURING COMPANY LIMITED

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2017

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Indus Dyeing & Manufacturing Company Limited** (the Company) for the year ended June 30, 2019 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. 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 Regulations.

As a 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 of Directors' 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 Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where this is stated in the Statement of Compliance:

Sr #	Paragraph reference	Description
1	7	No female director has been appointed by the board of directors as per the required regulations.

Chartered Accountants

Place: Karachi
Date: October 07, 2019

Independent auditor's report to the members of

Indus Dyeing & Manufacturing Company Limited

Report on the audit of the unconsolidated financial statements

Opinion

We have audited the annexed unconsolidated financial statements of **Indus Dyeing & Manufacturing Company Limited** (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2019, and the unconsolidated statement of profit and loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit and loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2019 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code)and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the current period. These matters were addressed in the context of our audit of the unconsolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

<table>
<tr><th>Key audit matter</th><th>How our audit addressed the key audit matter</th></tr>
<tr><td colspan="2">1. Revenue recognition</td></tr>
<tr><td>The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in notes 4.15, and the related amounts of revenue recognized during the year are disclosed in note 26 to the unconsolidated financial statements.

The Company generates revenue from sale of goods to domestic and export customers.

Revenue from the local (including indirect exports) and export sales is recognized when control of goods is transferred to the customer.

We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.</td><td>Our audit procedures to assess the recognition of revenue, amongst others, included the following:

• obtained understanding and evaluated design and implementation of controls to ensure that revenue is recognized in the appropriate accounting period and based on transfer of control of goods to the customers;

• assessed appropriateness of the Company’s accounting policies for revenue recognition in light of applicable accounting and reporting standards;

• checked on a sample basis whether the recorded local and export sales transactions were based on actual transfer of control of goods to the customer; and

• tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents.</td></tr>
<tr><td colspan="2">2. Valuation of stock in trade</td></tr>
<tr><td>Stock-in-trade has been valued following an accounting policy as stated in note 4.9 and the related value of stock-in-trade is disclosed in note 18 to the unconsolidated financial statements. Stock-in-trade forms material part of the Company’s assets comprising of around 28% of total assets.

The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.

Due to the above factors, we have considered</td><td>Our audit procedures to address the valuation of stock-in-trade, included the following:

• obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade;

• tested on a sample basis purchases with underlying supporting documents;

• verified the weighted average calculations of raw material stock as per accounting policy;

• verified the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process;

• obtained an understanding of management’s process for determining the net realizable</td></tr>
</table>

Key audit matter	How our audit addressed the key audit matter
the valuation of stock in trade as key audit matter.	value and checked: • future selling prices by performing a review of sales close to and subsequent to the year-end; and • determination of cost necessary to make the sales; and • checked the calculations of net realizable value of itemized list of stock-in-trade, on selected sample and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

Information other than the unconsolidated financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

Our opinion on the unconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the unconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the unconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. When we read the annual report, if we conclude that there is a material misstatement of therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under law. We have nothing to report in this regard.

Responsibilities of management and board of directors for the unconsolidated financial statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the unconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the unconsolidated financial statements

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these unconsolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the unconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the unconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the unconsolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the unconsolidated statement of financial position, the unconsolidated statement of profit and loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated cash flow statement together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Naresh Kumar.

Chartered Accountants

Date: October 07, 2019

Place: Karachi

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement of Financial Position
As at June 30, 2019

	Note	2019	2018		Note	2019	2018
		Rupees in '000				Rupees in '000	
Equity and liabilities				**Assets**			
Share capital and reserves				**Non-current assets**			
Authorized share capital 45,000,000 ordinary shares of Rs. 10 each		**450,000**	450,000	Property, plant and equipment	13	**6,677,739**	6,310,579
Issued, subscribed and paid up capital	5	**180,737**	180,737	Intangibles	14	**14,524**	19,592
Reserves	6	**7,000,000**	7,000,000	Long-term investments	15	**3,729,680**	3,689,680
Unappropriated profits		**5,322,368**	3,889,946	Long-term deposits	16	**5,725**	4,810
		12,503,105	11,070,683			**10,427,668**	10,024,661
Non-current liabilities				**Current assets**			
Long-term financing	7	**1,853,861**	1,330,522	Stores, spares and loose tools	17	**314,889**	265,723
Deferred liabilities	8	**461,775**	373,007	Stock-in-trade	18	**6,384,163**	4,716,028
		2,315,636	1,703,529	Trade debts	19	**4,480,116**	3,533,973
Current liabilities				Loans and advances	20	**177,485**	165,097
Trade and other payables	9	**2,387,171**	1,920,207	Trade deposits and short-term prepayments	21	**7,727**	1,649
Unclaimed dividends		**11,744**	11,080	Other receivables	22	**39,313**	63,547
Interest / mark-up payable	10	**116,605**	44,631	Other financial assets	23	**143,717**	315,213
Short-term borrowings	11	**5,140,499**	4,594,774	Tax refundable	24	**566,396**	489,286
Current portion long term financing	7	**242,224**	346,562	Cash and bank balances	25	**175,510**	116,289
		7,898,243	6,917,254			**12,289,316**	9,666,805
Contingencies and commitments	12						
		22,716,984	19,691,466			**22,716,984**	19,691,466

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

Chief Financial Officer | **Chief Executive Officer** | **Director**

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement of Profit and Loss
For the year ended June 30, 2019

	Note	2019	2018
		Rupees in '000	
Revenue from contract with customers - net	26	**24,926,286**	22,090,427
Cost of goods sold	27	**(22,224,455)**	(19,755,785)
Gross profit		**2,701,831**	2,334,642
Other income	28	**643,734**	286,630
Distribution cost	29	**(324,690)**	(324,886)
Administrative expenses	30	**(305,661)**	(249,080)
Other operating expenses	31	**(234,338)**	(219,655)
Finance cost	32	**(433,213)**	(266,055)
		(1,297,902)	(1,059,676)
Profit before tax		**2,047,663**	1,561,596
Taxation	33	**(323,409)**	(183,015)
Profit for the year		**1,724,254**	1,378,581
		------------ Rupees ------------	
Earnings per share - basic and diluted	34	**95.40**	76.28

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

Chief Financial Officer **Chief Executive Officer** **Director**

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement of Comprehensive Income
For the year ended June 30, 2019

	Note	2019	2018
		Rupees in '000	
Profit for the year		**1,724,254**	1,378,581
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	8.1	**(3,151)**	4,329
Less: tax thereon		**498**	(801)
Total other comprehensive income for the year		**(2,653)**	3,528
		(2,653)	3,528
Total comprehensive income for the year		**1,721,601**	1,382,109

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

Chief Financial Officer	**Chief Executive Officer**	**Director**

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement Of Changes in Equity
For the year ended June 30, 2019

	Issued, subscribed and paid up capital	Reserves - Capital - Share premium	Reserves - Capital - Merger reserve	Reserves - Revenue - General reserve	Reserves - Revenue - Unappropriated profits	Total
	------ Rupees in '000' ------					
Balance at June 30, 2017	180,737	10,920	11,512	6,977,568	2,742,795	9,923,532
Comprehensive income for the year ended June 30, 2018						
Profit for the year	-	-	-	-	1,378,581	1,378,581
Other comprehensive income for the year net of tax	-	-	-	-	3,528	3,528
Total comprehensive income for the year	-	-	-	-	1,382,109	1,382,109
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended June 30, 2018 @ Rs. 13 per share	-	-	-	-	(234,958)	(234,958)
Balance at June 30, 2018	**180,737**	**10,920**	**11,512**	**6,977,568**	**3,889,946**	**11,070,683**
Comprehensive income for the year ended June 30, 2019						
Profit for the year	-	-	-	-	1,724,254	1,724,254
Other comprehensive income for the year - net of tax	-	-	-	-	(2,653)	(2,653)
Total comprehensive income for the year	-	-	-	-	1,721,601	1,721,601
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended June 30, 2018 @ Rs. 16 per share	-	-	-	-	(289,179)	(289,179)
Balance at June 30, 2019	**180,737**	**10,920**	**11,512**	**6,977,568**	**5,322,368**	**12,503,105**

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

Chief Financial Officer **Chief Executive Officer** **Director**

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Cash Flow Statement
For the year ended June 30, 2019

		Note	2019	2018
			Rupees in '000	
A.	**Cash flows from operating activities**			
	Cash generated from operations	35	**1,439,222**	1,254,840
	Taxes paid - net		**(294,192)**	(213,364)
	Finance cost paid		**(361,239)**	(262,860)
	Gratuity paid	8.1	**(48,222)**	(44,901)
	Net cash generated from / (used in) from operating activities		**735,569**	733,715
B.	**Cash flows from investing activities**			
	Payment for purchase of property, plant and equipment		**(1,015,754)**	(739,176)
	Proceeds from disposal of property, plant and equipment		**47,405**	31,697
	Purchase of investments in other financial assets		**(1,269)**	(464,088)
	Proceeds from redemption of investments in other financial assets		**157,523**	695,979
	Dividends received		**4,426**	5,521
	Net cash used in investing activities		**(807,669)**	(470,067)
C.	**Cash flows from financing activities**			
	Receipts from long-term finance	7.1	**765,562**	620,095
	Repayment of long-term finance	7.1	**(346,562)**	(420,549)
	Dividends paid		**(288,515)**	(230,204)
	Net cash generated from / (used in) financing activities		**130,485**	(30,658)
	Net decrease in cash and cash equivalents (A+B+C)		**58,385**	232,990
	Cash and cash equivalents at beginning of the year		**(3,428,086)**	(3,661,076)
	Cash and cash equivalents at end of the year	36	**(3,369,701)**	(3,428,086)

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

Chief Financial Officer **Chief Executive Officer** **Director**

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 repealed 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. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 has been followed.

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.

The Company also prepares consolidated financial statements in accordance with IFRS 10 - Consolidated Financial Statements.

2.3 New amendments that are effective for the year ended June 30, 2019

The following amendments are effective for the year ended June 30, 2019. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018

Amendments	Effective date (accounting periods beginning on or after)
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 15 'Revenue from contracts with customer' - This standard superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

2.3.1 Changes in accounting policies due to the applicability of certain international financial reporting standards (IFRS)

IFRS 15 Revenue from contracts with customers

The Company has adopted IFRS 15 from 01 July 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer.

The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results.

Impact of adoption of IFRS 15 on these unconsolidated financial statements:

The Company has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Company because there is mostly one performance obligation and revenue is recognized at a point of time except of the terminologies that are to be used in accordance with IFRS 15 as mentioned below and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

The effect of adopting IFRS 15 is only to the extent of change in terminologies as in accordance with IFRS 15 " Contract Liabilities" is used for " Advances from Customers" and "Revenue from contract with customers" is used for Sales

Certain annual improvements have also been made to a number of IFRSs, which do not have a significant effect on the financial reporting of the Company and therefore have not been discussed here.

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

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

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty	January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards	January 01, 2020

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

'Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 14 'Regulatory Deferral Accounts'
- IFRS 17 'Insurance Contracts'

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of unconsolidated financial statements in conformity with the accounting and reporting 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 33)
- Provision for gratuity (note 4.2 and 8.1)
- Depreciation rates of property, plant and equipment (note 13.1)
- Classification and impairment of investment (note 4.7, 15 and 23)
- Net realizable value of stock-in-trade (note 4.9 and 18)
- Provision for impairment of trade debts and other receivables (note 4.10, 19 and 22)
- Useful lives of intangibles (note 4.6, and 14)

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Taxation

Current

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

Deferred

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

Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that 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. 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 Employee benefits

Defined benefit plan

The Company operates an unfunded gratuity scheme covering all its employees who have completed minimum qualifying period. Provisions are determined based on the actuarial valuation conducted by a qualified actuary using Projected Unit Credit Method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the employees in accordance with the actuarial valuation. Past-service costs are recognized immediately in profit and loss account and actuarial gains and losses are recognized immediately in other comprehensive income.

Compensated absences

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

4.3 Trade and other payables

These are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

4.4 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of profit or loss over the period of borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

4.5 Property, plant and equipment

4.5.1 Owned

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

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

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

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

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

4.5.2 Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less accumulated impairment, if any. 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.

4.6 Intangible assets

Intangible assets of the Company are stated at cost less accumulated amortisation and impairment loss if any. Amortisation is charged to profit and loss account using the reducing balance method at the rates given in note 14.1. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

4.7 Impairment of 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss account.

4.8 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.

4.9 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.

4.10 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Company always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency are adjusted from their respective carrying amounts.

4.11 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 or common directorship.

Subsidiary is an entity which is controlled by the Company when it is exposed, or has rights, to variable returns from its involvement with the such entity and has the ability to affect those returns through its power over the investee entity.

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.

4.12 Borrowing costs

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

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

4.13 Foreign currency transactions and translation

These unconsolidated financial statements are presented in Pakistani 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. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

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

4.14 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.

4.15 Revenue recognition

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

Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e control of goods is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled to in exchange for those goods. The control is transferred with the dispatch of goods to the customers for local sales and date of bill of lading for export sales.

Income on bank deposits are recorded on time proportionate basis using effective interest rate.

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

Gain from sale of securities is recognised in the period when these are sold.

4.16 Offsetting of financial assets and financial liabilities

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

4.17 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash, balances with banks on current and deposit accounts and short term borrowings excluding loans from directors and their spouses.

4.18 Dividend distribution

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

4.20 Earnings per share

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

4.21 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Company considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Company considers itself to be a single reportable segment; however, certain information about the Company's products, as required by the accounting and reporting standards as applicable in Pakistan, is presented in note 42 to these financial statements.

4.22 Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2014. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Company. Accordingly, the Company has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

1) The classification and measurement of financial assets and financial liabilities,

2) Impairment of financial assets, and

3) General hedge accounting.

Details of these new requirements as well as their impact on the Company's financial statements are described below except the General Hedge Accounting which the Company does not apply. The Company has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

4.22.1 Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost ("AC"),
- Fair value through other comprehensive income ("FVTOCI") and
- Fair value through profit or loss ("FVTPL").

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

1) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Recognition

The Company recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

All purchases and sales of investments are recognized using settlement date accounting. Trade date is the date when the investments are delivered to or by the Company.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Classification and measurement of financial liabilities

With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

> The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.
>
> Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

For financial assets measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Company is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Company expects to receive).

Impact of the new impairment model

The Company recognises a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Company always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets, majority of the assets of the Company exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
			------------Rs in 000'	------------	
Financial Assets					
Long term deposits	LR	AC	4,810	4,810	-
Trade debts	LR	AC	3,533,973	3,533,973	-
Trade deposits	LR	AC	1,577	1,577	-
Loans to employees	LR	AC	30,179	30,179	-
Other receivables	LR	AC	63,547	63,547	-
Cash and bank balances	LR	AC	116,289	116,289	-
Other financial assets	HFT	FVTPL	315,213	315,213	-
Financial Liabilities					
Long term finance including curre	OFL	AC	1,677,084	1,677,084	-
Trade and other payables	OFL	AC	1,920,207	1,920,207	-
Unclaimed dividend	OFL	AC	11,080	11,080	-
Interest / mark-up accrued on bo	OFL	AC	44,361	44,361	-
Short term borrowings	OFL	AC	4,594,774	4,594,774	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "FVTPL" is fair value through profit or loss
- "OFL" is other financial liabilities

4.22.2 Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

The fair value of units of mutual fund is based on their prices quoted on the Mutual Fund Association of Pakistan (MUFAP) at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

Basis of valuation of government bonds:

The fair value of bonds is based on its cost as their prices are yet to be quoted in any active market at the reporting date.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through other comprehensive income are taken to the other comprehensive income.

4.22.3 Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the entity has transferred substantially all risks and rewards of ownership.

4.23 Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

4.23.1 Financial instruments

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

4.23.2 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.

4.23.3 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 4.6.1. Balances considered bad and irrecoverable are written off when identified.

4.23.4 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.

4.23.5 Regular way purchase or sale of investments

All purchases and sales of investments are recognized using settlement date accounting. Trade date is the date when the investments are delivered to or by the Company.

4.23.6 Impairment

Financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred ‘loss event’) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2019	2018			2019	2018
Number of shares			Note	Rupees in '000	
		Ordinary shares of Rs.10/- each			
9,637,116	9,637,116	fully paid in cash		**96,371**	96,371
		Other than cash			
5,282,097	5,282,097	Issued to the shareholders of YTML	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.

6. RESERVES

	Note	2019	2018
		Rupees in '000	
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	**6,977,568**	6,977,568
		7,000,000	7,000,000

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

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

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

7. LONG-TERM FINANCING

	Note	2019	2018
		Rupees in '000	
Secured			
From banking companies	7.1, 7.2 & 7.3	**2,096,085**	1,677,084
Less: Payable within one year		**(242,224)**	(346,562)
		1,853,861	1,330,522

7.1 Details and movement are as follows:

Name of banks	As at July 01, 2018	Acquired during the year	Repaid during the year	As at June 30, 2019
	------ Rupees in '000 ------			
Allied Bank Limited	134,438	765,562	-	900,000
Askari Bank Limited	142,448	-	29,958	112,490
Bank Al Falah Limited	10,000	-	10,000	-
Bank Al-Habib Limited	125,500	-	81,410	44,090
Habib Bank Limited	466,928	-	86,915	380,013
MCB Bank Limited	378,922	-	21,050	357,872
Meezan Bank Limited	32,594	-	32,594	-
Soneri Bank Limited	10,000		10,000	-
United Bank Limited	376,255		74,635	301,620
Grand Total	**1,677,085**	**765,562**	**346,562**	**2,096,085**

7.2 Particulars of long-term financing

Type and nature of loan	2019 Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Term finances	**176,085**	**3 month KIBOR + 0.5% to 0.75%**	**Quarterly**
Long term finance facility (LTFF)	**1,920,000**	**2.50% to 7.0%**	**Quarterly and half yearly**
	2,096,085		

Type and nature of loan	2018 Amount outstanding	Mark up rate per annum	Terms of Repayments
	Rupees in '000		
Term finances	284,875	3 month KIBOR + 0.5% to 0.75%	Quarterly
Long term finance facility (LTFF)	1,392,210	2.50% to 7.0%	Quarterly and half yearly
	1,677,085		

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

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

8. DEFERRED LIABILITIES	Note	2019	2018
		Rupees in '000	
Provision for gratuity	8.1	**266,814**	230,814
Deferred taxation	8.2	**194,961**	142,193
		461,775	373,007

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, 2019 using Projected Unit Credit Method. Details of assumptions used and the amounts recognized in these financial statements are as follows :

Significant actuarial assumptions	2019	2018
Discount rate	**12.50%**	**9.00%**
Expected rate of increase in salary level	**12.00%**	**8.50%**
Weighted average duration of defined benefit obligation	**7 years**	**7 years**

The expected maturity analysis of undiscounted retirement benefit obligation is:

	Undiscounted payments ------------Rs. '000------------
Year 1	**29,093**
Year 2	**35,117**
Year 3	**42,215**
Year 4	**39,228**
Year 5	**38,470**
Year 6 and above	**184,668**

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.

	2019	2018
	Rupees in '000	
Present value of defined benefit obligation	**266,815**	230,814
Movement in net defined benefit liability		
Balance at the beginning of the year	**230,814**	210,024
Recognized in profit and loss account		
Current service cost	**62,468**	55,483
Interest cost	**18,603**	14,537
	81,071	70,020
Recognized in other comprehensive income		
Actuarial gains - net (refer below)	**3,151**	(4,329)
Benefits paid	**(48,221)**	(44,901)
Balance at the end of the year	**266,815**	230,814

Actuarial gains - net

	2019	2018
Actuarial loss due to change in financial assumption	**-**	13,439
Actuarial loss / (gain) due to experience adjustments	**3,151**	(17,768)
	3,151	(4,329)

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%	248,868	287,437
Salary growth rate	1%	287,341	248,645

The expected gratuity expense for the next year amounted to Rs. 96.913 million. This is the amount by which defined benefit liability is expected to increase.

Risks to which the scheme maintained by the Company is exposed are as follows such as:

Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

The risk that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

8.2 Deferred taxation

	Opening balance	**Recognized in profit and loss account**	**Recognized in statement of comprehensive income**	**Closing balance**
	(Rupees in '000)			
Movement for the year ended June 30, 2019				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	**(42,719)**	**1,147**	**(498)**	**(42,070)**
- impairment on subsidiary	**(11,000)**	**11,000**	**-**	**-**
- provision of stores and spare parts	**(198)**	**40**	**-**	**(158)**
- other financial assets	**(12,382)**	**8,619**	**-**	**(3,763)**
- short term borrowings	**-**	**(10,332)**	**-**	**(10,332)**
Others	**(151,723)**	**58,691**	**-**	**(93,032)**
	(218,022)	**69,165**	**(498)**	**(149,355)**
Taxable temporary differences in respect of:				
- accelerated tax depreciation	**360,384**	**(16,196)**	**-**	**344,188**
- unclaimed amortisation on intangibles	**(169)**	**297**		**128**
	360,215	**(15,899)**	**-**	**344,316**
Deferred tax liability	**142,193**	**53,266**	**(498)**	**194,961**

	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
	(Rupees in '000)			
Movement for the year ended June 30, 2018				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	(37,725)	(5,795)	801	(42,719)
- provision of stores and spare parts	(180)	(18)	-	(198)
- other financial assets	(2,788)	(9,594)	-	(12,382)
- impairment on subsidiary	-	(11,000)	-	(11,000)
Unclaimed amortisation on intangibles	-	(169)	-	(169)
Unutilized minimum tax paid	(179,352)	27,629	-	(151,723)
	(220,045)	1,053	801	(218,191)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	363,912	(3,528)	-	360,384
Deferred tax liability	143,867	(2,475)	801	142,193

As at year end, the net charge of Rs. 52.76 million in the deferred tax liability balance for the year has been recognized as under:

	Note	2019	2018
		Rupees in '000	
Profit and loss account		**53,266**	(2,475)
Other comprehensive income		**(498)**	801
		52,768	(1,674)

9. TRADE AND OTHER PAYABLES

	Note	2019	2018
Creditors	9.1	**207,114**	161,791
Accrued liabilities		**1,679,221**	1,376,227
Infrastructure cess		**362,174**	295,678
Workers' Profits Participation Fund	9.2	**751**	7,487
Contract liabilities		**-**	38,451
Withholding tax payable		**8,358**	8,888
Others		**129,553**	31,685
		2,387,171	1,920,207

9.1 This includes Rs. 20.64 million (2018: Rs. 6.53 million) due to related parties (refer note 38 for details).

9.2 Workers' Profits Participation Fund

	Note	2019	2018
		Rupees in '000	
Balance at beginning of the year		**7,487**	51,107
Allocation for the year		**90,751**	72,487
		98,238	123,594
Payments made during the year		**(97,487)**	(116,107)
Balance at end of the year		**751**	7,487

10. INTEREST / MARK-UP PAYABLE

	2019	2018
On secured loans from banking companies:		
- Long-term financing	**15,807**	12,571
- Short-term borrowings	**100,798**	32,060
	116,605	44,631

11. SHORT-TERM BORROWINGS

	Note	2019	2018
From banking companies - secured			
Running finance / cash finance arrangements	11.1	**3,610,741**	3,544,375
Foreign currency financing against export / import	11.2	**1,529,758**	1,050,399
	11.3	**5,140,499**	4,594,774

11.1 These carry mark-up ranging from 1 week KIBOR + 0.05% to 0.25% and 3 month KIBOR + 0.1% to 1% (2018: 1 week KIBOR + 0.05% and 3 month KIBOR + 0.05% to 1%). These are secured against charge over current assets of the Company with upto 25% margin.

11.2 These carry mark-up ranging from 2.3% to 3.5% (2018: 1.8% to 2.2%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Company.

11.3 The Company has aggregated short-term borrowing facilities amounting to Rs. 9,970 million (2018:Rs. 9,970 million) from various commercial banks.

12. CONTINGENCIES AND COMMITMENTS

12.1 Contingencies

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

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

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

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

In view of aforementioned developments, the Company on prudent basis, recognized provision for GIDC as at June 30, 2019 amounting to Rs. 864.17 million (2018: Rs. 726.06 million) in these financial statements.

		2019	2018
		Rupees in '000	
12.1.3	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
12.1.4	Guarantees issued by banks in favour of custom authorities on behalf of the Company	**3,817**	3,817
12.1.5	Guarantees issued by banks in favor of gas / electric companies	**104,768**	104,768
12.1.6	Bank guarantees against payment of infrastructure cess	**354,542**	296,042
12.2	**Commitments**		
	Letters of credit for raw material and stores and spares	**270,405**	1,098,318
	Letters of credit for property, plant and equipment	**24,622**	203,663
	Sales contracts to be executed	**2,697,132**	2,530,447

12.3 The Company has total unutilised facility limit against letters of credit aggregating to Rs 5.57 billion (2018: Rs. 4.62 billion) as of reporting date.

13. PROPERTY, PLANT AND EQUIPMENT

	Note	2019	2018
		Rupees in '000	
Operating fixed assets	13.1	**6,584,413**	6,295,541
Capital work-in-progress	13.4	**93,326**	15,038
		6,677,739	6,310,579

13.1 **Operating Fixed Assets**

Particulars	Cost at July 01, 2018	Additions / (disposal) during the year	Cost at June 30, 2019	Accumulated depreciation at July 01 2018	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2019	Carrying value at June 30, 2019	Depreciation Rate
	2019							
	< - - - Rupees in '000' - - - >							%
Owned								
Freehold land	14,302	-	14,302	-	-	-	14,302	-
Leasehold land	127,094	-	127,094	-	-	-	127,094	-
Factory buildings	1,356,557	57,887	1,414,444	514,396	42,988	557,384	857,060	5%
Non-factory buildings	177,606	-	177,606	110,486	6,712	117,198	60,408	10%
Office building	130,416	-	98,415	26,540	4,802	22,050	76,365	5%
		(32,001)			(9,292)			
Plant and machinery	9,062,815	710,746	9,719,231	4,645,113	465,676	5,062,827	4,656,404	10%
		(54,330)			(47,962)			
Electric installations	221,611	17,897	239,508	116,690	10,833	127,523	111,985	10%
Power generators	845,847	86,133	911,590	348,530	52,502	383,808	527,782	10%
		(20,390)			(17,224)			
Office equipment	11,359	533	11,892	5,745	576	6,321	5,571	10%
Furniture and fixtures	24,892	2,215	27,107	6,841	1,919	8,760	18,347	10%
Vehicles	225,660	62,056	274,126	128,277	26,523	145,031	129,095	20%
		(13,590)			(9,769)			
June 30, 2019	12,198,159	937,467	13,015,315	5,902,618	612,531	6,430,902	6,584,413	
		(120,311)			(84,247)			

Particulars	Cost at July 01, 2017	Additions / (disposal) during the year	Cost at June 30, 2018	Accumulated depreciation at July 01, 2017	Depreciation/ (adjustment) during the year	Accumulated depreciation at June 30, 2018	Carrying value at June 30, 2018	Depreciation Rate
	2018							
	Rupees in '000'							%
Owned								
Freehold land	14,302	-	14,302	-	-	-	14,302	-
Leasehold land	127,094	-	127,094	-	-	-	127,094	-
Factory buildings	1,314,612	41,945	1,356,557	470,071	44,325	514,396	842,161	5%
Non-factory buildings	177,606	-	177,606	103,028	7,458	110,486	67,120	10%
Office building	110,316	20,100	130,416	21,072	5,468	26,540	103,876	5%
Plant and machinery	8,719,733	505,567 (162,485)	9,062,815	4,304,711	465,037 (124,635)	4,645,113	4,417,702	10%
Electric installations	211,823	9,788	221,611	105,892	10,798	116,690	104,921	10%
Power generators	716,670	138,156 (8,979)	845,847	314,567	41,116 (7,153)	348,530	497,317	10%
Office equipment	11,359	-	11,359	5,122	623	5,745	5,614	10%
Furniture and fixtures	32,164	2,150 (9,422)	24,892	12,074	2,055 (7,288)	6,841	18,051	10%
Vehicles	203,179	33,795 (11,314)	225,660	114,324	21,392 (7,439)	128,277	97,383	20%
June 30, 2018	11,638,858	751,501 (192,200)	12,198,159	5,450,861	598,272 (146,515)	5,902,618	6,295,541	

	Note	2019	2018
		Rupees in '000'	
13.1.1 Allocation of depreciation			
Manufacturing expense	27.2	**579,153**	568,734
Administrative expense	30	**33,379**	29,538
		612,532	598,272

13.2 Disposals of operating fixed assets

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	---------- Rupees in '000' ----------						
Plant and machinery							
Autoconer Schalaforst	10,070	(7,286)	2,784	700	(2,084)	Negotiation	Arif Kabari (Hyderabad)
Ring frame	10,372	(8,776)	1,596	700	(896)	Negotiation	S.S.Q. Traders (Faisalabad)
Autoconer Schalaforst	9,779	(9,013)	766	600	(166)	Negotiation	Khalid Mehmood (Hyderabad)
	30,221	(25,075)	5,146	2,000	(3,146)		
Vehicles							
Toyota Corolla GLI	1,863	(786)	1,076	1,150	74	Negotiation	Muhammad Khalid Gaba (Karachi)
Toyota Fortuner	5,181	(3,729)	1,452	1,600	149	Negotiation	Muhammad Sohail (Karachi)
	7,044	(4,515)	2,528	2,750	222		
Office Building							
76-B Gulberg, Lahore	32,001	(9,292)	22,709	37,648	14,939	Negotiation	Mst. Farah Shahzadi (Lahore)
	32,001	(9,292)	22,709	37,648	14,939		
Power generators							
Caterpillar Generator	8,301	(6,573)	1,728	2,308	580	Negotiation	Akbar Ali & Brothers (Karachi)
Waukesha Generator	12,089	(10,651)	1,438	360	(1,078)	Negotiation	Paramount Enterprises (Sahiwal)
	20,390	(17,224)	3,166	2,668	(498)		
Assets having carrying value less than Rs.	30,655	(28,141)	2,514	2,339	(175)	Negotiation	Various
2019	**120,311**	**(84,247)**	**36,063**	**47,405**	**11,342**		
2018	192,200	(146,515)	45,685	31,697	(13,988)		

13.3 Particulars of lands in the name of Company are as follows:

Location	Usage of immovableproperty	Total Area (In acres)	Total area (In sq.ft)
Land:			
Korangi mill - Plot No. 3 & 7, Sector 25, Korangi, Karachi	Manufacturing facility and labour co	12.54	546,250.00
Hyderabad mill - Plot No. P-1 & P-5, S.I.T.E, Hyderabad	Manufacturing facility and labour co	29.00	1,263,240.00
Nooriabad land - Plot No. K-31 & K-32, Nooriabad	Held for business expansion	40.00	1,742,400.00
Shujabad land - Railway Road, Shujabad	Held for business expansion	15.64	681,441.75
Naseerpur land - Adda Pira Ghayaib, Mototly Road	Manufacturing facility	8.28	360,459.00
Muzaffergarh mill - Bagga Sher, Khan pur Shumail, District Multan	Manufacturing facility and labour co	30.86	1,344,370.50
Lahore land - 2.5 Kilometer off Manga Raiwind Road, Lahore	Held for business expansion	15.80	688,248.00

13.4 Capital work-in-progress

	Note	2019	2018
		Rupees in '000	
Civil works		**70,095**	4,350
Advance against purchase of vehicles		**-**	10,688
Plant and Machinery		**23,231**	-
	13.4.1	**93,326**	15,038

13.4.1 Capital work-in-progress

	Civil works	Plant and machinery	Advance against purchase of vehicles	Total
	……..(Rupees '000)……			
As at June 30, 2017	27,363	-	-	27,363
Additions during the year	18,857	-	10,688	29,545
Transferred to operating fixed assets	(41,870)	-	-	(41,870)
As at June 30, 2018	4,350	-	10,688	15,038
Additions during the year	65,745	440,409	73	506,227
Transferred to operating fixed assets	-	(417,178)	(10,761)	(427,939)
As at June 30, 2019	**70,095**	**23,231**	**-**	**93,326**

14 INTANGIBLES

	Note	2019	2018
		Rupees in '000	
Intangibles under use - software	14.1	**14,524**	11,492
Intangibles under implementation - software	14.2	**-**	8,100
		14,524	19,592

14.1 Intangibles under use - software

	Note	2019	2018
Year ended June 30			
Net book value as at July 1		**11,492**	16,417
Additions		**8,100**	-
Amortization for the year	14.1.1	**(5,068)**	(4,925)
Net book value as at June 30		**14,524**	11,492
At June 30			
Cost		**26,341**	18,241
Accumulated amortization		**(11,817)**	(6,749)
Net book value		**14,524**	11,492
Annual amortization rate		**30%**	30%

14.1.1 Amortization for the year has been charged to administrative expenses.

14.2 Intangibles under implementation - ERP software

	Rupees in '000
As at June 30, 2017	8,100
Transferred to intangible assets	-
As at June 30, 2018	8,100
Transferred to intangible assets	(8,100)
As at June 30, 2019	**-**

15.	LONG-TERM INVESTMENTS	Note	2019	2018
			Rupees in '000	
	Investment in associate at cost	15.1	**13,476**	13,476
	Investment in subsidiaries at cost	15.2.1, 15.2.2 & 15.2.3	**3,716,204**	3,676,204
			3,729,680	**3,689,680**

15.1 The existence of significant influence by the Company is evidenced through common directorship in the associate (Sunrays Textile Mills Limited).

15.2	Investment in subsidiaries at cost	2019	2018
		Rupees in '000	
15.2.1	**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 a public unlisted company. Investment in IHL is carried at cost in these unconsolidated financial statements.

		2019	2018
		Rupees in '000	
15.2.2	**Indus Lyallpur Limited (ILP)**	**1,185,000**	1,185,000
	Cost of investment (Rupees in '000)	**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.

15.2.3	Indus Wind Energy Limited (IWE)	2019	2018
		Rupees in '000	
	Opening	**-**	40,000
	Impairment on investment	**-**	(40,000)
	Reversal of impairment on investment	**40,000**	-
	Closing	**40,000**	-

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 a public unlisted company on February 21, 2015. Investment in IWE is carried at cost less accumulated impairment loss in these unconsolidated financial statements.

As per the requirements relating to impairment mentioned in applicable financial reporting standards, management has assessed to reverse impairment loss against the carrying value of investment and advance against equity amount relating to IWE recorded in prior year. Management estimates based on cost plus tariff awarded by National Power Regulatory Authority (NEPRA) on November 19, 2018 to IWE. Management of IWE has applied for letter of support with relevant Authorities in the current year and is confident on achieving the financial close in due course.

16.	LONG-TERM DEPOSITS	Note	2019	2018
			Rupees in '000	
	Electricity		**3,034**	2,139
	Others		**2,691**	2,671
			5,725	4,810
17.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores, spares and loose tools	17.1	**315,889**	266,723
	Less: Provision for slow moving and obsolete stock		**(1,000)**	(1,000)
			314,889	265,723

17.1 It includes stores and spares in transit amounting to Rs.42.84 (2018: Rs. 26.67 million).

18. STOCK-IN-TRADE	**Note**	**2019**	**2018**
		Rupees in '000	
Raw material			
- in hand		**4,936,072**	3,304,280
- in transit		**353,949**	583,335
		5,290,021	3,887,615
Work-in-process		**269,740**	242,775
Finished goods		**683,725**	470,984
Packing material		**49,990**	54,604
Waste		**90,687**	60,050
		6,384,163	4,716,028

19. TRADE DEBTS

	Note	2019	2018
Considered good			
Secured			
Foreign debtors	19.1 & 19.3	**2,736,565**	2,663,225
Local debtors	19.2	**296,142**	130,292
		3,032,707	2,793,517
Unsecured			
Local debtors	19.3	**1,447,409**	740,456
		4,480,116	3,533,973
Less: Provision for doubtful debts		**-**	-
		4,480,116	3,533,973

19.1 The details of past due or impaired trade debts from associates and related parties are as follows:

Name	**Maximum aggregate outstanding at the end of any month**	**Up to 6 months**	**More than 6 months**	**Total**	
				2019	2018
Subsidiaries:					
Indus Home Limited	72,209	16,371	-	**16,371**	14,470

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

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

19.4 Aging of trade debts	**Note**	**2019**	**2018**
		(Rupees in '000)	
From 1 to 30 days		**1,852,928**	951,352
From 30 to 60 days		**703,155**	258,797
From 60 to 90 days		**900,151**	881,914
From 90 to 180 days		**801,749**	1,129,085
From 180 to 360 days		**214,773**	302,460
More than 360 days		**7,360**	10,365
		4,480,116	3,533,973

20. LOANS AND ADVANCES

	Note	2019	2018
Considered good			
Loans / advances to staff	20.1	**26,716**	30,179
Advance income tax - net	20.2	**38,222**	91,283
Advance against equity	20.3	**60,232**	-
Advances to:			
- Suppliers		**2,866**	6,516

- Others	**49,449**	37,119
	52,315	43,635
	177,485	165,097

20.1 These are interest free, secured against gratuity entitlements and granted of an amount not more than Rs. 500,000.

	Note	2019	2018
		(Rupees in '000)	
20.2 Advance income tax - net			
Advance income tax		**323,177**	285,120
Provision for taxation	33	**(270,143)**	(185,490)
Workers Welfare Fund	20.2.1	**(14,812)**	(8,347)
		38,222	91,283

20.2.1 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 Acts, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the 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 Honorable Supreme Court of Pakistan against the decision of the Sindh High Court.

Honorable Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Acts, 2006 and 2008 have been declared invalid in the said order. The management has filed an application for rectification order amounting to Rs. 125.28 million for the years from 2010 to 2014 contending the fact that they had erroneously paid WWF despite of having exemption available to them.

20.3 The movement in provision for impairment against advance for equity to a related party (Indus Wind Energy Limited) during the year is as follows:

		Total	
		2019	2018
Balance at beginning of the year		**27,943**	-
Provisions during the year		**-**	27,943
Reversal of provision	15.2.3	**(27,943)**	-
Balance at end of the year		**-**	27,943

	Note	2019	2018
21. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS		Rupees in '000	
Considered good			
Trade deposits		**-**	1,577
Prepayments		**7,727**	72
		7,727	1,649
22. OTHER RECEIVABLES			
Considered good			
Cotton claims against short deliveries		**31,634**	28,226
Others		**7,679**	35,321
		39,313	63,547
23. OTHER FINANCIAL ASSETS			
At fair value through profit or loss			
Investment in ordinary shares of listed companies	23.1.1	**55,562**	82,785

Investment in units of mutual funds	23.1.2	**32,055**	232,428
At fair value through other comprehensive income			
Government bonds	23.1.3	**56,100**	-
		143,717	315,213

23.1 Particulars of other financial assets

23.1.1 Investment in ordinary shares of listed companies

2019	2018		Note	2019	2018
Number of shares				Rupees in '000	
42,000	42,000	Bestway Cement Limited		**4,329**	5,502
-	40,000	Engro Corporation Limited		**-**	12,554
30,000	30,000	Fauji Fertilizer Company Limited		**2,616**	2,967
15,000	15,000	Habib Bank Limited		**1,699**	2,497
2,350,000	2,050,000	K-Electric Limited		**10,317**	11,644
15,964	13,304	Pakistan State Oil Company Limited		**2,708**	4,235
10,000	10,000	Pak Elektron Limited		**200**	355
100,000	100,000	Pakistan International Airlines Corporation Limited		**451**	409
193,900	193,900	Pioneer Cement Limited		**4,392**	9,086
25,950	25,950	Sitara Chemical Industries Limited		**7,937**	9,558
141,900	141,900	United Bank Limited		**20,913**	23,978
				55,562	82,785

23.1.2 Investment in units of mutual funds

2019	2018		2019	2018
Number of units				
-	2,163	HBL Money Market Fund	**-**	232
-	1,081	HBL Cash Fund (Formerly PICIC Cash Fund)	**-**	115
288	266	Meezan Sovereign Fund	**106**	14
497,400	497,400	Meezan Income Fund	**23,838**	31,503
-	9,917	NAFA Government Security Liquid Fund	**-**	106
100,000	100,000	NAFA Islamic Active Allocation Plan-V	**8,111**	8,965
-	1,803,098	UBL Liquidity Plus Fund	**-**	191,482
-	104	UBL Money Market Fund	**-**	11
			32,055	232,428

23.1.3 This represent 561 government bonds having face value Rs. 100,000 received as refund against sales tax refundable with maturity of three years and carrying markup @ 10% per annum.

24. TAX REFUNDABLE

	2019	2018
	Rupees in '000	
Sales tax refundable	**132,901**	95,904
Income tax refundable	**433,495**	393,382
	566,396	489,286

25. CASH AND BANK BALANCES

With banks			
- in deposit accounts	25.1	**12,786**	12,786
- in current accounts	25.2	**157,836**	97,165
		170,622	109,951
Cash in hand		**4,888**	6,338
		175,510	116,289

25.1 Markup rates on these accounts range between 8.5% - 12.5% per annum (2018: 3.5% - 8.5% per annum)

25.2 These include balance in foreign currency accounts aggregating to Rs.20.56 million at year end (2018: Rs. 19.89 million)

26. REVENUE FROM CONTRACT WITH CUSTOMERS - NET

	Note	2019	2018
		Rupees in '000	
Export sales	26.1,26.2 & 26.3	**14,242,048**	14,844,757
Less: Commission		**(101,727)**	(107,021)
		14,140,321	14,737,736
Local sales			
Yarn		**10,036,745**	6,692,541
Waste		**852,268**	726,557
		10,889,013	7,419,098
Less:			
Brokerage on local sales		**(103,048)**	(66,407)
		24,926,286	22,090,427

26.1 It includes exchange gain of Rs.31.97 million (2018: gain of Rs.169.18 million) and indirect exports of Rs. 2,649.88 million (2018: Rs. 3,044.33 million).

26.2 This includes indirect exports to related undertakings of Rs. 76.42 million (2018: Rs. 225.94 million) (refer note 38 for details).

26.3 Disaggregation of export sales into geographical area:

	2019	2018
	Rupees in '000	
- Bangladesh	**139,904**	1,145,825
- Brazil	**147,466**	153,707
- Belgium	**19,303**	20,120
- China	**8,367,577**	7,721,684
- Dubai	**7,270**	7,578
- Egypt	**151,387**	157,794
- Germany	**68,457**	71,354
- Europe	**143,001**	149,053
- France	**82,242**	85,722
- Italy	**527,091**	549,397
- Hong Kong	**553,682**	577,113
- India	**37,189**	38,763
- Indonesia	**5,976**	6,229
- Japan	**535,175**	557,823
- Koprovince Czech	**5,197**	5,417
- Korea	**755,890**	787,878
- Mauritius	**8,079**	8,421
- Netherland	**7,152**	7,455
- Philippines	**65,913**	68,702
- Portugal	**455,739**	475,025
- Taiwan	**142,909**	148,957
- Turkey	**1,975,865**	2,059,482
- US	**22,149**	23,086
- Vietnam	**17,435**	18,173

14,242,048	14,844,758

27. COST OF GOODS SOLD

	Note	2019	2018
		Rupees in '000	
Raw material consumed	27.1	**17,818,297**	15,330,843
Manufacturing expenses	27.2	**4,585,030**	4,172,366
Outside purchases - yarn for processing		**91,471**	163,123
		22,494,798	19,666,332
Work in process			
- Opening		**242,775**	218,812
- Closing		**(269,740)**	(242,775)
		(26,965)	(23,963)
Cost of goods manufactured		**22,467,833**	19,642,369
Finished goods			
- Opening		**531,034**	644,450
- Closing		**(774,412)**	(531,034)
		(243,378)	113,416
		22,224,455	19,755,785

27.1 Raw material consumed

	Note	2019	2018
Opening stock		**3,304,280**	3,115,787
Purchases		**19,674,139**	15,794,949
		22,978,419	18,910,736
Cost of raw cotton sold	31.1	**(224,050)**	(275,613)
Closing stock		**(4,936,072)**	(3,304,280)
		17,818,297	15,330,843

27.2 Manufacturing expenses

	Note	2019	2018
		Rupees in '000	
Salaries, wages and benefits	27.2.1	**1,270,717**	1,212,579
Utilities		**1,706,500**	1,580,937
Packing material consumed		**298,345**	267,012
Stores and spares consumed		**575,510**	454,109
Repairs and maintenance		**53,278**	39,286
Insurance		**20,338**	30,112
Rent, rates and taxes		**2,678**	2,297
Depreciation on operating fixed assets	13.1.1	**579,153**	568,734
Other		**78,511**	17,300
		4,585,030	4,172,366

27.2.1 It includes staff retirement benefits Rs. 70.88 million (2018: Rs. 62.2 million).

28. OTHER INCOME

	Note	2019 Rupees in '000	2018 Rupees in '000
Income from non-financial assets:			
Scrap sale		**17,334**	13,225
Gain on disposal of operating fixed assets - net		**11,342**	-
Profit on trading of raw cotton / fiber	31.1	**18,292**	-
Duty drawback		**246,709**	120,253
Reversal of impairment on subsidiary		**40,000**	-
Reversal of provision on receivable from subsidiary		**27,943**	-
Income from financial assets:			
Realised exchange gain on foreign currency		**-**	4,088
Unrealized gain on revaluation of foreign currency debtors	28.1	**267,515**	137,734
Capital gain on sale of other financial assets		**9,846**	5,468
Dividend income		**4,426**	5,521
Profit on term deposit receipts		**327**	341
		643,734	286,630

28.1 This arises due to devaluation of Pakistani Rupee against US Dollar as at the year end which results in exchange gain on revaluation of foreign currency debtors.

29. DISTRIBUTION COST

	Note	2019 Rupees in '000	2018 Rupees in '000
Export			
Ocean freight		**107,920**	101,063
Export development surcharge		**32,385**	27,544
Export charges		**104,096**	98,858
Local			
Freight and other		**71,775**	91,078
Insurance		**8,514**	6,343
		324,690	324,886

30. ADMINISTRATIVE EXPENSES

	Note	2019	2018
Salaries and benefits	30.1	**122,592**	102,822
Directors' remuneration other than meeting fees	37	**60,767**	33,787
Meeting fees	37	**426**	349
Repairs and maintenance		**2,143**	5,966
Postage and telephone		**9,704**	8,039
Traveling and conveyance		**4,146**	2,094
Vehicles running		**14,628**	6,977
Printing and stationery		**5,288**	4,936
Rent, rates and taxes		**10,765**	10,502
Utilities		**5,019**	5,227
Entertainment		**3,090**	1,981
Fees and subscription		**16,938**	19,652
Insurance		**4,107**	2,571
Legal and professional		**1,446**	860
Charity and donations	30.2	**630**	1,548
Auditors' remuneration	30.3	**1,820**	1,470
Depreciation on operating fixed assets	13.1.1	**33,379**	29,538
Amortization on intangible assets	14.1	**5,068**	4,925
Advertisement		**30**	115
Others		**3,675**	5,721
		305,661	249,080

30.1 It includes staff retirement benefits of Rs. 10.182 million (2018: Rs. 7.82 million).

30.2 None of the directors and their spouses have any interest in the donees' fund. Each of these donations does not exceed amount of 10% of total company's donation or 1 million, whichever is higher.

	Note	2019	2018
		Rupees in '000	
30.3 Auditors' remuneration			
Audit fee	1375	**1,375**	1,100
Half year review fee	375	**375**	300
Fee for certifications		**20**	20
Out of pocket expenses		**50**	50
		1,820	1,470

31. OTHER OPERATING EXPENSES

	Note	2019	2018
Loss on trading of raw cotton / fiber	31.1	**-**	6,408
Workers' Profits Participation Fund	9.2	**90,751**	72,487
Realised exchange loss on foreign currency		**38,157**	-
Unrealized loss on revaluation of foreign currency loans		**65,530**	7,788
Gain on disposal of operating fixed assets - net		**-**	13,988
Unrealized loss on other financial assets		**25,088**	42,694
Impairment on subsidiary	15.2.3	**-**	40,000
Provision on receivable from subsidiary	20.3	**-**	27,943
Workers' Welfare Fund		**14,812**	8,347
		234,338	219,655

31.1 Profit / (loss) on trading of raw cotton / fiber

	2019	2018
Sale of raw cotton / fiber	**242,342**	269,205
Less: Cost of goods sold	**(224,050)**	(275,613)
Profit / (loss) on trading of raw cotton / fiber	**18,292**	(6,408)

32. FINANCE COST

	2019	2018
Mark-up on:		
- long-term finance	**69,717**	62,426
- short-term borrowings	**333,762**	185,850
Discounting charges on letters of credit	**17,475**	8,488
Bank charges and commission	**12,259**	9,291
	433,213	266,055

33. TAXATION

	2019	2018
Current		
- For the year	**270,143**	185,490
	270,143	185,490
Deferred	**53,266**	(2,475)
	323,409	183,015

33.2 As per section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at a rate specified therein on every Public Company other than scheduled bank or modaraba that derives profit for a tax year but does not distribute a portion of its after tax profits (as per limit mentioned therein) within six months of the end of the tax year through cash. Since the Company has made a profit for the current year, therefore the Company is required to pay tax on profit as mentioned earlier. However, it is expected that the Company shall distribute profits of an amount to comply with the requirement of section 5A of the Income Tax Ordinance, 2001, therefore, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 is recorded in these financial statements for the year ended June 30, 2019.

33.3 Relationship between tax expense and accounting profit

	2019	2018
	Rupees in '000	
Accounting profit before tax	**2,047,663**	1,561,596
Tax rate	**29%**	30%
Tax on accounting profit	**593,822**	468,479
Effect of:		
Income chargeable to tax at reduced rates	**(1,998)**	(1,648)
Tax impact of tax credit	**(40,739)**	(64,372)
Income chargeable to tax under final tax regime	**(171,327)**	(240,434)
Due to change in tax rate	**(32,934)**	16,626
Impact of permanent differences	**(43,015)**	(17,918)
Impact of super tax	**25,307**	24,803
Others	**(5,707)**	(2,521)
Tax charge as per accounts	**323,409**	183,015

34. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2019	2018
Profit for the year	**Rupees in '000**	**1,724,254**	1,378,581
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**	**95.40**	76.28

35. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		Rupees in '000	
Profit before taxation		**2,047,663**	1,561,596
Adjustments for:			
Depreciation	13.1.1	**612,532**	598,272
Amortization	30	**5,068**	4,925
Provision for gratuity	8.1	**81,071**	70,020
Realized gain on disposal of other financial assets	28	**(9,846)**	(5,468)
Unrealized loss on revaluation of foreign currency loans	28	**65,530**	7,788
Unrealized loss on other financial assets	31	**25,088**	42,694
Realised exchange loss on foreign currency	28	**38,157**	4,088
Unrealized gain on revaluation of foreign currency debtors	28	**(267,515)**	(137,734)
(Gain) / Loss on disposal of operating fixed assets	31	**(11,342)**	13,988
Impairment on subsidiary	31	**-**	40,000
Impairment on receivables from subsidiary	31	**-**	27,943
Dividend income	28	**(4,426)**	(5,521)
Reversal of impairment on subsidiary		**(40,000)**	-
Reversal of impairment on receivable from subsidiary		**(27,943)**	
Finance cost	32	**433,213**	266,055
Cash generated before working capital changes		**2,947,250**	2,488,646

Working capital changes:	Note	2019	2018
		Rupees in '000	
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(49,166)**	(9,641)
Stock-in-trade		**(1,668,135)**	(512,055)
Trade debts		**(716,785)**	(2,114,146)
Loans and advances		**(65,449)**	(11,101)
Trade deposits and short term prepayments		**(6,078)**	13,791
Other receivables		**52,177**	(46,737)
Long term deposits		**(915)**	(705)
		(2,454,351)	(2,680,594)
Increase in current liability			
Trade and other payables		**466,964**	404,177
Short term borrowings		**479,359**	1,042,611
Cash generated from operations		**1,439,222**	1,254,840

36. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	25	**175,510**	116,289
Short-term borrowings	11	**(3,545,211)**	(3,544,375)
		(3,369,701)	(3,428,086)

37. REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

Particulars	2019				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	Rupees in '000				
Remuneration	**13,992**	**36,523**	**-**	**63,021**	**113,536**
Medical	**1,102**	**3,321**	**-**	**2,705**	**7,128**
Utilities	**2,393**	**3,436**	**-**	**1,615**	**7,444**
Meeting fees	**55**	**85**	**260**	**26**	**426**
Retirement benefits	**-**	**-**	**-**	**1,488**	**1,488**
Total	**17,542**	**43,365**	**260**	**68,855**	**130,021**
Number of persons	**1**	**3**	**7**	**21**	**32**

Particulars	2018				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	Rupees in '000				
Remuneration including benefits	9,368	18,083	-	40,525	67,976
Medical	1,046	1,618	-	2,673	5,337
Utilities	1,357	2,315	-	3,725	7,397
Meeting fees	40	100	150	59	349
Retirement benefits	-	-	-	3,487	3,487
Total	11,811	22,116	150	50,469	84,546
Number of persons	1	2	7	22	32

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

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries Indus Lyallpur Limited, Indus Home Limited, Indus Home USA Inc. and Indus Wind Energy Limited, the associates (Sunrays Textiles Mills Limited, Indus Heartland Limited, Riaz Cotton Factory and Haji Maula Bux Cotton Factory) and key management personnel. The Company carries out transactions with related parties as per agreed terms. The receivables and payables are mainly unsecured in nature. Remuneration of key management personnel is disclosed in note 37 to the unconsolidated financial statements. Other significant transactions with related parties are as follows:

Name of related party	Basis of relationship	Nature of transactions	2019	2018
			Rupees in '000	
Indus Lyallpur Limited	100% owned subsidiary	Conversion Cost Paid	**50,172**	32,128
		Yarn Sale	**9,015**	-
		Comber noil sale	**3,332**	-
		Doubling Cost Received	**2,180**	3,088
Indus Home Limited	100% owned subsidiary	Yarn Sale	**76,424**	225,935
		Conversion cost received	**299,711**	391,094
		Doubling cost received	**-**	48
Indus Wind Energy Limited	100% owned subsidiary	Payment for expenses	**32,288**	17,224

Name of related party	Basis of relationship	Nature of transactions	2019	2018
			Rupees in '000	
Indus Wind Energy Limited	100% owned subsidiary	Receivable from related party	**60,232**	-
Indus Home Limited	100% owned subsidiary	Receivable from related party	**16,766**	14,470
Indus Lyallpur Limited	100% owned subsidiary	Payable to related party	**15,925**	3,236
Indus Heartland Limited	Associate on common directorship	Payable to related party	**1,498**	-
Riaz Cotton Factory	Associate on common directorship	Payable to related party	**1,917**	1,917
Haji Maula Bux Cotton Factory	Associate on common directorship	Payable to related party	**1,253**	1,253

39. FINANCIAL RISK MANAGEMENT

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

The Company’s principal financial liabilities comprise long-term financing, short-term borrowings, trade and other payables, interest/dividend payable 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 deposits that arise directly from its operations. The Company also holds long-term and short term investments.

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

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

39.1 Credit risk and concentration of credit risk

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

Credit risk of the Company arises principally from trade debts, loans and advances, other financial assets (mutual funds) 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:

	2019	2018
	Rupees in '000	
Long-term deposits	**5,725**	4,810
Trade debts	**4,480,116**	3,533,973
Loans to staff	**26,716**	30,179
Trade deposits	**-**	1,577
Other receivables	**39,313**	63,547
Other financial assets	**32,055**	232,428
Bank balances	**170,622**	109,951
	4,754,547	3,976,465

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. Though there are few past due trade debts, however, such are not impaired as per management assessment.

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/mutual funds 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 (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	AAA	A1+
Askari Bank Limited	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Islami Pakistan Limited	JCR-VIS	A+	A1
Bank Al-Habib Limited	PACRA	AA+	A1+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	AA	A1+
Faysal Bank Limited	PACRA	AA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
J.S Bank Limited	PACRA	AA-	A1+
Meezan Bank Limited	JCR-VIS	AA+	A1+
MCB Bank Limited	PACRA	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank Of Punjab	PACRA	AA	A1+
United Bank Limited	JCR-VIS	AAA	A1+

39.3 Market risk management

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

39.3.1 Interest rate risk management

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

	Carrying amount	
	2019	**2018**
Fixed rate instruments	**Rupees in '000**	
Financial assets	**68,886**	12,786
Financial liabilities	**1,920,000**	1,392,209
Variable rate instruments		
Financial liabilities		
- KIBOR based	**3,786,826**	3,829,250
- LIBOR based	**1,529,758**	1,050,399

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss - held-for-trading, therefore, a change in interest rate at the reporting date would not affect profit and loss account.

Cash flow sensitivity analysis for variable rate instruments

If interest rates had been 50 basis points higher / lower and all other variables were held constant, the Company's profit before tax for the year ended June 30, 2019 would decrease / increase by Rs. 26.58 million (2018: Rs. 24.4 million) determined on the outstanding balance at year end. This is mainly attributable to the Company's exposure to interest rates on its variable rate borrowings.

39.3.2 Foreign exchange risk management

Exposure to currency risk	**2019**		**2018**	
	Rupees	**US Dollar**	**Rupees**	**US Dollar**
	Currency in '000			
Trade debts	**2,736,565**	**16,802**	2,663,225	21,938
Bank Balances	**20,563**	**126**	19,894	164
Foreign currency loans	**(1,529,758)**	**(9,393)**	(1,050,399)	(8,652)
	1,227,370	**7,535**	1,632,720	13,450

	2019	**2018**
	Rupees	
Average rate	135.81	113.15
Balance sheet date rate	162.87	121.40

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.

At June 30, 2019, 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. 61.368 million (2018: higher / lower by Rs. 81.64 million) determined on the outstanding balance at year end. Profit / (loss) is sensitive to movement in Rupee / foreign currency exchange rates in 2019 than 2018 because of high fluctuation in foreign currency exchange rates.

39.3.3 Equity price risk management

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

At the balance sheet date, the exposure to listed equity securities at fair value was Rs. 55.56 million (2018: Rs.82.78 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 4.38 million (2018: Rs. 15.761 million) on profit and loss for the year determined based on market value of investments at year end.

39.4 Financial instruments by category

	Amortised Cost	Fair value through other comprehensive income	Fair value through profit & loss	Total
		- - - - - - Rupees in '000 - - - - - -		
Financial assets - June 30, 2019				
Long-term deposits	**5,725**	**-**	**-**	**5,725**
Trade debts	**4,480,116**	**-**	**-**	**4,480,116**
Loans	**26,716**	**-**	**-**	**26,716**
Trade deposits	**-**	**-**	**-**	**-**
Other receivables	**39,313**	**-**	**-**	**39,313**
Other financial assets	**-**	**56,100**	**87,617**	**143,717**
Bank balances	**170,622**	**-**	**-**	**170,622**
Cash in hand	**4,888**	**-**	**-**	**4,888**
	56,100	**56,100**	**87,617**	**4,871,097**

	Loans & receivables	Fair value through profit & loss account - held-for-trading	Total
Financial assets - June 30, 2018	- - - - - - Rupees in '000 - - - - - -		
Long-term deposits	4,810	-	4,810
Trade debts	3,533,973	-	3,533,973
Loans	30,179	-	30,179
Trade deposits	1,577	-	1,577
Other receivables	63,547	-	63,547
Other financial assets	-	315,213	315,213
Bank balances	109,951	-	109,951
Cash in hand	6,338	-	6,338
	3,750,375	315,213	4,065,588

Financial liabilities - June 30, 2019	Financial liabilities measured at amortized cost	Total
	---------------Rupees in '000 ---------------	
Long-term financing	**2,096,085**	**2,096,085**
Trade and other payables	**723,151**	**723,151**
Unclaimed dividends	**11,744**	**11,744**
Short-term borrowings	**5,140,499**	**5,140,499**
Interest / mark-up payable	**116,605**	**116,605**
	8,088,084	**8,088,084**

Financial liabilities - June 30, 2018	Financial liabilities measured at amortized cost	Total
	---------------Rupees in '000 ---------------	
Long-term financing	1,677,084	1,677,084
Trade and other payables	843,639	843,639
Unclaimed dividends	11,080	11,080
Short-term borrowings	4,594,774	4,594,774
Interest / mark-up payable	44,631	44,631
	7,171,208	7,171,208

39.5 Fair value and categories of financial instruments

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

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

40. CAPITAL RISK MANAGEMENT

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

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

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

The gearing ratios at June 30, 2019 and 2018 were as follows:

	2019	2018
	Rupees in '000	
Total borrowings (note 7 & 11)	**7,236,584**	6,271,858
Less: cash and bank balances (note 25)	**(175,510)**	(116,289)
Net debt	**7,061,074**	6,155,569
Total equity	**12,503,105**	11,070,683
Total capital	**19,564,179**	17,226,252
Gearing ratio	**36%**	36%

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

41. CAPACITY AND PRODUCTION

Spinning units	**2019**	**2018**
Total number of spindles installed	**187,020**	178,896
Total number of spindles worked per annum (average)	**182,203**	176,910
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**131,605,313**	127,255,973
Actual production for the year after conversion into 20 counts (lbs.)	**116,160,801**	110,875,158

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

42. SEGMENT REPORTING

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

43. NUMBER OF EMPLOYEES

	Number of employees	
	2019	**2018**
Average number of employees during the year	**2,610**	2,447
Number of employees as at June 30	**2,668**	2,553

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

44. SUBSEQUENT EVENT

The Board of Directors proposed an interim cash dividend for the year ended June 30, 2019 of Rs. 25 per share (2018: Rs. 16 per share) at their meeting held on August 19, 2019 for approval of members at the Annual General Meeting. These financial statements do not reflect this dividend payable which will be accounted for in the year in which it is approved.

45. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on October 07, 2019 by the Board of Directors of the Company.

46. GENERAL

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

Chief Financial Officer **Chief Executive Officer** **Director**

39.2 Liquidity risk management

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

39.2.1 Liquidity and interest risk table

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

	Carrying Values	Contractual Cash Flows	Less than 1 month	1 to 3 months	3 months to 1 year	1-5 years	More than 5 years
	---Rupees in '000'---						
Trade and other payables	**723,151**	**723,151**	-	**723,151**	-	-	-
Long-term financing	**2,096,085**	**2,244,394**	-	-	**242,224**	**2,002,170**	-
Short-term borrowings	**5,140,499**	**5,140,499**	-	**3,610,741**	**1,529,758**	-	-
Unclaimed dividends	**11,744**	**11,744**	-	-	-	-	-
Interest / mark-up payable	**116,605**	**116,605**	-	**116,605**	-	-	-
2019	**8,088,084**	**8,236,393**	-	**4,450,497**	**1,771,982**	**2,002,170**	-

	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	843,639	843,639	-	843,639	-	-	-
Long-term financing	1,677,084	1,756,476	-	-	353,889	1,402,587	-
Short-term borrowings	4,594,774	4,594,774	-	3,544,375	1,050,399	-	-
Unclaimed dividends	11,080	11,080	-	-	-	-	-
Interest / mark-up payable	44,631	44,631	-	44,631	-	-	-
2018	7,171,208	7,250,600	-	4,432,645	1,404,288	1,402,587	-

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

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

	Carrying amount				Fair Value Hierarchy			
	Fair value through profit and loss account	Fair value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	June 30, 2019							
	(Rupees in '000)							
Financial assets measured at fair value								
Other financial assets	**87,617**	**56,100**	**-**	**143,717**	**87,617**	**-**	**-**	**87,617**
Financial assets not measured at fair value								
	June 30, 2019							
	(Rupees in '000)							
Long-term deposits	**-**		**5,725**	**5,725**				
Trade debts	**-**		**4,480,116**	**4,480,116**				
Loans	**-**		**26,716**	**26,716**				
Trade deposits	**-**		**-**	**-**				
Other receivables	**-**		**39,313**	**39,313**				
Bank balances	**-**		**170,622**	**170,622**				
Cash in hand	**-**		**4,888**	**4,888**				
	-		**4,727,380**	**4,727,380**				
Financial liabilities not measured at fair value								
	June 30, 2019							
	(Rupees in '000)							
Long-term financing	**-**	**-**	**2,096,085**	**2,096,085**				
Trade and other payables	**-**	**-**	**723,151**	**723,151**				
Unclaimed dividends	**-**	**-**	**11,744**	**11,744**				
Short-term borrowings	**-**	**-**	**5,140,499**	**5,140,499**				
Interest / mark-up payable	**-**	**-**	**116,605**	**116,605**				
	-	**-**	**8,088,084**	**8,088,084**				

	June 30, 2018							
	Carrying amount				Fair Value Hierarchy			
	Fair value through profit & loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	June 30, 2018							
	(Rupees in '000)							
Financial assets measured at fair value								
Other financial assets	315,213	-	-	315,213	315,213	-	-	315,213
Financial assets not measured at fair value								
	June 30, 2018							
	(Rupees in '000)							
Long-term deposits	-	4,810	-	4,810				
Trade debts	-	3,533,973	-	3,533,973				
Loans	-	30,179	-	30,179				
Trade deposits	-	1,577	-	1,577				
Other receivables	-	63,547	-	63,547				
Bank balances	-	109,951	-	109,951				
Cash in hand	-	6,338	-	6,338				
	-	3,750,375	-	3,750,375				
Financial liabilities not measured at fair value								
	June 30, 2018							
	(Rupees in '000)							
Long-term financing	-	-	1,677,084	1,677,084				
Trade and other payables	-	-	843,639	843,639				
Unclaimed dividends	-	-	11,080	11,080				
Short-term borrowings	-	-	4,594,774	4,594,774				
Interest / mark-up payable	-	-	44,631	44,631				
	-	-	7,171,208	7,171,208				

Annual Report 2019
Consolidated

INDUS DYEING & MANUFACTURING
COMPANY LIMITED

Consolidated key operating and financial results

	2014	2015	2016	2017	2018	2019
	Rupees in "000"					
Operating data						
Turn over	24,301,493	26,812,047	25,111,229	27,818,111	30,877,734	35,671,070
Less : commission	(267,068)	(251,980)	(180,566)	(244,919)	(247,448)	(298,492)
Sales (net)	24,034,425	26,560,067	24,930,663	27,573,192	30,630,286	35,372,578
Gross profit	2,487,947	2,184,056	1,937,179	2,641,910	3,013,451	3,696,349
Profit before tax	1,866,427	474,828	666,821	1,352,727	2,008,520	2,689,111
Profit after tax	1,996,643	299,887	449,069	1,035,345	1,781,697	2,331,497
Financial data						
Gross assets	20,272,036	19,391,820	20,984,661	21,984,382	25,641,644	30,628,666
Return on equity	18.75%	2.81%	4.04%	8.65%	13.19%	15.00%
Current assets	9,316,161	8,264,447	10,025,542	11,487,926	14,938,598	18,831,882
Shareholders equity	10,646,575	10,674,211	11,115,770	11,966,431	13,509,269	15,544,391
Long term debts and deferred liabilitie:	2,395,176	1,843,852	1,737,544	1,694,447	2,385,371	3,509,206
Current liabilities	7,227,675	6,873,757	8,131,347	8,323,504	9,747,004	11,575,069
Key ratios						
Gross profit ratio	10.35%	8.22%	7.77%	9.58%	9.84%	10.45%
Net profit	8.31%	1.13%	1.80%	3.75%	5.82%	6.59%
Debt / equity ratio	16 : 84	13 : 87	12 : 88	11 : 89	12 : 88	16 : 84
Current ratio	1.29	1.20	1.23	1.38	1.23	1.63
Earning per share (basic and diluted)	110.47	16.59	24.85	57.28	98.58	129.00
Dividend (percentage)						
- Cash	150% Int	150% Int	50% Final	180% Final	-	-
- Stock	-	-	-	-	-	-
- Specie dividend	-	-	-	-	-	-
Statistics						
Production (tons)	63,821	68,361	69,924	70,389	68,759	69,921

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
INDUS DYEING & MANUFACTURING COMPANY LIMITED

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of **Indus Dyeing & Manufacturing Company Limited** (the Holding Company) and its subsidiary companies (together the Group) which comprise the consolidated statement of financial position as at June 30, 2019, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated cash flow statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (collectively referred as consolidated financial statements).

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2019and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code)and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key audit matter	How our audit addressed the key audit matter
1. Revenue Recognition	
Revenue recognition policy has been explained in notes 4.14, and the related amounts of revenue recognized during the year are disclosed in note 27 to the consolidated financial statements. The Group generates revenue from sale of goods to domestic and export customers. Revenue from the local (including indirect exports) and export sales is recognized when control of goods is transferred to the customer. We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • obtained understanding and evaluated on design and implementation of controls to ensure that revenue is recognized in the appropriate accounting period and based on transfer of control of goods to the customers; • assessed appropriateness of the Group's accounting policies for revenue recognition in light of applicable accounting and reporting standards; • checked on a sample basis whether the recorded local and export sales transactions were based on actual transfer of control of goods to the customer; and • tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying documents.
2. Valuation of stock in trade	
Stock-in-trade has been valued following an accounting policy as stated in note 4.8 and the related value of stock-in-trade are disclosed in note 19 to the consolidated financial statements. Stock-in-trade forms material part of the Group's assets comprising of around 30% of total assets. The valuation of finished goods within stock-in-trade at cost has different components, which includes judgment in relation to the allocation of overheads costs, which are incurred in bringing the finished goods to its present location and condition. Judgments are also involved in determining the net realizable value (estimated selling price less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy. Due to the above factors, we have considered the valuation of stock in trade as key audit matter.	Our audit procedures to address the valuation of stock-in-trade, included the following: • obtained an understanding of mechanism of recording purchases and valuation of stock-in-trade; • tested on a sample basis purchases with underlying supporting documents; • verified on test basis, the weighted average calculations of raw material stock as per accounting policy; • verified the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in progress; • obtained an understanding of management's process for determining the net realizable value and checked: • future selling prices by preforming a

Key audit matter	How our audit addressed the key audit matter
	review of sales close to and subsequent to the year-end; and • determination of cost necessary to make the sales; and • checked the calculations of net realizable value of itemized list of stock-in-trade, on selected sample and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance or conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

When we read the annual report, If we conclude that there is a material misstatement of therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under law. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Board of Directors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial

statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Naresh Kumar.

Chartered Accountants

Date: October 07, 2019

Place: Karachi

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

	Note	2019	2018
		Rupees in '000	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 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	**7,000,691**	7,000,157
Unappropriated profit		**8,362,963**	6,328,375
		15,544,391	13,509,269
Non current liabilities			
Long-term financing	8	**2,853,967**	1,821,524
Deferred liabilities	9	**655,239**	563,847
		3,509,206	2,385,371
Current liabilities			
Trade and other payables	10	**3,377,094**	2,742,665
Unclaimed dividend		**11,744**	11,080
Interest / mark-up payable	11	**166,309**	65,406
Short-term borrowings	12	**7,696,456**	6,541,667
Current portion of long-term financing	8	**323,466**	386,186
		11,575,069	9,747,004
Contingencies and commitments	13		
		30,628,666	25,641,644

	Note	2019	2018
		Rupees in '000	
ASSETS			
Non current assets			
Property, plant and equipment	14	**11,724,965**	10,638,926
Intangible assets	15	**16,112**	21,861
Long-term investments	16	**31,642**	26,784
Long-term deposits	17	**24,065**	15,475
		11,796,784	10,703,046
Current assets			
Stores, spares and loose tools	18	**602,625**	578,782
Stock-in-trade	19	**9,179,288**	7,384,547
Trade debts	20	**6,482,457**	5,194,308
Loans and advances	21	**199,416**	256,670
Trade deposits and short-term prepayments	22	**30,394**	4,374
Other receivables	23	**117,185**	183,261
Other financial assets	24	**544,963**	317,838
Tax refundable	25	**895,717**	746,122
Cash and bank balances	26	**779,837**	272,696
		18,831,882	14,938,598
		30,628,666	25,641,644

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

Chief Financial Officer	**Chief Executive Officer**	**Director**

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2019

	Note	2019	2018
		Rupees in '000	
Revenue from contract with customers - net	27	**35,372,578**	30,630,286
Cost of goods sold	28	**(31,676,229)**	(27,616,835)
Gross profit		**3,696,349**	3,013,451
Other income	29	**1,189,419**	654,869
Distribution cost	30	**(697,330)**	(631,276)
Administrative expenses	31	**(547,886)**	(449,745)
Other operating expenses	32	**(300,894)**	(211,136)
Finance cost	33	**(656,020)**	(372,135)
		(2,202,130)	(1,664,292)
		2,683,638	2,004,028
Share of profit from associate - net of tax	16.1	**5,473**	4,492
Profit before taxation		**2,689,111**	2,008,520
Taxation	34	**(357,614)**	(226,823)
Profit for the year - attributable to ordinary share holders of the Holding Company		**2,331,497**	1,781,697
Earnings per share - basic and diluted	35	**129.00**	98.58

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

Chief Financial Officer	**Chief Executive Officer**	**Director**

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	Rupees in '000	
Profit for the year	**2,331,497**	1,781,697
Items that may be reclassified subsequently to profit and loss		
Exchange loss on translation of balances of foreign subsidiary	**534**	713
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of defined benefit obligation - net of tax	**(7,730)**	(4,614)
Total comprehensive income for the year - attributable to ordinary share holders of the Holding Company	**2,324,301**	1,777,796

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

Chief Financial Officer	Chief Executive Officer	Director

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2019

		Note	2019	2018
			Rupees in '000	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	36	**2,885,461**	709,687
	Taxes paid - net		**(424,799)**	(228,248)
	Finance cost paid		**(555,117)**	(359,734)
	Gratuity paid		**(70,841)**	(77,117)
	Net cash generated from operating activities		**1,834,704**	44,588
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payment for purchase of property, plant and equipment		**(2,202,534)**	(1,298,621)
	Proceeds from disposal of property, plant and equipment	14.2	**71,096**	44,191
	Payment for purchase of other financial assets		**(253,734)**	633,594
	Dividend received		**3,809**	5,796
	Net cash used in investing activities		**(2,381,363)**	(615,040)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term finance obtained		**969,723**	565,447
	Dividend paid		**(288,515)**	(230,204)
	Net cash generated from financing activities		**681,208**	335,243
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**134,549**	(235,209)
	Cash and cash equivalents at beginning of the year		**(4,181,547)**	(3,946,338)
	Cash and cash equivalents at end of the year	37	**(4,046,998)**	(4,181,547)

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

Chief Financial Officer **Chief Executive Officer** **Director**

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

		Reserves					
		Capital			Revenue		
	Issued, subscribed and paid up capital	Share premium	Merger reserve	Exchange translation reserve	General reserve	Unappropriated profit	Total
	----------	----------	----------	Rupees in '000'	----------	----------	----------
Balance at June 30, 2017	180,737	10,920	11,512	(556)	6,977,568	4,786,250	11,966,431
Total comprehensive income for the year							
Profit for the year	-	-	-	-	-	1,781,697	1,781,697
Exchange loss on translation of balances of foreign subsidiary	-	-	-	713	-	-	713
Remeasurement of defined benefit obligation -net of tax	-	-	-	-	-	(4,614)	(4,614)
Total comprehensive income for the year	-	-	-	713	-	1,777,083	1,777,796
Transactions with owners of the Holding Company recorded directly in equity							
Final cash dividend for the year ended June 30, 2017 @ Rs. 13 per share	-	-	-	-	-	(234,958)	(234,958)
Balance at June 30, 2018	180,737	10,920	11,512	157	6,977,568	6,328,375	13,509,269
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**2,331,497**	**2,331,497**
Exchange loss on translation of balances of foreign subsidiary	**-**	**-**	**-**	**534**	**-**	**-**	**534**
Remeasurement of defined benefit obligation -net of tax	**-**	**-**	**-**	**-**	**-**	**(7,730)**	**(7,730)**
Total comprehensive income for the year	**-**	**-**	**-**	**534**	**-**	**2,323,767**	**2,324,301**
Transactions with owners of the Holding Company recorded directly in equity							
Final cash dividend for the year ended June 30, 2018 @ Rs. 16 per share	**-**	**-**	**-**	**-**	**-**	**(289,179)**	**(289,179)**
Balance at June 30, 2019	**180,737**	**10,920**	**11,512**	**691**	**6,977,568**	**8,362,963**	**15,544,391**

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

Chief Financial Officer	**Chief Executive Officer**	**Director**

1. THE GROUP AND ITS OPERATIONS

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

1.1.1 Holding Company

Indus Dyeing & Manufacturing Company Limited (the Holding Company) was incorporated in Pakistan on July 23, 1957 as a public limited company under the repealed Companies Act 1913 (subsequently replaced by repealed Companies Ordinance, 1984 and now Companies Act, 2017). 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 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
Faisalabad	Chak # 61 R/B, Mouza Bedianwala, Tehsil Jaranwala at 38-Km, Sheikhpura Road, District Faisalabad
Lahore	Raiwand Road, Manga Mandi, Lahore

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 (now Companies Act 2017). 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 (now Companies Act, 2017). 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.

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 of USA. The Subsidiary is located at 3500 South Dupont Highway Dover Delaware 19901.

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. Registered office of the ILL is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi.

1.1.3 Sunrays Textile Mills Limited - Associate

Sunrays Textile Mills Limited was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). 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% shareholding and voting rights in the Company and it is regarded as an 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 share of profit/loss from an associate company collectively referred to as "the Group" in these consolidated financial 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, net amounts at the acquisition-date 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 subsidiaries' 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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS) 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 has been followed.

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 amendments that are effective for the year ended June 30, 2019

The following amendments are effective for the year ended June 30, 2019. These amendments are either not relevant to the Group's operations or are not expected to have significant impact on the Group's financial statements other than certain additional disclosures.

Amendments	Effective date (accounting periods beginning on or after)
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts' - Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018
IFRS 15 'Revenue from contracts with customer' - This standard superseded IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.	July 01, 2018
IFRS 9 'Financial Instruments' - This standard superseded IAS 32 and IAS 39 upon its effective date.	July 01, 2018
Amendments to IAS 40 'Investment Property' - Clarification on transfers of property to or from investment property	January 01, 2018
IFRIC 22 'Foreign Currency Transactions and Advance Consideration' - Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.	January 01, 2018

2.3.1 Changes in accounting policies due to the applicability of certain international financial reporting standards (IFRS)

IFRS 15 Revenue from contracts with customers

The Group has adopted IFRS 15 from 01 July 2018. IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related interpretations and it applies to all revenue arising from contracts with customers, unless those contracts are in the scope of other standards. Under IFRS 15, revenue is recognized at an amount that reflects the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer.

The Group has adopted IFRS 15 by applying the modified retrospective approach according to which the Group is not required to restate the prior year results.

Impact of adoption of IFRS 15 on these consolidated financial statements:

The Group has applied IFRS 15 using the modified retrospective approach for transition. This approach requires entities to recognize the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of unappropriated profit in the period of initial application. Comparative prior year periods would not be adjusted. The application of IFRS 15 does not have any significant impact on the revenue recognition of the Group because there is mostly one performance obligation and revenue is recognized at a point of time except of the terminologies that are to be used in accordance with IFRS 15 as mentioned below and therefore, the cumulative effect of initially applying this standard as an adjustment to the opening balance of unappropriated profit in the period of initial application is nil.

The effect of adopting IFRS 15 is only to the extent of change in terminologies as in accordance with IFRS 15 " Contract Liabilities" is used for " Advances from Customers" and "Revenue from contracts with customers" is used for "Sales".

Certain annual improvements have also been made to a number of IFRSs, which do not have a significant effect on the financial reporting of the Company and therefore have not been discussed here.

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

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

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities.	January 01, 2019
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture.	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
IFRS 16 'Leases' - This standard will supersede IAS 17 'Leases' upon its effective date.	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Amendments regarding long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements.	January 01, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments' - Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.	January 01, 2019
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.	January 01, 2020
Amendments to References to the Conceptual Framework in IFRS Standards.	January 01, 2020

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

'Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'

- IFRS 14 'Regulatory Deferral Accounts'

- IFRS 17 'Insurance Contracts'

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of consolidated financial statements in conformity with the accounting and reporting 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 (Notes 4.1, 9 and 34)
- Provision for staff retirement benefits (Notes 4.2, 9.2-9.6)

- Depreciation rates of property, plant and equipment (Note 14.1)
- Classification of investments (Notes 4.10, 4.21, 16 and 24)
- Net realizable value of stock-in-trade (Notes 4.8 and 19)
- Provision for impairment of trade debts and other receivables (Notes 4.9, 4.6.1, 20.4 and 23)
- Provision for slow moving stores and spares (Notes 4.7 and 18.2)
- Useful lives of intangibles (note 4.5.3, and 15)

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 also assessed for the Group point of view using consolidated figures and is adjusted accordingly.

4.2 Employee benefits

4.2.1 Defined benefit plan

The Holding Company

The Holding Company operates an unfunded gratuity scheme covering all its employees who have completed minimum qualifying period of service. Provisions are determined based on actuarial valuation conducted by a qualified actuary using Projected Unit Credit Method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the eligible employees in accordance with the actuarial valuation. Past-service costs are recognized immediately in profit and loss account and actuarial gains and losses are recognized immediately in other comprehensive income.

Indus Lyallpur Limited

The Company operates an unfunded gratuity scheme covering all its employees who have completed minimum qualifying period. Provisions are determined based on the actuarial valuation conducted by a qualified actuary using Projected Unit Credit Method. Under this method cost of providing for gratuity is charged to profit and loss account so as to spread the cost over the service lives of the eligible employees in accordance with the actuarial valuation. Past-service costs are recognized immediately in profit and loss account and actuarial gains and losses are recognized immediately in other comprehensive income.

Indus Home Limited

The Company operates an unfunded gratuity scheme for all its employees who are eligible under the scheme. Provision is made annually to cover the liability under the scheme. The latest actuarial valuation was carried on June 30, 2019, 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

These are stated initially at fair value and subsequently measured at amortized cost using the effective interest rate method. Exchange gains and losses arising in respect of liabilities in foreign currency are added to the carrying amount of the respective liability.

4.4 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in statement of profit or loss over the period of borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Exchange gains and losses arising in respect of borrowings in foreign currency are added to the carrying amount of the borrowing.

4.5 Property, plant and equipment

4.5.1 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 cost.

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.

4.5.2 Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less accumulated impairment if any. 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.

4.5.3 Intangible assets

Intangible assets of the Company are stated at cost less accumulated amortisation and impairment loss if any. Amortisation is charged to profit and loss account using the reducing balance method at the rates given in note 15.1.The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any change in estimate being accounted for on prospective basis.

4.6 Impairment

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.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in profit and loss account.

4.7 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.

4.8 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.

4.9 Trade debts and other receivables

Trade debts and other receivables are recognized initially at fair value and subsequently measured at amortized cost less loss allowance, if any. The Group always measures the loss allowance for trade debts at an amount equal to lifetime expected credit losses (ECL). The expected credit losses on trade debts are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

Trade debts and other receivables considered irrecoverable are written off.

Exchange gains or losses arising in respect of trade and other receivables in foreign currency are adjusted from their respective carrying amounts.

4.10 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.

Investments in associate 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 (carrying amount under equity method), 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.

4.11 Borrowing costs

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 Pakistani 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.

4.12.1 Foreign subsidiary

The assets and liabilities of foreign subsidiary are translated to Pakistani Rupees at exchange rates prevailing at the reporting date. The results of foreign subsidiary are translated at the average rate of exchange for the year.Resulting exchange gains and losses are recognised in other comprehensive income in the consolidated financial statements.

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 Company and the revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, and is recognized on the following basis:

- Revenue from contracts with customers is recognized at the point in time when the performance obligation is satisfied i.e control of goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods. The control is transferred with the dispatch of goods to the customers for local sales and date of bill of lading for export sales.
- 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.
- Gain from sale of securities is recognised on accrual basis.
- Revenue from the sale of steam is recognised when the invoice is raised to the customers.

4.15 Offsetting of financial assets and financial liabilities

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

4.16 Cash and cash equivalents

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

4.17 Dividend distribution

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

4.18 Earnings per share

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

4.19 Segment reporting

Segment information is presented on the same basis as that used for internal reporting purposes by the Chief Operating Decision Maker (CODM). The Group considers Chief Executive as its CODM who is responsible for allocating resources and assessing performance of the operating segments. On the basis of its internal reporting structure, the Group considers itself to be a single reportable segment; however, certain information about the Group’s products, as required by the accounting and reporting standards as applicable in Pakistan, is presented in note 44 to these financial statements.

5. Adoption of IFRS 9 - Financial Instruments

IFRS 9 'Financial Instruments' was issued on July 24, 2014. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective from accounting periods beginning on or after July 1, 2018, and consequently has been adopted by the Group. Accordingly, the Group has applied the requirements of IFRS 9 to instruments that continue to be recognised as at July 01, 2018 and has not applied the requirements to instruments that have already been derecognised as at July 01, 2018. Comparative amounts in relation to instruments that continue to be recognised as at July 01, 2018 have not been restated as allowed by IFRS 9.

IFRS 9 introduces new requirements for:

1) The classification and measurement of financial assets and financial liabilities,
2) Impairment of financial assets, and
3) General hedge accounting.

Details of these new requirements as well as their impact on the Group's financial statements are described below except the General Hedge Accounting which the Group does not apply. The Group has applied IFRS 9 in accordance with the transition provisions set out in IFRS 9.

Classification and measurement

IFRS 9 contains three principal classification categories for financial assets:

- Measured at amortized cost (“AC”),
- Fair value through other comprehensive income (“FVTOCI”) and
- Fair value through profit or loss (“FVTPL”).

Financial asset at amortised cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL;

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Asset at FVTOCI

A financial asset is measured at FVTOCI only if it meets both of the following conditions and is not designated as at FVTPL:

1) the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

FVTOCI financial assets are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI.

Financial asset at FVTPL

All other financial assets are classified as measured at FVTPL.

In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Recognition

The Group recognises financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instrument.

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date when the investments are delivered to or by the Group.

Financial liabilities are not recognised unless one of the parties has performed its part of the contract or the contract is a derivative contract.

Classification and measurement of financial liabilities

'With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires as follows:

- The amount of change in the fair value of a financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of such changes in other comprehensive income would create or enlarge an accounting mismatch in profit or loss.

- Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

Impairment of financial assets

For financial assets measured at amortised cost, IFRS 9 requires recognition of impairment based on expected credit loss (ECL) model rather than incurred credit loss model as previously required under IAS 39. Under IFRS 9, the Group is required to measure loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity and the cash flows that the Group expects to receive).

Impact of the new impairment model

The Group recognises a loss allowance for ECL on trade debts. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial assets.

The Group always recognises lifetime ECL for trade debts. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For other financial assets, majority of the assets of the Group exposed to credit risk pertain to counter parties which have high credit rating or where credit risk has not been increased since initial recognition. Therefore, management believes that the impact of ECL would be very minimal and hence, the same has not been accounted for in these financial statements.

Impact of change in accounting policies due to adoption of IFRS 9

Financial assets and financial liabilities	Original classification as per IAS 39	New classification as per IFRS 9	Carrying amount as per IAS 39 as on June 30, 2018	Carrying amount on initial adoption of IFRS 9 on July 01, 2018	Effect on July 01, 2018 on Retained Earnings
			------------Rs in 000' ------------		
Financial Assets					
Long term deposits	LR	AC	15,475	15,475	-
Trade debts	LR	AC	5,194,308	5,194,308	-
Trade deposits	LR	AC	4,302	4,302	-
Loans to employees	LR	AC	39,353	39,353	-
Other receivables	LR	AC	114,384	114,384	-
Cash and bank balances	LR	AC	272,696	272,696	-
Other financial assets	HFT	FVTPL	315,213	315,213	-
Other financial assets	LR	AC	2,625	2,625	-
Financial Liabilities					
Long term finance including current p	AC	AC	2,207,710	2,207,710	-
Trade and other payables	AC	AC	2,240,155	2,240,155	-
Unclaimed dividend	AC	AC	11,080	11,080	-
Interest / mark-up accrued on borrow	AC	AC	65,406	65,406	-
Short term borrowings	AC	AC	6,541,667	6,541,667	-

- "LR" is loans and receivables
- "AC" is amortised cost
- "FVTPL" is fair value through profit or loss

Fair value measurement principles and provision

The fair value of financial instruments is determined as follows:

Basis of valuation of equity securities:

The fair value of shares of listed companies is based on their prices quoted on the Pakistan Stock Exchange Limited at the reporting date without any deduction for estimated future selling costs.

The fair value of units of mutual fund is based on their prices quoted on the Mutual Fund Association of Pakistan (MUFAP) at the reporting date without any deduction for estimated future selling costs.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through profit or loss are taken to the income statement.

Basis of valuation of instruments at amortised cost

Subsequent to initial recognition, financial assets classified as amortised cost are carried at amortised cost using the effective interest method.

Gains or losses are also recognised in the income statement when financial assets carried at amortised cost are derecognised or impaired, and through the amortisation process.

Basis of valuation of government bonds:

The fair value of bonds is based on its cost as their prices are yet to be quoted in any active market at the reporting date.

Net gains and losses arising on changes in the fair value of financial assets carried at fair value through other comprehensive income are taken to the other comprehensive income.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or where the Group has transferred substantially all risks and rewards of ownership.

Transition to IFRS 9 Financial Instruments

Accounting policies applied to financial instruments prior to July 01, 2018.

Financial instruments

All financial assets and liabilities are recognized at the time when the company becomes party to the contractual provisions of the instrument and derecognized when the 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.

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 Group 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.

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 4.6.1. Balances considered bad and irrecoverable are written off when identified.

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 Group or not.

Regular way purchase or sale of investments

All purchases and sales of investments are recognized using trade date accounting. Trade date is the date when the investments are delivered to or by the Group.

Impairment

Financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2019	2018		Note	2019	2018
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:			
		Issued to the shareholders of			
5,282,097	5,282,097	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	2019	2018
		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	**691**	157
		23,123	22,589
Revenue			
General reserve		**6,977,568**	6,977,568
		7,000,691	7,000,157

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	2019	2018
		Rupees in '000	
8. LONG-TERM FINANCING			
Secured			
From banking companies	8.1, 8.2 & 8.3	**3,177,433**	2,207,710
Less: Payable within one year		**(323,466)**	(386,186)
		2,853,967	1,821,524

8.1 Details and movement are as follows:

	As at July 01, 2018	Acquired during the year	Repaid during the year	As at June 30, 2019
	Rupees in '000			
Allied Bank Limited	134,438	765,562	-	900,000
Askari Bank Limited	142,448	-	29,958	112,490
Bank Al Falah Limited	10,000	-	10,000	-
Bank Al-Habib Limited	468,890	-	121,034	347,856
Habib Bank Limited	654,163	308,165	86,915	875,413
MCB Bank Limited	378,922	282,182	21,050	640,054
Meezan Bank Limited	32,594	-	32,594	-
Soneri Bank Limited	10,000	-	10,000	-
United Bank Limited	376,255	-	74,635	301,620
Long-Term Financing	**2,207,710**	**1,355,909**	**386,186**	**3,177,433**

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

	2019		
Type and nature of loan	**Amount outstanding**	**Mark up rate per annum**	**Terms of repayments**
	Rupees in '000		
Long term finance facility (LTFF)	**3,001,348**	**2.50% to 7.0%**	**Quarterly**
Term finances	**176,085**	**3 month KIBOR + 0.5% to 5.00%**	**Quarterly and half yearly**
	3,177,433		

Type and nature of loan	2018 Amount outstanding	2018 Mark up rate per annum	2018 Terms of repayments
	Rupees in '000		
Long term finance facility (LTFF)	1,922,835	2.50% to 7.0%	Quarterly and half yearly
Term finances	284,875	3 month KIBOR + 0.5% to 5.00%	Quarterly
	2,207,710		

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

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

9. DEFERRED LIABILITIES

	Note	2019	2018
		Rupees in '000	
Deferred taxation	9.1	**172,703**	161,663
Staff retirement gratuity:			
- the Holding Company	9.2	**266,815**	230,814
- Indus Lyallpur Limited	9.3	**36,777**	29,943
- Indus Home Limited	9.4	**177,936**	140,689
- Indus Wind Energy Limited	9.5	**1,008**	738
		655,239	563,847

9.1 Deferred taxation

	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
	(Rupees in '000)			
Movement for the year ended				
June 30, 2019				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	**(42,719)**	**(1,942)**	**(533)**	**(45,194)**
- stores and spare parts	**(198)**	**(113)**	**-**	**(311)**
Other financial assets	**(12,382)**	**8,391**	**-**	**(3,991)**
Short term borrowings	**-**	**(10,045)**	**-**	**(10,045)**
Long term financing	**-**	**(247)**		**(247)**
Others	**(151,723)**	**(48,447)**	**-**	**(200,170)**
	(207,022)	**(52,403)**	**(533)**	**(259,958)**
Taxable temporary differences in respect of:				
- accelerated tax depreciation	**360,384**	**28,237**	**-**	**388,621**
- unrealized export debtors	**8,470**	**35,446**	**-**	**43,916**
Intangible	**(169)**	**293**	**-**	**124**
	161,663	**11,573**	**(533)**	**172,703**

	Opening balance	Recognized in profit and loss account	Recognized in statement of comprehensive income	Closing balance
	(Rupees in '000)			
Movement for the year ended June 30, 2018				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	(37,725)	(5,795)	801	(42,719)
- provision of stores and spare parts	(180)	(18)	-	(198)
- other financial assets	(2,788)	(9,594)	-	(12,382)
				-
Intangible	-	(169)	-	(169)
Others	(179,351)	27,628	-	(151,723)
	(220,044)	12,052	801	(207,191)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	363,911	(3,527)	-	360,384
- unrealized export debtors	4,320	4,150	-	8,470
	148,187	12,675	801	161,663

9.1.1 The Group has not accounted for deferred tax on differences relating to its subsidiaries as the Holding Company does not have an intention to receive dividends or dispose off its investments in its subsidiaries in forseeable future. Deferred tax charge has been allocated as follows;

	2019	2018
	Rupees in '000	
Profit and loss account	**11,573**	12,675
Other comprehensive income	**(533)**	801
	11,040	13,476

9.1.2 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, 2019 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these consolidated financial statements are as follows:

	2019	2018
Significant actuarial assumptions		
Discount rate (%)	**12.50**	9.00
Expected rate of increase in salary level (%)	**12.00**	8.50
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.

	2019	2018
	Rupees in '000	
Present value of defined benefit obligation	**266,815**	230,814
Movement in net defined benefit obligation		
Balance at the beginning of the year	**230,814**	210,024
Recognized in profit and loss account		
Current service cost	**62,468**	55,483
Interest cost	**18,603**	14,537
	81,071	70,020
Recognized in other comprehensive income		
Actuarial gain on remeasurement of obligation	**3,151**	(4,329)
Benefits paid	**(48,221)**	(44,901)
Present value of defined benefit obligation as at June 30	**266,815**	230,814
Actuarial gains and losses		
Actuarial losses due to changes in financial assumptions	**-**	13,439
Actuarial loss / (gain) due to experience adjustments	**3,151**	(17,768)
	3,151	(4,329)

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%	248,868	287,437
Salary growth rate	1%	287,341	248,645

The expected gratuity expense for the next year amounted to Rs. 96.913 million. This is the amount by which defined benefit liability is expected to increase.

9.3 Staff retirement gratuity - Indus Lyallpur Limited

The actuarial valuation was carried out as at June 30, 2019 using Project Unit Credit Method.

Significant actuarial assumptions

	2019	2018
Discount rate (%)	**14.25**	9.00
Expected rate of increase in salary level (%)	**13.25**	8.00
Weighted average duration of defined benefit obligation	**11 years**	10 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.

	2019	2018
	Rupees in '000	
Present value of defined benefit obligation	**36,777**	29,943
Movement in net defined benefit obligation		
Balance at the beginning of the year	**29,943**	23,433
Recognized in profit and loss account		
Current service cost	**12,106**	11,840
Interest cost	**2,329**	1,460
	14,435	13,300
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**529**	2,400
Benefits paid	**(8,130)**	(9,190)
Present value of defined benefit obligation as at June 30	**36,777**	29,943
Actuarial gains and losses		
Actuarial loss due to experience adjustments	**529**	2,400

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%	(32,912)	41,401
Salary growth rate	1%	41,401	(32,849)

9.4 Staff retirement gratuity - Indus Home Limited

Significant actuarial assumptions	2019	2018
Discount rate (%)	**14.25**	9.00
Expected rate of increase in salary level (%)	**13.25**	8.00
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.

	2019	2018
	Rupees in '000	
Present value of defined benefit obligation	**177,936**	140,689
Movement in net defined benefit obligation		
Balance at the beginning of the year	**140,689**	118,982
Recognized in profit and loss account		
Current service cost	**35,079**	30,392
Interest cost	**12,014**	8,598
	47,093	38,990
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**4,548**	5,743
Benefits paid	**(14,394)**	(23,026)
Present value of defined benefit obligation as at June 30	**177,936**	140,689
Actuarial gains and losses		
Actuarial loss due to experience adjustments	**4,548**	5,743

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%	165,810	191,916
Salary growth rate	1%	192,450	165,114

9.5 **Staff retirement gratuity - Indus Wind Energy Limited**

	2019	2018
Present value of defined benefit obligation	**1,008,000**	738,300
Movement in net defined benefit obligation		
Balance at the beginning of the year	**738,300**	-
Recognized in profit and loss account	**366,000**	738,300
Benefits paid	**(96,300)**	-
Present value of defined benefit obligation as at June 30	**1,008,000**	738,300

Management has assessed that had an actuarial valuation been carried out, the resulting provision calculated as at June 30, 2019 would not have been materially different than reflected in these consolidated financial statements.

9.6 Risks to which the schemes maintained by the Group is exposed are as follows such as:

Salary risk

The risk that the final salary at the time of cessation of service is higher than what was assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Mortality / withdrawal risk

The risk that the actual mortality / withdrawal experience is different. The effect depends upon the beneficiaries' service / age distribution and the benefit.

Longevity risk

The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

	Note	2019	2018
		Rupees in '000	
10. TRADE AND OTHER PAYABLES			
Creditors		**348,531**	320,110
Accrued liabilities		**2,194,257**	1,730,458
Foreign bills payable		**115,447**	104,158
Infrastructure cess		**442,683**	358,376
Workers' Profits Participation Fund	10.1	**39,272**	31,512
Workers Welfare Fund		**430**	602
Advance from customers		**34,962**	103,132
Withholding tax payable		**10,142**	8,888
Others		**191,370**	85,429
		3,377,094	2,742,665

10.1 Workers' Profits Participation Fund

	Note	2019	2018
Balance at beginning of the year		**31,512**	75,641
Allocation for the year	32	**129,297**	96,537
Interest charged during the year on the funds utilized by the Group	33	**584**	445
		161,393	172,623
Payments made during the year		**(122,121)**	(141,111)
Balance at end of the year		**39,272**	31,512

11. INTEREST / MARK-UP PAYABLE

	Note	2019	2018
On secured loans from banking companies			
- Long-term financing		**119,251**	15,041
- Short-term borrowings		**47,058**	50,365
		166,309	65,406

12. SHORT-TERM BORROWINGS

	Note	2019	2018
From banking companies - secured			
Running finance / cash finance arrangements	12.1	**4,826,835**	4,454,243
Finance against import / export	12.2	**2,819,621**	2,087,424
Loan from Director	12.3	**50,000**	-
	12.4	**7,696,456**	6,541,667

12.1 These carry mark-up ranging from 1 week KIBOR plus 0.05% to 3 month KIBOR + 0.05% to 1% (2018: 1 week KIBOR + 0.05% to 1% and 3 month KIBOR + 0.05% to 1%). These are secured against charge over current assets of the Group with upto 25% margin.

12.2 These carry mark-up ranging from 0.25% to 2.2% (2018: 0.25% to 2.2%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Group. These have original maturity periods exceeding three months.

12.3 The amount includes balance due to Director, an interest free loan which is repayable on demand and is provided for working capital purposes.

12.4 The Group has aggregate short-term borrowing facilities amounting to Rs. 16,604 million (2018: Rs. 16,604 million) from various commercial banks.

13. CONTINGENCIES AND COMMITMENTS

13.1 Contingencies

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

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

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

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

In view of aforementioned developments, the Group on prudent basis, recognized provision for GIDC as at June 30, 2019 amounting to Rs. 974.80 million (2018: Rs. 817.55 million) in these financial statements.

13.1.2 The concerned Additional Commissioner Inland Revenue (ADCIR) amended the deemed assessment orders for tax year 2010 and 2011 of Indus Home Limited (IHL) and raised the tax demand amounting to Rs. 12,921,166 and Rs.6,458,411 respectively on the grounds of minimum tax charged separately, custom rebate included in exports and proration of workers' welfare fund (WWF) and workers' profits participation fund (WPPF) among minimum tax regime (NTR) and final tax regime (FTR) income. Being aggrieved by the orders of the ADCIR, IHL filed appeal before Commission Inland Revenue Appeals (CIRA) who maintained the respective orders of the ADCIR. Afterward, IHL preferred appeals before Appellate Tribunal Inland Revenue (ATIR) which are remanded back to the officer concerned. The concerned ADCIR again issued notices for both years in order to conclude the remand back proceedings, which are in process.

The concerned ADCIR amended deemed assessment order for tax year 2012 raising demand of Rs. 15.623 million on the ground that tax credit was not admissible against liability under FTR under section 65B of the Income Tax Ordinance, 2001. Being aggrieved by the order, IHL filed appeal before CIRA who maintained order issued by ADCIR. Afterwards, IHL filed an appeal before Appellate Tribunal Inland Revenue (ATIR) which is pending adjudication.

The concerned ADCIR amended the assessment orders for tax year 2013 on the grounds of custom rebate included in exports and proration of WWF and WPPF among NTR and FTR income. Being aggrieved by the order of the ADCIR, IHL filed an appeal before CIRA whereby the case was decided in favor of IHL. However, the tax department has filed an appeal before the ATIR, Lahore against the order of the order of the CIRA which is dimissed by the ATIR.

In respect of above matters, management of IHL believes that there is no need for creating any provision.

		2019	2018
		Rupees in '000	
13.1.3	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
13.1.4	Guarantees issued by banks in favour of custom authorities on behalf of the Group excluding those mentioned below	**3,817**	3,817
13.1.5	Guarantees issued by banks in favour of gas / electric distribution companies	**300,827**	279,460
13.1.6	Bank guarantees against payment of infrastructure cess	**439,696**	328,042
13.1.7	Bank guarantees in favour of Collector of Customs	**-**	3,040
13.1.8	Bank guarantees in favour of Government of Sindh	**-**	43,154
13.1.9	Bank guarantees in favour of Pakistan State Oil Company Limited	**8,750**	43,154
13.2	**Commitments**		
	Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases	**1,691,395**	1,862,873
	Civil work contracts	**2,086**	12,832
	Bills discounted	**32,050**	32,050
	Foreign currency forward contracts - Sale	**439,888**	438,854
	Foreign currency forward contracts - Purchase	**-**	6,801
	Post dated cheques in favour of: Revenue Department - Government of Pakistan	**969,414**	1,084,776
	Sales contract to be executed	**781,852**	2,530,447

13.3 The Company has total unutilised facility limit against letters of credit aggregating to Rs. 5.94 billion as of reporting date.

	2019	2018
	Rupees in '000	

14. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets	**11,321,205**	10,429,941
Capital work-in-progress	**403,760**	208,985
	11,724,965	10,638,926

14.1 Operating fixed assets

2019

Particulars	Cost at July 1, 2018	Additions/ (disposal) during the year	Cost at June 30, 2019	Accumulated depreciation at July 1, 2018	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2019	Carrying value at June 30, 2019	Dep. Rate
	< ----------	----------	----------	Rupees in '000'	----------	----------	---------- >	%
Owned								
Freehold land	**220,101**	**184,202**	**404,303**	**-**	**-**	**-**	**404,303**	**-**
Leasehold land	**148,207**	**-**	**148,207**	**1,627**	**1,626**	**3,253**	**144,954**	**-**
Factory buildings	**2,313,697**	**266,139**	**2,579,836**	**922,782**	**143,575**	**1,066,357**	**1,513,479**	**5-10**
Non-factory buildings	**177,606**	**-**	**177,606**	**110,486**	**6,712**	**117,198**	**60,408**	**10**
Office building	**130,416**	**59,733 (32,001)**	**158,148**	**37,230**	**15,297 (9,292)**	**43,235**	**114,913**	**5-10**
Plant and machinery	**13,414,566**	**1,306,956 (178,138)**	**14,543,384**	**6,091,513**	**728,832 (136,095)**	**6,684,250**	**7,859,134**	**10**
Electric installations	**239,958**	**23,977**	**263,935**	**125,403**	**11,866**	**137,269**	**126,666**	**10**
Power generators	**1,104,219**	**86,133 (20,390)**	**1,169,962**	**363,704**	**74,399 (17,224)**	**420,879**	**749,083**	**10**
Factory equipment	**173,671**	**800**	**174,471**	**61,259**	**11,157**	**72,416**	**102,055**	**10**
Office equipment	**44,259**	**4,188 (297)**	**48,150**	**20,123**	**3,702 (157)**	**23,668**	**24,482**	**10-30**
Furniture and fixtures	**52,440**	**4,437 (399)**	**56,478**	**15,385**	**3,954 (284)**	**19,055**	**37,423**	**10**
Vehicles	**317,951**	**71,194 (22,073)**	**367,072**	**157,638**	**39,781 (14,651)**	**182,768**	**184,304**	**20**
June 30, 2019	**18,337,091**	**2,007,759 (253,298)**	**20,091,552**	**7,907,150**	**1,040,901 (177,704)**	**8,770,347**	**11,321,205**	

Particulars	Cost at July 1, 2017	Additions/ (disposal) during the year	Cost at June 30, 2018	Accumulated depreciation at July 1, 2017	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2018	Carrying value at June 30, 2018	Dep. Rate
	2018							
	< - Rupees in '000' - >							%
Owned								
Freehold land	220,101	- -	220,101	-	-	-	220,101	-
Leasehold land	143,359	4,848	148,207	-	1,627	1,627	146,580	-
Factory buildings	2,271,752	41,945	2,313,697	825,519	97,263	922,782	1,390,915	5-10
Non-factory buildings	177,606	-	177,606	103,028	7,458	110,486	67,120	10
Office building	110,316	20,100	130,416	21,072	16,158	37,230	93,186	5-10
Plant and machinery	12,839,175	829,914 (254,523)	13,414,566	5,515,418	765,129 (189,034)	6,091,513	7,323,053	10
Electric installations	230,170	9,788	239,958	113,513	11,890	125,403	114,555	10
Power generators	877,154	236,044 (8,979)	1,104,219	313,628	57,229 (7,153)	363,704	740,515	10
Factory equipment	172,568	1,103	173,671	49,064	12,195	61,259	112,412	10
Office equipment	41,729	2,718 (188)	44,259 -	16,309	3,951 (137)	20,123	24,136	10-30
Furniture and fixtures	56,678	5,215 (9,453)	52,440	18,771	3,923 (7,309)	15,385	37,055	10
Vehicles	274,312	64,636 (20,997)	317,951	133,900	34,986 (11,248)	157,638	160,313	20
June 30, 2018	17,414,920	1,216,311 (294,140)	18,337,091	7,110,222	1,011,809 (214,881)	7,907,150	10,429,941	

	Note	2019	2018
		--------Rupees in '000'--------	

14.1.1 Allocation of depreciation

	Note	2019	2018
Manufacturing expense	28.2	**985,607**	962,166
Administrative expense	31	**55,294**	49,643
		1,040,901	1,011,809

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' ----------------------------------						
Plant and machinery							
Autoconer Schalaforst	10,070	(7,286)	2,784	700	(2,084)	Arif Kabari (Chot ki Gitti, Hyderabad)	Negotiation
Ring frame	10,372	(8,776)	1,596	700	(896)	S.S.Q. Traders (Faisalabad)	Negotiation
Autoconer Schalaforst	9,779	(9,013)	766	600	(166)	Khalid Mehmood (Plot#26, Qasimabad, Hyd)	Negotiation
Dornier Airjet 300cm	37,037	(26,914)	10,123	7,200	(2,923)	Polani textile	Negotiation
Dornier (Dobby) 300cm	47,336	(34,855)	12,481	7,200	(5,281)	Polani textile	Negotiation
Continuous Tumbler Dryer Bleach Line	39,435	(26,365)	13,070	1,771	(11,299)	Abid Ali	Negotiation
	154,029	**(113,209)**	**40,820**	**18,171**	**(22,649)**		
Vehicles							
Toyota Corolla	1,863	(786)	1,077	1,150	74	Muhammad Khalid Gaba (Mohalla Memon Society)	Negotiation
Toyota Fortuner	5,181	(3,729)	1,452	1,600	148	Muhammad Sohail	Negotiation
Suzuki	606	(485)	121	408	287	Matamdar	Negotiation
Motor bike	66	(33)	33	12	(21)	Employee	Negotiation
Motor bike	51	(30)	21	7	(14)	Employee	Negotiation
Motor bike	44	(22)	22	7	(15)	Employee	Negotiation
Toyota Corolla	1,552	(990)	562	1,375	813	Khurram Imtiaz	Negotiation
Toyota Corolla	1,811	(1,004)	807	1,625	818	Zarar Butt	Negotiation
Honda Civic Prosmatic	2,512	(944)	1,568	2,450	882	Ahsan Arian	Negotiation
	13,686	**(8,023)**	**5,663**	**8,634**	**2,972**		
Office Building							
76-B Gulberg, Lahore	32,001	(9,292)	22,709	37,648	14,939	Mst. Farah Shahzadi (Mohallah Ittehad Colony, Lhr.)	Negotiation
Power generators							
Caterpillar Generator	8,301	(6,573)	1,728	2,308	580	Akbar Ali & Brothers (Cotton Exchange building, Khi)	Negotiation
Waukesha Generator	12,089	(10,651)	1,438	360	(1,078)	Paramount Enterprises (Sahiwal)	Negotiation
Other (assets having net book value of less than Rs. 500,000)	33,192	(29,955)	3,237	3,975	738	Various	Negotiation
2019	**253,298**	**(177,703)**	**75,595**	**71,096**	**(4,499)**		
2018	294,139	(214,881)	79,258	44,191	(35,068)		

14.3 Particulars of immovable property (i.e. land and building) in the name of Group are as follows:

Location	Usage of immovable property	Total Area (In acres)	Total Area (In sq.ft)
Land:			
Chak # 61 R/B, Mouza Bedianwala, Tehsil Jaranwala at 38-Km, Sheikhpura Road, Dist. Faisalabad	Manufacturing facility	26.00	415,898
Korangi mill , Karachi- Plot # 3 and 7, Sector 25, Korangi, Karachi	Manufacturing facility and labour colony	12.50	544,500
Hyderabad mill - Plot No. P-1 & P-5, S.I.T.E, Hyderabad	Manufacturing facility and labour colony	29.00	1,263,240
Nooriabad - Plot # K-31 and K-32 , Nooriabad	Held for business expansion	40.00	1,742,400
Shujabad- Railway Road, Shujabad	Held for business expansion	15.64	681,442
Naseerpur- Adda Pira Ghayaib, Mototly Road	Manufacturing facility	8.28	360,459
Muzaffergarh Mill- Bagga Sher, Khan pur Shumail, District Multan	Manufacturing facility and labour colony	30.86	1,344,371
Lahore- 2.5 Kilometr off Manga Raiwind Road, Lahore	Held for business expansion	15.80	688,248
Raiwand Road, Manga Mandi, Lahore	Manufacturing facility	353.00	986,833

		Note	2019	2018
			Rupees in '000	
14.4	**Capital work-in-progress**			
	Civil work		**132,006**	197,159
	Plant and machinery		**271,754**	1,138
	Vehicles		**-**	10,688
		14.4.1	**403,760**	208,985

14.4.1 Capital work-in-progress

	Civil work	Plant and machinery	Vehicles	Total
	(Rupees '000)			
As at June 30, 2017	126,675	-	-	126,675
Additions during the year	118,678	1,138	10,688	130,504
Transferred to operating fixed assets	(48,194)	-	-	(48,194)
As at June 30, 2018	197,159	1,138	10,688	208,985
Additions during the year	**171,328**	**688,932**	**73**	**860,333**
Transferred to operating fixed assets	**(236,481)**	**(418,316)**	**(10,761)**	**(665,558)**
As at June 30, 2019	**132,006**	**271,754**	**-**	**403,760**

		Note	2019	2018
			Rupees in '000	
15.	**INTANGIBLE ASSETS**			
	Intangibles under use - Software	15.1	**16,112**	13,762
	Intangibles under implementation - Software		**-**	8,099
			16,112	21,861
15.1	**Intangibles under use - Software**			
	Year ended June 30			
	Net book value as at July 1		**13,762**	19,660
	Additions		**8,099**	-
	Amortisation for the year	15.1.1	**(5,749)**	(5,898)
	Net book value as at June 30		**16,112**	13,762
	At June 30			
	Cost		**33,694**	25,595
	Accumulated amortisation		**(17,582)**	(11,833)
	Net book value		**16,112**	13,762
	Annual amortisation rate		**30%**	30%

15.1.1 Amortisation for the year has been charged to administrative expenses.

15.2 Intangibles under implementation - Software

As at June 30, 2018	8,099
Additions during the year	-
Transferred to intangible assets	(8,099)
As at June 30, 2019	**-**

	Note	2019	2018
		Rupees in '000	

16. LONG-TERM INVESTMENT

	Note	2019	2018
Investment in associate	16.1	**31,642**	26,784

16.1 Investment in associate
- Sunrays Textile Mills Limited

	2019	2018
Cost	**1,716**	1,716
Share of post acquisition profits:		
Opening	**25,068**	20,851
Dividend received	**(615)**	(275)
Share of profit from associate for the year	**5,473**	4,492
	29,926	25,068
	31,642	26,784
Number of shares held	**68,654**	68,654
Ownership interest	**0.99%**	0.99%
Market value (Rupees in '000)	**15,486**	11,702
Cost of investment (Rupees in '000)	**1,716**	1,716

16.1.1 The existence of significant influence by the Company is evidenced through common directorship in the associate.

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

	2019	2018
	Rupees in '000	
Non-current assets	**1,856,886**	1,508,583
Current assets	**4,185,540**	4,196,080
Total assets	**6,042,426**	5,704,663
Non-current liabilities	**897,942**	588,777
Current liabilities	**1,948,356**	2,410,387
Total liabilities	**2,846,298**	2,999,164
Net assets	**3,196,128**	2,705,499
Net assets	**3,196,128**	2,705,500
Percentage holding	**0.99%**	0.99%
Share in net assets	**31,642**	26,784
Revenue	**6,085,258**	4,952,171
Comprehensive income for the year	**471,778**	278,400

17. LONG-TERM DEPOSITS

	2019	2018
Electricity	**13,986**	12,791
Others	**10,079**	2,684
	24,065	15,475

		Note	2019	2018
			Rupees in '000	
18.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores, spares and loose tools	18.1	**646,238**	625,690
	Less: provision for slow moving and obsolete stock	18.2	**(43,613)**	(46,908)
			602,625	578,782

18.1 It include stores and spares in transit amounting to Rs. 70.37 million (2018: Rs. 154.56 million).

		Note	2019	2018
			Rupees in '000	
18.2	**Movement in provision for slow moving & obsolete stock**			
	Opening balance		**46,908**	50,199
	Provision for the year		**-**	3,711
	Reversal of provision		**(3,295)**	(7,002)
	Closing Balance		**43,613**	46,908
19.	**STOCK-IN-TRADE**			
	Raw material			
	- in hand		**6,464,419**	4,621,507
	- in transit		**473,564**	797,914
			6,937,983	5,419,421
	Work-in-process		**845,787**	811,992
	Finished goods	19.1	**1,228,870**	1,025,684
	Packing material		**54,102**	54,760
	Waste		**112,546**	72,690
			9,179,288	7,384,547

19.1 The stock of finished goods have been written down to their net realizable values by Rs. NIL (2018: Rs. 1.07 million).

		Note	2019	2018
			Rupees in '000	
20.	**TRADE DEBTS**			
	Considered good			
	Secured			
	Foreign debtors	20.1	**4,270,151**	4,201,258
	Local debtors		**121,441**	-
			4,391,592	4,201,258
	Unsecured			
	Local debtors		**2,097,714**	993,050
			6,489,306	5,194,308
	Less: provision for doubtful debts		**(6,849)**	-
		20.2	**6,482,457**	5,194,308

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

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

	Note	2019	2018
		Rupees in '000	
20.3 Aging of debtors			
From 1 to 30 days		**2,622,823**	1,086,127
From 30 to 90 days		**2,495,631**	1,141,709
From 90 to 180 days		**1,066,779**	1,522,343
From 180 to 360 days		**279,969**	1,443,175
More than		**24,104**	954
		6,489,306	5,194,308

21. LOANS AND ADVANCES

	Note	2019	2018
Considered good			
Loans to staff	21.2	**42,009**	39,353
Advance income tax - net	21.1	**61,208**	132,045
Advances to:			
- Suppliers		**45,599**	32,483
- Employees		**789**	1,790
- Others		**49,811**	50,999
		96,199	85,272
		199,416	256,670

21.1 Advance income tax - net

	Note	2019	2018
Advance income tax		**368,941**	323,673
Less: Provision for taxation		**(292,397)**	(182,622)
Less: Workers' Welfare Fund	21.1.1	**(15,336)**	(9,006)
		61,208	132,045

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

Aggrieved by the amendments made through the Finance Acts, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the Ordinance in 2011. However, the Company together with other stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the Company and other stakeholders. Management has filed a petition before the Honourable Supreme Court of Pakistan against the decision of the Sindh High Court.

Honourable Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Acts, 2006 and 2008 have been declared invalid in the said order. The management has filed an application for rectification order amounting to Rs. 130.15 million for the years from 2010 to 2014 contending the fact that they had erroneously paid WWF despite of having exemption available to them.

21.2 These are interest free and secured against gratuity entitlement.

	Note	2019	2018
		Rupees in '000	

22. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

		2019	2018
Considered good			
Security deposits		**-**	4,302
Prepayments		**30,394**	72
		30,394	4,374

23. OTHER RECEIVABLES

		2019	2018
Considered good			
Cotton short weight claims		**31,634**	36,220
Rebate refundable		**75,914**	68,877
Others		**9,637**	63,274
Derivative financial asset		**-**	14,890
		117,185	183,261

24. OTHER FINANCIAL ASSETS

	Note	2019	2018
At fair value through profit and loss			
Investment in ordinary shares of listed companies	24.1	**55,562**	82,785
Investment in units of mutual funds	24.1	**32,055**	232,428
At fair value through other comprehensive income			
Government bonds	24.4	**86,600**	-
Amortised cost			
Treasury bills - Government of Pakistan	24.2	**48,771**	-
Term deposit receipts	24.3	**321,975**	2,625
		544,963	317,838

24.1 Market value of other financial assets

Investment in ordinary shares of listed companies

2019	2018		2019	2018
Number of shares				
42,000	42,000	Bestway Cement Limited	**4,329**	5,502
-	40,000	Engro Corporation Limited	**-**	12,554
30,000	30,000	Fauji Fertilizer Company Limited	**2,616**	2,967
15,000	15,000	Habib Bank Limited	**1,699**	2,497
2,350,000	2,050,000	K-Electric Limited	**10,317**	11,644
15,964	13,304	Pakistan State Oil Company Limited	**2,708**	4,235
10,000	10,000	Pak Elektron Limited	**200**	355
100,000	100,000	Pakistan International Airlines Corporation Limited	**451**	409
193,900	193,900	Pioneer Cement Limited	**4,392**	9,086
25,950	25,950	Sitara Chemical Industries Limited	**7,937**	9,558
141,900	141,900	United Bank Limited	**20,913**	23,978
			55,562	82,785

Investment in units of mutual funds

2019	2018		2019	2018
Number of units			Rupees in '000	
-	2,163	HBL Money Market Fund	**-**	232
-	1,081	HBL Cash Fund (Formerly PICIC Cash Fund)	**-**	115
288	266	Meezan Sovereign Fund	**106**	14
497,400	497,400	Meezan Income Fund	**23,838**	31,503
-	9,917	NAFA Government Security Liquid Fund	**-**	106
100,000	100,000	NAFA Islamic Active Allocation Plan-V	**8,111**	8,965
-	1,803,098	UBL Liquidity Plus Fund	**-**	191,482
-	104	UBL Money Market Fund	**-**	11
			32,055	232,428

24.2 The amount pertained to investment in Government of Pakistan Treasury Bills with Muslim Commercial Bank carrying interest at 12.19% (2018: 5.81%).

24.3 The amount relates to investment in short term deposit receipts carrying interest at 12.55% (2018: 5.5%).

24.4 This represent 866 government bonds having face value Rs. 100,000 received as refund against sales tax refundable with maturity of three years and carrying markup @ 10% per annum.

	Note	2019	2018
		Rupees in '000	
25. TAX REFUNDABLE			
Sales tax refundable		**205,963**	151,713
Income tax refundable		**689,754**	593,249
Others		**-**	1,160
		895,717	746,122
26. CASH AND BANK BALANCES			
With banks			
- in deposit accounts	26.1	**233,899**	23,019
- in current accounts	26.2	**539,867**	240,096
		773,766	263,115
Cash in hand		**6,071**	9,581
		779,837	272,696

26.1 The rate of profit on bank deposits ranges from 8.5% to 12.5% per annum (2018:3.5% to 8.5% per annum).

26.2 These include balance in foreign currency accounts aggregating to Rs. 20.563 million at year end (2018: Rs. 19.89 million)

	Note	2019	2018
		Rupees in '000	

27. REVENUE FROM CONTRACTS WITH CUSTOMERS - NET

	Note	2019	2018
Export sales	27.1	**23,185,491**	22,882,363
Less: Commission		**(114,724)**	(120,918)
		23,070,767	22,761,445
Local sales			
Yarn		**11,336,429**	6,981,019
Towel		**143,771**	150,335
Greige Fabric		**6,282**	54
Waste		**999,097**	863,963
		12,485,579	7,995,371
Less:			
Sales tax @ 3% on local sales		**(1,166)**	(8,368)
Discount		**(2,192)**	(1,450)
Brokerage on local sales		**(180,410)**	(116,712)
		(183,768)	(126,530)
		35,372,578	30,630,286

27.1 It includes exchange gain of Rs.132.65 million (2018: exchange gain of Rs. 196.44 million) and indirect exports of Rs. 2,914 million (2018: Rs. 3,044 million).

27.2 Disaggregation of export revenue from contract with customers into geoprahical area is as follows:

		2019	2018
		Rupees in '000	
Australia		**121,406**	88,380
Bangladesh		**139,904**	1,145,825
Brazil		**147,466**	153,707
Belgium		**368,607**	122,872
Bulgaria		**-**	11,868
Canada		**701**	5,202
China		**9,966,500**	9,686,607
Cyprus		**-**	12,233
Denmark		**31,446**	9,604
Dubai		**7,270**	7,578
Ecuador		**8,359**	983
Egypt		**151,387**	157,794
Europe		**143,001**	151,955
France		**105,031**	134,591
Germany		**318,952**	318,796
Greece		**243,111**	156,080
Hong Kong		**677,555**	577,113
India		**37,189**	38,763
Indonesia		**5,976**	6,229
Italy		**707,451**	818,441
Japan		**614,220**	614,970
Koprovince Czeck		**5,197**	5,417
Korea		**756,295**	787,878
Kuwait		**7,621**	-
Lithuania		**8,213**	-
Mexico		**-**	47,842
	c/f	**14,572,859**	**15,060,728**

	Note	2019	2018
		Rupees in '000	
	b/f	**14,572,859**	15,060,728
Mauritius		**8,079**	8,421
Netherlands		**65,168**	7,455
New Zealand		**121,225**	35,855
Pakistan		**415,097**	224,753
Philippines		**70,626**	68,702
Poland		**25,731**	37,407
Portugal		**603,563**	625,867
Reunion		**7,286**	-
Russia		**8,144**	-
Saudi Arabia		**18,388**	5,717
Singapore		**629,926**	233,516
South Africa		**36,089**	17,088
Spain		**168,948**	49,985
Switzerland		**963,052**	566,305
Sweden		**180**	-
Taiwan		**157,602**	167,150
Turkey		**2,022,685**	2,114,431
United Arab Emirates		**313,343**	411,467
United Kingdom		**1,038,730**	772,419
United States of America		**1,899,771**	2,452,314
Vietnam		**38,999**	22,782
		23,185,490	22,882,363

28. COST OF GOODS SOLD

	Note	2019	2018
Raw material consumed	28.1	**23,546,830**	20,776,839
Manufacturing expenses	28.2	**8,298,783**	6,811,746
Outside purchases - yarn		**107,453**	163,123
		31,953,066	27,751,708
Work in process			
- Opening		**811,992**	671,686
- Closing		**(845,787)**	(811,992)
		(33,795)	(140,306)
Cost of goods manufactured		**31,919,271**	27,611,402
Finished goods			
- Opening		**1,098,374**	1,103,807
- Closing		**(1,341,416)**	(1,098,374)
		(243,042)	5,433
		31,676,229	27,616,835

		Note	2019	2018
			Rupees in '000	
28.1	**Raw material consumed**			
	Opening stock		**4,621,507**	4,438,861
	Purchases		**25,614,165**	21,237,146
			30,235,672	25,676,007
	Cost of raw cotton sold		**(224,423)**	(277,661)
	Closing stock		**(6,464,419)**	(4,621,507)
			23,546,830	20,776,839
28.2	**Manufacturing expenses**			
	Salaries, wages and benefits	28.2.1	**2,276,056**	2,133,760
	Fuel, water and power		**2,810,760**	2,507,500
	Packing material consumed		**643,298**	615,163
	Stores and spares consumed		**1,234,800**	444,754
	Repairs and maintenance		**63,787**	52,764
	Insurance		**39,592**	45,449
	Rent, rates and taxes		**3,273**	2,756
	Depreciation on operating fixed assets	14.1.1	**985,607**	962,166
	Other		**241,610**	47,434
			8,298,783	6,811,746

28.2.1 It includes staff retirement benefits Rs. 123.45 million (2018: Rs. 105.02 million).

29. OTHER INCOME

		Note	2019	2018
	Income from non-financial assets:			
	Scrap sale		**23,700**	18,572
	Profit on trading of raw cotton	29.1	**18,330**	-
	Duty drawback, rebates and others		**501,189**	360,104
	Income from financial assets:			
	Capital gain on sale of investments		**9,846**	5,468
	Dividend income		**3,809**	5,521
	Profit on fixed deposits		**4,351**	1,625
	Realised gain on revaluation of foreign currency loans		**-**	240
	Unrealised gain on revaluation of foreign currency loans		**1,097**	-
	Unrealised gain on revaluation of foreign debtors	29.2	**323,133**	167,722
	Realised gain on revaluation of foreign debtors		**-**	4,088
	Unrealized gain on derivative financial instruments		**-**	14,891
	Other income		**303,964**	76,638
			1,189,419	654,869
29.1	**Profit / (loss) on trading of raw cotton**			
	Sales			
	- Local		**246,378**	275,282
	Less: Cost of goods sold			
	- Local		**(224,423)**	(277,661)
			21,955	(2,379)

29.2 This arises due to devaluation of Pakistani Rupee against US Dollar as at the year end which results in exchange gain on revaluation of foreign currency debtors.

		Note	2019	2018
			Rupees in '000	
30.	**DISTRIBUTION COST**			
	Export			
	Ocean freight		**308,451**	265,826
	Export development surcharge		**36,033**	33,339
	Insurance expense		**805**	1,292
	Other export charges		**120,990**	121,482
			466,279	421,939
	Local freight		**89,449**	90,766
	Advertising		**14,196**	-
	Salaries and wages	30.1	**49,143**	45,545
	Travelling and conveyance		**13,243**	10,445
	Telephone and postage		**20,583**	13,392
	Insurance		**12,235**	6,827
	Other		**32,202**	42,362
			697,330	631,276

30.1 It includes staff retirement benefits of Rs. 4.093 million (2018 Rs. 3.08 million).

		Note	2019	2018
			Rupees in '000	
31.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	31.1	**212,395**	176,630
	Directors' remuneration		**126,469**	88,658
	Meeting fees		**426**	349
	Repairs and maintenance		**10,933**	9,733
	Postage and telephone		**12,921**	11,632
	Traveling and conveyance		**8,293**	8,939
	Vehicles running		**18,817**	10,255
	Printing and stationery		**6,231**	6,205
	Rent, rates and taxes		**13,094**	20,198
	Utilities		**9,606**	10,172
	Entertainment		**5,308**	3,127
	Fees and subscription		**20,800**	21,277
	Insurance		**6,107**	4,466
	Legal and professional		**14,690**	9,350
	Charity and donations	31.2	**630**	1,548
	Auditors' remuneration	31.3	**3,820**	3,626
	Depreciation on operating fixed assets	14.1.1	**55,294**	49,643
	Amortization	15.1	**5,749**	5,898
	Provision for doubtful debts		**6,849**	-
	Advertisement		**30**	115
	Others		**9,424**	7,924
			547,886	449,745

31.1 It includes staff retirement benefits of Rs. 19.13 million (2018: Rs. 14.938 million).

31.2 None of the directors and their spouses have any interest in the donees' fund. Each of these donations does not exceed amount of 10% of total company's donation or 1 million, whichever is higher.

		Note	2019	2018
			Rupees in '000	
31.3	**Auditors' remuneration**			
	Ernst & Young Ford Rhodes Sidat Hyder			
	Audit fee		**1,300**	1,455
	Out of pocket expenses		**150**	152
			1,450	1,607
	Deloitte Yousuf Adil			
	Audit fee		**1,855**	1,600
	Half year limited review fee		**375**	300
	Fee for certifications		**40**	20
	Out of pocket expenses		**100**	99
			2,370	2,019
			3,820	3,626
32.	**OTHER OPERATING EXPENSES**			
	Workers' Profits Participation Fund		**129,297**	96,537
	Workers' Welfare Fund		**15,315**	5,874
	Loss on disposal of fixed assets - net		**4,499**	35,068
	Exchange loss on foreign currency loans		**58,031**	-
	Loss from trading of raw cotton	29.1	**-**	2,379
	Unrealised loss on other financial assets		**26,609**	42,691
	Unrealized loss on foreign currency loans		**67,143**	7,788
	Others		**-**	20,799
			300,894	211,136
33.	**FINANCE COST**			
	Mark-up on:			
	- long-term finance		**98,628**	71,041
	- short-term borrowings		**493,323**	253,985
	Discounting charges on letters of credit		**17,475**	8,488
	Interest on Workers' Profits Participation Fund		**584**	445
	Bank charges and commission		**46,010**	38,176
			656,020	372,135
34.	**TAXATION**			
	Current		**357,659**	221,563
	Prior		**(11,618)**	(7,414)
	Deferred		**11,573**	12,674
			357,614	226,823

34.1. As per section 5A of the Income Tax Ordinance, 2001, a tax shall be imposed at a rate specified therein on every Public Company other than scheduled bank or modaraba that derives profit for a tax year but does not distribute a portion of its after tax profits (as per limit mentioned therein) within six months of the end of the tax year through cash or bonus shares. As the Group has made a profit for the current year, therefore the Group is required to pay tax on profit as mentioned earlier. However, it is expected that the Group shall distribute profits of an amount to comply with the requirement of section 5A of the Income Tax Ordinance, 2001, therefore, no provision for tax on undistributed profit under section 5A of the Income Tax Ordinance, 2001 is recorded in these consolidated financial statements for the year ended June 30, 2019.

		2019	2018

34.2 Reconciliation between accounting profit and taxable income

		2019	2018
Accounting profit before tax	**Rupees**	**2,689,111**	2,008,520
Tax rate %		**29%**	30%
Tax on accounting profit	**Rupees**	**779,842**	602,556

	2019	2018
	Rupees in '000	
Effect of:		
Income chargeable to tax at reduced rates	**(1,998)**	(2,044)
Prior year charge	**(11,618)**	(7,414)
Income that is not taxable in determining tax liability	**(9,250)**	(28,162)
Impact of permanent differences	**(45,645)**	(5,918)
Impact of super tax	**25,307**	24,803
Income chargeable to tax under FTR	**(307,770)**	(317,270)
Due to change in tax rate	**(30,084)**	16,626
Tax impact of tax credit	**(41,170)**	(59,048)
Tax charge for the year	**357,614**	224,129

35. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2019	2018
Profit for the year	**Rupees in '000**	**2,331,497**	1,781,697
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**	**129.00**	98.58

36. CASH GENERATED FROM OPERATIONS

	Note	2019	2018
		Rupees in '000	
Profit before taxation		**2,689,111**	2,008,520
Adjustments for:			
Depreciation	14.1.1	**1,040,901**	1,011,809
Amortization	15	**5,749**	5,898
Provision for gratuity	9.2, 9.3 & 9.4	**142,965**	122,310
Unrealised loss on other financial assets	32	**26,609**	42,691
Unrealised gain on revaluation of export debtors		**(323,133)**	(167,722)
Unrealised loss on foreign currency loans		**66,046**	7,787
Loss on disposal of operating fixed assets		**4,499**	35,068
Dividend income		**(3,809)**	(5,521)
Share of profit from associate	16.1	**(4,858)**	(4,492)
Finance cost	33	**656,020**	372,135
Cash generated before working capital changes		**4,300,100**	3,428,483
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(23,843)**	(51,464)
Stock-in-trade		**(1,794,741)**	(834,405)
Trade debts		**(965,016)**	(3,002,484)
Loans and advances		**(13,583)**	(4,705)
Trade deposits and short term prepayments		**(26,020)**	24,505
Other receivables		**66,076**	(84,556)
Long term deposits		**(8,590)**	(718)
		(2,765,717)	(3,953,827)
Increase in current liability			
Trade and other payables		**634,429**	618,450
Short term borrowings		**716,649**	616,581
Cash generated from operations		**2,885,461**	709,687

37. CASH AND CASH EQUIVALENTS

	Note	2019	2018
Cash and bank balances	26	**779,837**	272,696
Short-term borrowings	12	**(4,826,835)**	(4,454,243)
		(4,046,998)	(4,181,547)

38. REMUNERATION TO CHIEF EXECUTIVE OFFICERS, EXECUTIVES AND DIRECTORS

The aggregate amounts charged in the accounts for remuneration, including all benefits to chief executive officer, executives and directors of the Group are given below:

Particulars	2019				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	----Rupees in '000----				
Remuneration including benefits	**37,068**	**83,375**	**-**	**153,329**	**273,772**
Retirement benefits	**-**	**-**	**-**	**46,058**	**46,058**
Medical	**1,102**	**3,519**	**-**	**2,705**	**7,326**
Utilities	**3,266**	**6,413**	**-**	**2,003**	**11,682**
Travelling	**2,149**	**-**	**-**	**12,899**	**15,048**
Vehicle running	**636**	**-**	**-**	**2,465**	**3,100**
Bonus and others	**-**	**-**	**-**	**8,675**	**8,675**
Insurance	**1,351**	**-**	**-**	**357**	**1,708**
Meeting fee	**55**	**20**	**219**	**132**	**426**
Total	**45,627**	**93,327**	**219**	**228,623**	**367,795**
Number of persons	**4**	**9**	**21**	**54**	**88**

Particulars	2018				
	Chief Executive Officers	Directors		Executives	Total
		Executive	Non-Executive		
	----Rupees in '000----				
Remuneration including benefits	24,564	53,712	-	166,158	244,434
Medical	1,046	1,618	-	2,673	5,338
Utilities	2,191	2,196	-	4,883	9,270
Travelling	1,840	-	-	10,170	12,010
Entertainment	5	-	-	-	5
Vehicle running	323	-	-	1,944	2,267
Retirement benefits	-	-	-	61,976	61,976
Bonus and others	-	-	-	8,978	8,978
Entertainment	1,163	-	-	1,387	2,550
Meeting fee	40	100	150	59	349
Total	31,173	57,626	150	258,227	347,176
Number of persons	4	8	21	70	103

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

39. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate (Sunrays Textiles Mills Limited and Indus Heartland Limited), entities with common directorship, key management personnel. The Group carries out transactions with related parties on agreed terms. The receivables and payables are mainly unsecured in nature. Remuneration of key management personnel is disclosed in note 38 to the consolidated financial statements and amount payable in respect of staff retirement benefits is disclosed in note 9. Significant transactions with related parties other than those shown elsewhere in these consolidated financial statements, are as follows:

Relationship	**Nature of transactions**	**2019**	**2018**
		Rupees in '000	
Associate (shareholding : 0.99 percent), Sunrays Textile Mills Limited	Purchase of yarn	**156,220**	82,017
Director	Lease rent expense	**-**	4,468

Relationship	Nature of transactions	2019	2018
		Rupees in '000	
Balances with related parties			
Associate - payable, Sunrays Textile Mills Limited		**2,586**	4,812
Associate - receivable, Sunrays Textile Mills Limited		**-**	62
Balances with other related parties due to common directorship			
Receivable from Indus Heartland Limited		**6**	213
Payable to:			
Riaz Cotton Factory		**1,917**	1,917
Haji Maula Bux Cotton Company		**1,253**	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, interest/dividend payable 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 deposits that arise directly from its operations. The Group also holds long-term and short term investments.

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

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

40.1 Credit risk and concentration of credit risk

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

Credit risk of the Group arises principally from the trade debts, loans and advances, other financial assets (mutual funds) 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:

	2019	2018
	Rupees in '000	
Long-term deposits	**24,065**	15,475
Other financial assets	**32,055**	232,428
Trade debts	**6,482,457**	5,194,308
Loans to staff	**42,009**	39,353
Trade deposits	**-**	4,302
Other receivables	**41,271**	114,384
Bank balances	**773,766**	263,115
	7,395,623	5,863,365

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.Though there are few past due trade debts, however, such are not impaied as per management assessment.

Credit risk related to equity investments and cash deposits

The Group limits its exposure to credit risk of investments by only investing in listed mutual funds units 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.

Name of bank	Rating agency	Credit rating Long-term	Short-term
Allied Bank	PACRA	AAA	A1+
Askari Bank	PACRA	AA+	A1+
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Islami	JCR-VIS	A+	A1
Bank Al-Habib Limited	PACRA	AA+	A1+
Dubai Islamic	JCR-VIS	AA	A1+
Faysal Bank	PACRA	AA	A1+
Habib Bank Limited	JCR-VIS	AAA	A1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Habib American Bank	N/A	N/A	N/A
J.S Bank	PACRA	AA-	A1+
Meezan Bank Limited	JCR-VIS	AA+	A1+
MCB Bank Limited	PACRA	AAA	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Soneri Bank Limited	PACRA	AA-	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank Of Punjab	PACRA	AA	A1+
United Bank Limited	JCR-VIS	AAA	A1+

40.2 Liquidity risk

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

40.2.1 Liquidity and interest risk table

The following tables displays the Group’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

	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, 2019						
Trade and other	**1,951,305**	**1,951,305**	**-**	**1,951,305**	**-**	**-**
Long-term	**3,177,433**	**3,405,750**	**-**	**-**	**323,466**	**3,082,284**
Short term	**7,696,456**	**7,696,456**	**4,826,835**	**2,819,621**	**50,000**	**-**
Unclaimed	**11,744**	**11,744**	**-**	**-**	**-**	**-**
Interest / mark-up	**166,309**	**166,309**	**-**	**166,309**	**-**	**-**
	13,003,247	**13,231,564**	**4,826,835**	**4,937,235**	**373,466**	**3,082,284**

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, 2018						
Trade and other	2,240,155	2,280,567	25,777	897,988	642,864	713,937
Long-term	2,207,710	2,225,243	-	-	394,567	1,830,676
Short term	6,541,667	6,541,667	4,454,243	2,087,424	-	-
Unclaimed	11,080	11,080	-	-	-	-
Interest / mark-up payable	65,406	65,406	13,489	44,631	7,286	-
	11,066,018	11,123,963	4,493,509	3,030,043	1,044,717	2,544,613

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

	2019	2018
	Rupees in '000	
6 months or less		
- Short-term borrowings	**7,696,456**	6,541,667
- Long-term loans	**3,177,433**	2,207,710

40.3 Market risk management

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

40.3.1 Interest rate risk management

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

	Carrying amount	
	2019	2018
	Rupees in '000	
Fixed rate instruments		
Financial assets	**320,499**	23,019
Financial liabilities	**3,001,348**	1,922,835
Variable rate instruments		
Financial liabilities		
- KIBOR based	**5,002,920**	4,454,243
- LIBOR based	**2,819,621**	2,087,424

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, 2019 would decrease / increase by Rs. 39.113 million (2018: Rs. 32.708 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

	2019		2018	
	Rupees in '00(	US Dollar	Rupees in '000	US Dollar
Trade debts	**4,270,151**	**26,218**	4,201,258	34,607
Bank balances	**20,563**	**126**	19,894	176
Foreign currency loans	**(2,819,621)**	**(17,312)**	(2,087,424)	(17,195)
	1,471,093	**9,032**	2,133,728	17,588

	2019	2018
	Rupees	
Average rate	**135.81**	113.15
Balance sheet date rate	**162.87**	121.40

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, 2019, 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. 73.55 million (2018: Rs. 106.69 million) determined on the outstanding balance at year end.

40.3.3 Equity price risk management

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

At the reporting date, the exposure to listed equity securities at fair value was Rs. 55.56 million (2018: Rs. 82.78 million). A decrease / increase of 5% on the PSX market index would have an impact of approximately Rs. 2.78 million (2018: Rs. 4.14 million) determined based on market value of investment at year end.

40.4 Financial instruments by category

	Amortised cost	Fair value through other comprehens	Fair value through profit or loss	Total
	Rupees in '000			
Assets as per balance sheet - June 30, 2019				
Long-term deposits	**24,065**	-	-	**24,065**
Trade debts	**6,482,457**	-	-	**6,482,457**
Loans to staff	**42,009**	-	-	**42,009**
Other receivables	**41,271**	-	-	**41,271**
Other financial assets	**370,746**	**86,600**	**87,617**	**544,963**
Cash and Bank balances	**779,837**	-	-	**779,837**
	7,740,385	**86,600**	**87,617**	**7,914,602**

Assets as per balance sheet - June 30, 2018	Loans and receivables	Fair value through profit & loss account	Total
	- - - - - - - - - - - - - - Rupees in '000	- - - - - - - - - - - - -	
Long term investments	15,475	-	15,475
Trade debts	5,194,308	-	5,194,308
Loans to staff	39,353	-	39,353
Trade deposits	4,302	-	4,302
Other receivables	114,384	-	114,384
Other financial assets	2,625	315,213	317,838
Cash and Bank balances	272,696	-	272,696
	5,643,143	315,213	5,958,356

	Financial liabilities measured at amortized cost	Total
	Rupees in '000	
Liabilities as per balance sheet - June 30, 2019		
Long-term financing	**3,177,433**	**3,177,433**
Trade and other payables	**1,951,305**	**1,951,305**
Unclaimed dividends	**11,744**	**11,744**
Short-term borrowings	**7,696,456**	**7,696,456**
Interest / mark-up payable	**166,309**	**166,309**
	13,003,247	**13,003,247**
Liabilities as per balance sheet - June 30, 2018		
Long-term financing	2,207,710	2,207,710
Trade and other payables	2,240,155	2,240,155
Unclaimed dividends	11,080	11,080
Short-term borrowings	6,541,667	6,541,667
Interest / mark-up payable	65,406	65,406
	11,066,018	11,066,018

41. CAPITAL RISK MANAGEMENT

The objective of the Holding 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 Holding 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 Holding Company may adjust the amount of dividend paid to shareholders or issue new shares.

Consistent with others in the industry, the Holding 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, 2019 and 2018 were as follows:

	2019	2018
	Rupees in '000	
Total borrowings (note 8 & 12)	**10,873,889**	8,749,377
Less: cash and bank balances (note 26)	**(779,837)**	(272,696)
Net debt	**10,094,052**	8,476,681
Total equity	**15,544,391**	13,509,269
Total capital	**25,638,443**	21,985,950
Gearing ratio	**39%**	39%

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

42. CAPACITY AND PRODUCTION

Spinning units	2019	2018
Total number of spindles installed	**211,980**	203,856
Total number of spindles worked per annum (average)	**207,033**	201,308
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**149,541,413**	145,192,073
Actual production for the year after conversion into 20 counts (lbs.)	**132,133,221**	127,575,023

Weaving unit	2019 Lbs	2018 Lbs
Normal capacity - Weaving	**40,953,000**	40,953,000
Actual Production - Weaving	**22,014,577**	24,011,631

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

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

43. NUMBER OF EMPLOYEES

	No. of employees	
	2019	**2018**
Average number of employees during the year	**5,373**	5,340
Number of employees as at June 30	**5,475**	5,276

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 led by Chief Executive Officer who is continuously involved 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

45. SUBSEQUENT EVENT

The Board of Directors proposed an interim cash dividend for the year ended June 30, 2019 of Rs. 25 per share (2018: Rs. 16 per share) at their meeting held on August 19, 2019 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.

46. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue on October 07, 2019 by the Board of Directors of the Group.

47. GENERAL

Figures have been rounded off to the nearest thousand rupees.

Chief Financial Officer **Chief Executive Officer** **Director**

40.5 Fair value and categories of financial instruments

Fair value is the price that would be received to sell an asset or paid or transfer a liability in an orderly transaction between market participants at measurement date.

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

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

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

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

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

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

	Carrying amount				Fair Value Hierarchy			
	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	June 30, 2019							
	'(Rupees in '000)							
Financial assets measured at fair value								
Other financial assets	**87,617**	**86,600**	**-**	**174,217**	**87,617**	**86,600**	**-**	**174,217**
Financial assets not measured at fair value								
	June 30, 2019							
	(Rupees in '000)							
Long term deposits	-	-	24,065	24,065				
Trade debts	-	-	6,482,457	6,482,457				
Loans to staff	-	-	42,009	42,009				
Other financial assets	-	-	370,746	370,746				
Other receivables	-	-	41,271	41,271				
Bank balances	-	-	779,837	779,837				
	-		7,740,385	7,740,385				

Financial liabilities not measured at fair value

	---- June 30, 2019 ----			
	---- (Rupees in '000) ----			
Long term financing	**-**	**-**	**3,177,433**	**3,177,433**
Trade and other payables	**-**	**-**	**1,951,305**	**1,951,305**
Unclaimed dividend	**-**	**-**	**11,744**	**11,744**
Short-term borrowings	**-**	**-**	**7,696,456**	**7,696,456**
Interest / mark-up payable	**-**	**-**	**166,309**	**166,309**
	-	**-**	**13,003,247**	**13,003,247**

	Carrying amount				Fair Value Hierarchy			
	Fair Value through profit and loss account - held-for-trading	Loans and advances	Amortized cost	Total	Level 1	Level 2	Level 3	Total
	---- June 30, 2018 ----							
	---- '(Rupees in '000) ----							
Financial assets measured at fair value								
Other financial assets	315,213	-	-	315,213	315,213	-	-	315,213

Financial assets not measured at fair value

	---- June 30, 2018 ----			
	---- (Rupees in '000) ----			
Long term deposits	-	15,475	-	15,475
Trade debts	-	5,194,308	-	5,194,308
Loans to staff	-	39,353	-	39,353
Other financial assets	-	2,625	-	2,625
Trade deposits	-	4,302	-	4,302
Other receivables	-	114,384	-	114,384
Bank balances	-	272,696	-	272,696
	-	5,643,143	-	5,643,143

Financial liabilities not measured at fair value

	---- June 30, 2018 ----			
	---- (Rupees in '000) ----			
Long term financing	-	-	2,207,710	2,207,710
Trade and other payables	-	-	2,240,155	2,240,155
Unclaimed dividend	-	-	11,080	11,080
Short-term borrowings	-	-	6,541,667	6,541,667
Interest / mark-up payable	-	-	65,406	65,406
	-	-	11,066,018	11,066,018

ڈائریکٹرز کی رپورٹ برائے ممبران

اِنڈس ڈائینگ اینڈ مینوفیکچرنگ کمپنی کے ڈائریکٹرز، کمپنی کی باسٹھویں (62)، سالانہ عمومی اجلاس سے پہلے سالانہ رپورٹ 30 جون 2019ء کے اختتام پذیر مالی بیانات کے ذریعے سالانہ رپورٹ پیش کرنے پر خوش ہیں۔

کمپنی کی مالی جھلکیاں درج ذیل ہیں۔

	سال کے اختتام پر (روپیہ 000 میں)	
	جون 30، 2019ء	جون 30، 2018
فروختگی	35,372,578	30,630,286
کل منافع	3,696,349	3,013,451
دیگر فعال آمدنی	1,189,419	654,869
مالی لاگت	(656,020)	(372,135)
ٹیکس کی فراہمی	(357,614)	(226,823)
ٹیکس لگانے کے بعد سال کا منافع	2,331,497	1,781,697
غیر منقولہ منافع	6,328,375	4,786,250
غیر مختص شدہ منافع	8,362,963	6,328,375
آمدنی فی حصص	129.00	98.58

جاری۔۔۔

فی حصص منافع

بورڈ آف ڈائریکٹرز نے 19 اگست 2019ء کو منعقد کردہ اجلاس میں %250 یعنی کہ اختتام پذیر سال 30 جون 2019ء کے لیئے، 25 روپے فی حصص عبوری نقد منافع کا اعلان کیا ہے۔

فی حصص آمدنی

گذشتہ سال گروپ کی فی حصص آمدنی 98.58 روپے کے مقابلے میں اس سال فی حصص آمدنی 129.00 روپے ہے۔ جبکہ اس سال کمپنی کی فی حصص آمدنی 95.40 روپے کے مقابلے میں پچھلے سال فی حصص آمدنی 76.28 روپے تھی۔

کاروباری جائزہ

جاری سال کے دوران زیر جائزہ گروپ نے بعداز ٹیکس 2,331 ملین روپے خالص منافع حاصل کیا۔ جس میں %31 اضافہ ہوا۔ جبکہ گذشتہ سال کا منافع 1,781 ملین روپے تھا۔ پچھلے سال کے مقابلے میں کمپنی کی فروختگی میں %15.50 اضافہ ہوا ہے۔

پاکستانی روپیہ کی قدر میں 30 فیصد کمی نے، کمپنی کی فروخت پر مثبت اثر ڈالا۔ تاہم دوسری طرف مقامی اور درآمد شدہ خام مال، مالی اور دیگر اخراجات کی قیمتوں میں بھی اضافہ ہوا۔

انتظامیہ نے کام کے ہر شعبے میں لاگت کو کم کرنے کی کوشش کی ہے۔ تمام چیلنجز (مشکلات) کے باوجود، کمپنی کی انتظامیہ کی مستقل کوششوں سے کمپنی کے شراکتی حصہ داروں کو ایک اچھا/بہترین منافع ہوا ہے۔

اِنڈس ہوم لمیٹیڈ (ماتحت ادارہ) نے عمدہ کارکردگی کا مظاہرہ کیا، اور زیر غور سال کی فروخت میں 14 فیصد اضافہ ہوا ہے۔ سال کے منافع میں 72 فیصد اضافہ ہوا ہے۔ Rs.950 M کے مُجمد اثاثوں میں اضافے نے انشورنس اور مالیاتی لاگت کے ساتھ فرسودگی کی قیمت میں بھی اضافہ کیا ہے۔ سال 2019ء میں ہونے والے CAPEX میں پرانی اور استعمال شدہ مشینری کو تبدیل کرنے کے لیئے سلائی ہال کی توسیع، لومز، دھاگہ رنگنے والی مشین، پرنٹنگ مشین، ٹمبلنگ، ای ٹون سلائی مشین، پالش اور شیئرنگ مشین شامل ہے۔ ڈسپوزل (ضائع کردینا) میں لومز اور ٹمبلر ڈرائر شامل ہیں۔

جاری۔۔۔۔

ہماری کمپنی "اِنڈس ونڈ انرجی لمیٹیڈ" نے توانائی کے شعبے کے منصوبے میں قابل ذکر پیش رفت کی ہے۔اس منصوبہ کو شروع کرنے کے لئے جہاں سے ہم نے اپنی آخری سالانہ رپورٹ میں چھوڑا تھا، ہماری کمپنی مشینری فراہم کرنے والوں، اِی پی سی ٹھیکیداروں اور مالی اداروں کے ساتھ معاہدوں کو مکمل کرنے میں کامیاب رہی ۔مزید یہ کہ پروجیکٹ کمپنی نے لاگت کے ساتھ زیادہ ٹیرف کے لئے درخواست دی تھی ، جو کہ NEPRA نے منظور کر دی۔ فی الحال کمپنی، مالی معاون اور حکومت کے ساتھ مل کر اس منصوبے کو مالی طور پر مضبوط کرنے کی کوششوں میں مصروف ہے اور جلد ہی نئے مالی سال کی تیسری سہ ماہی میں اس منصوبے کا آغاز کرے گی۔اس بات کو مدِنظر رکھتے ہوئے کہ سب کچھ تخمینے کے مطابق ہوتا ہے تو انڈس ونڈ انرجی پروجیکٹ اللہ تعالیٰ کے فضل وکرم سے مالی سال <u>2020</u>ء کی دوسری سہ ماہی کے اختتام تک یہ کام شروع کر دے گا،جس سے تمام اسٹیک ہولڈرز کے مفاد میں ممکنہ فائدہ ہوگا۔

مستقبل کے نقطہ نظر

ٹیکسٹائل انڈسٹری کے لیے مستقبل کا نظارہ مشکل ہے، کیوں کہ امریکہ /چین تجارتی جنگ ہمارے کاروبار کو متاثر کرسکتی ہے ۔مزید عناصر میں دُنیا کی معاشی نمو میں ست روی، بڑھتی قیمتیں اور ٹیکسٹائل ایکسپورٹرز کے لئے حکومتی پالیسیاں شامل ہوں گی جو کہ کمپنی کے کاروبار کو متاثر کر سکتے ہیں۔شرح سود اور افادیت کی قیمتوں میں اضافے سے کمپنی کے کاروبار پر منفی اثر پڑے گا۔اگر چہ روپے کی قدر میں کمی نے برآمد کنندگان کے لیئے کچھ فوائد دیے،لیکن دوسری طرف خام مال اور دیگر اخراجات میں اضافے کی وجہ سے اس کے فوائد کو کم کر دیا۔

کپاس کی پیداوار کے علاقے جیسا کہ بھارت کے مقابلے میں پاکستان میں کپاس کی قیمت اس وقت بہت زیادہ ہے، جس کی وجہ ہر سال کپاس کی پیداوار کے اہداف میں پاکستان کا پیچھے رہ جانا ہے۔ٹیکسٹائل کے استعمال کے لئے پاکستان کو کپاس کی 15 ملین گانٹھوں کی ضرورت ہے جبکہ یہ اوسطاً صرف 10 سے 11 ملین گانٹھوں کی پیداوار کرتی ہے۔ فصلوں کے سائز اور معیار کو بڑھانے کی طرف خصوصی توجہ کی ضرورت ہے۔

چونکہ مہنگائی نے معیشت کو منفی نقصان پہنچایا ہے جس سے کاروبار کرنے کے مجموعی اخراجات میں اضافہ ہوا۔

جاری۔۔۔

حکومت کی پالیسیاں بدلتی رہتی ہیں جس کہ وجہ سے تاجر برادری میں بے یقینی کی صورتحال پیدا ہوگئی ہے۔ ٹیکسٹائل سیکٹر کے مینوفیکچرز میں ان کی پیداواری صلاحیتوں اور BMR میں اضافے کے لئے اعتماد پیدا کرنے کے لئے مستقل پالیسیاں تلاش کرنا ہونگی۔ مسلسل بڑھتی ہوئی مسابقت اور ان مشکلات کے باوجود کمپنی کی انتظامیہ مستقبل میں بہتر نتائج حاصل کرنے کے لئے پرعزم ہے۔

سماجی ذمہ داریاں

کمپنی کی انتظامیہ لوگوں کی اس بات میں مدد کرتی ہے کہ وہ اپنے اندر کام کی مہارت پیدا کریں تا کہ نہ صرف ذاتی زندگی میں بلکہ بین الاقوامی مارکیٹ میں بھی اپنی جگہ بنا سکیں۔ ہماری کمپنی لوگوں کو معلومات کی پیغام رسانی، ٹیکنالوجی اور اس کو حاصل کرنے کے لیے طریقہ کار، صحت، تعلیم اور معیار زندگی کی ترقی کے لئے تیار کرتی ہے۔ اس مقصد کے حصول کے لئے کمپنی کے مالکان اپنا وقت تجربہ اور صلاحیتیں لوگوں کو آگاہی فراہم کرنے میں خرچ کرتے ہیں تا کہ وہ آگے بڑھ سکیں اور ان کی حوصلہ افزائی کی جا سکے۔

بیلنس شیٹ بنانے کے بعد کے معاملات

بیلنس شیٹ کے اختتامی مراحل میں اور بیلنس شیٹ بنانے کے بعد کوئی ایسا مادی یا معاملاتی معاہدہ نہیں کیا گیا جس سے بیلنس شیٹ کے اعداد و شمار میں کسی طرح کی کوئی تبدیلی واقع ہو اور وہ منفی طور پر متاثر ہو۔

متعلقہ فریقین سے لین دین

کمپنی نے متعلقہ فریقین کے معاملات کو جائزے اور منظوری کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے پیش کیا۔ ان تمام لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنی میٹنگ میں منظور کر لیا ہے۔ اس سے متعلقہ تمام لین دین کی تفصیلات 30 جون 2019 کی اختتامی سال کے لئے منسلک مالیاتی بیانات کے نوٹ 39 میں فراہم کی گئی ہیں۔

جاری۔۔۔

کارو پوریٹ گورننس، مالیاتی رپورٹنگ اور اندرونی کنٹرول سسٹم۔

کمپنی اچھی کارپوریٹ گورننس اور بہترین طریقہ کار کے ساتھ تعمیل کے لئے پرعزم ہے۔ کارپوریٹ گورننس کے ضابطہ اخلاق کی وہ ضروریات جن کے مطابق پاکستان اسٹاک ایکسچینج نے ان کی فہرست سازی کے ضوابط طے کیے ہیں۔اس بارے میں ایک بیان اس رپورٹ کے ساتھ منسلک ہے۔

ہمیں اطلاع دیتے ہوئے خوشی ہے:

- کمپنی کے زیر نظام تیار کردہ مالی بیانات، اس کی صورتحال، اسکے کام ،نقد بہاؤ اور ایکیوٹی میں بدلاؤ کے نتیجے کو منصفانہ طور پر پیش کرتے ہیں۔
- کمپنی کے حساب کتاب سے متعلق دستاویزات وضاحت کے ساتھ رکھی گئی ہیں۔
- مالی بیانات کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مستقل طور پر لاگو کی گئیں اور وہاں سے کسی بھی طرح کی تبدیلی کا مناسب طور پر انکشاف کیا گیا اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام مستحکم ہے اور موثر طریقے سے نافذ اور نگرانی کی گئی ہے۔
- کنٹرول کے طریقہ کار پر زور دیا جا رہا ہے تا کہ یہ یقینی بنایا جا سکے کہ کمپنی کی پالیسیوں پر عمل پیرا ہیں اور کسی بھی قسم کی عدم استحکام کی صورت میں بروقت اصلاح کی جا سکے۔
- بورڈ پر اعتماد ہے کہ کمپنی مستحکم طور (Going Concern) پر چل رہی ہے، آڈیٹرز نے بھی اپنی رپورٹ میں اس پر زور دیا ہے، تاہم ان مالی شماریات کو مالی بیانات میں وجوہات کو مکمل طور پر واضح کیا ہے اور مستحکم کے مفروضے (Going Concern) پر تیار کیا ہے۔
- پچھلے چھ سالوں کے متعلقہ اعداد و شمار (تفصیلات) بھی منسلک ہے۔
- ٹیکس، ڈیوٹی، محصول کے حساب سے کوئی ادائیگی نہیں ہے، جو کہ جون 30، 2019ء سے بقایا ہیں، سوائے اُن کے جن کا مالی بیانات میں انکشاف کیا گیا ہے۔

جاری۔۔۔

بورڈ کی تشکیل

بورڈ کی تشکیل کوڈ آف کارپوریٹ گورننس ریگولیشن ،2017 کے ضابطوں کی ضروریات کے مطابق ہے جو کہ لمیٹیڈ کمپنیوں پر لاگو ہوتے ہیں درج ذیل ہیں۔

ڈائریکٹرز کی کل تعداد

ا۔مرد ڈائریکٹر	11
ب۔خاتون ڈائریکٹر	00

تشکیل

ا۔Independent Director	02
ب۔Executive Director	02
پ۔Non-Executive Director	07

30 جون 2019 پر موجود ڈائریکٹرز کے نام درج ذیل ہیں۔

نویداحمد صاحب	چیئرمین
شہزاد احمد صاحب	چیف ایگزیکیٹو آفیسر
عمران احمد صاحب	ڈائریکٹر
ریاض احمد صاحب	ڈائریکٹر
عرفان احمد صاحب	ڈائریکٹر
کاشف ریاض صاحب	ڈائریکٹر
شاہ ویز صاحب	ڈائریکٹر
دانش نوید صاحب	ڈائریکٹر
شفقت مسعود صاحب	ڈائریکٹر
شیخ نشاط احمد صاحب	ڈائریکٹر
فاروق حسن صاحب	ڈائریکٹر

جاری۔۔۔

بورڈ آف ڈائریکٹرز

کمپنی کے بورڈ آف ڈائریکٹرز بنیادی طور پر خودمختار ہیں جو شفافیت اور اچھی کارپوریٹ گورننس کو یقینی بناتے ہیں۔ بورڈ ممبرز کاروباری دنیا کے مختلف شعبوں میں بے حد تجربہ رکھنے والے ایک قابل اور باصلاحیت رہنما ہیں۔ بورڈ میں چیئرمین، دو Indipendent ڈائریکٹرز، سات Non-Executive ڈائریکٹرز اور دو Executive ڈائریکٹرز (بشمول CEO) شامل ہیں۔ Non-Executive ڈائریکٹرز کمپنی کو کاروبار، حکمرانی اور قانون کا وسیع تجربہ پیش کرتے ہیں، جو کہ کافی حد تک تعاون کرتا ہے اور کارپوریٹ تعمیل کے اُصولوں کے اعلیٰ معیار پر کمپنی کی کاروائیوں کو یقینی بناتا ہے۔ زیرِنظر سال کے دوران سی ای او، ڈائریکٹرز، شریکِ حیات اور نابالغ کی حصص میں خرید و فروخت درج ذیل ہیں۔

	حصص خریداری
دانش نوید صاحب	100 حصص

سال 2018-19 کے دوران ہدایت کاروں/بورڈ آف ڈائریکٹرز کے اجلاس اور اس کی حاضری:

ڈائریکٹرز کا نام	اہلیت	حاضری
میاں محمد احمد (ایکس۔چیئرمین)	4	4
میاں شہزاد احمد (چیف ایگزیکیوٹیو)	4	4
ریاض احمد صاحب	4	4
نوید احمد صاحب (چیئرمین مقرر 19 11 June)	4	4
عمران احمد صاحب	4	3
کاشف ریاض صاحب	4	4
شاہویز صاحب	4	4
شفقت مسعود	4	4

جاری۔۔۔

شیخ نشاط احمد	4	4
فاروق حسن (نامزد کردہ NIT)	4	4
دانش نوید (ڈائریکٹر مقرر 28 Jun 2019)	4	4

انسانی وسائل اور معاوضہ کمیٹی

کمیٹی کی تشکیل۔

۱۔ شیخ نشاط احمد (چیئرمین)

۲۔ عرفان احمد صاحب (ممبر)

۳۔ شاہویز احمد صاحب (ممبر)

دو میٹنگز (ملاقاتیں) مالی سال کے دوران جولائی 2018ء سے جون 2019ء تک منعقد ہوئیں، تینوں ممبرز ان میٹنگز میں موجود تھے۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے ایک مکمل فنکشنل آڈٹ کمیٹی تشکیل دی، جس میں تین ممبران شامل ہیں: ایک آزاد ڈائریکٹر ہے اور دو Non-Executive ڈائریکٹرز۔ کمیٹی کے حوالے کی اصطلاح، شفاف داخلی آڈٹ، اکاؤنٹنگ اور کنٹرول سسٹم، رپورٹنگ کے مناسب ڈھانچے کے ساتھ ساتھ کمپنی کے اثاثوں کی حفاظت کے لئے مناسب اقدامات کا تعین کرنے پر مشتمل ہے۔

آڈٹ کمیٹی کے اجلاس:

جولائی 2018ء سے جون 2019ء کے درمیان پانچ میٹنگز منعقد ہوئیں۔ تمام Non-Executive ڈائریکٹر بشمول چیئرمین موجود تھے۔

جاری۔۔

سال کے دوران کمیٹی کی تشکیل اور حاضری کی صورتحال:

ممبران کے نام	گزشتہ ارکان جولائی 2018ء سے فروری 2019ء اہلیت	 حاضری	موجودہ ارکان مارچ 2019ء سے جون 2019ء اہلیت	 حاضری
شیخ نشاط احمد (چیئرمین)	4	4	1	1
عرفان احمد صاحب (ممبر)	4	4	-	-
کاشف ریاض صاحب (ممبر)	4	4	-	-
شفقت مسعود صاحب (ممبر)	-	-	1	1
شاہ ویز احمد صاحب (ممبر)	-	-	1	1

بورڈ نے اپنے ڈائریکٹرز (Executive/Non-Executive) کے لئے باقاعدہ معاوضہ کی پالیسی رکھی ہے جو بورڈ آف ڈائریکٹر کے ذریعے منظور شدہ ہے۔ پالیسی کو HR حکمت عملی کے ایک جزو کے طور پر ڈیزائن کیا گیا ہے اور دونوں کو کاروباری حکمت عملی کی حمایت کرنے کی ضرورت ہے۔ بورڈ کا خیال ہے کہ بہترین ایگزیکیوٹیو اور ہدایت کاروں کو راغب کرنے کمپنی کو چلانے اور سنبھالنے کے ساتھ ساتھ ڈائریکٹرز، ایگزیکیوٹیو اور شیئر ہولڈرز (حصہ یافتگان/اشراکتی حصہ داروں) کے مابین پیدا کرنے اور اسے برقرار رکھنے کی اہلیت میں پالیسی مناسب اور موثر ہے۔

آڈیٹرز کی تقرری (شمولیت)

M/s Deloitte Yousuf Adil، چارٹرڈ اکاؤنٹنٹ، (Deloitte) فرم ممبر (Deloitte Touche Tohmatsu Limited)، ایک مشہور چارٹرڈ اکاؤنٹنٹ فرم نے کمپنی کے ساتھ اپنی تقرری کی میعاد مکمل کی۔ اور اہل ہونے کی وجہ سے اپنی خدمات کو ایک اور مدت کے لیئے پیش کرتا ہے۔ ڈائریکٹرز آف بورڈ نے بورڈ کی آڈٹ کمیٹی کی سفارش پر مبنی، آئندہ سال کے لئے کمپنی کے آڈیٹر کی حیثیت سے دوبارہ تقرری کے لئے Deloitte تجویز کی ہے۔

جاری۔۔۔

اندرونی آڈٹ

بورڈ نے کمپنی کے کاروبار کو آگے بڑھانے کے لئے آپریشنل، مالی اور تعمیل کنٹرول کے ساتھ موثر اور توانائی بخش اندرونی کنٹرول سسٹم قائم کیا ہے۔ داخلی (انٹرنل) آڈٹ کے نتائج کا آڈٹ کمیٹی کے ذریعہ جائزہ لیا جاتا ہے، اور جہاں ضروری ہو، داخلی (انٹرنل) آڈٹ رپورٹس میں شامل سفارشات کی بنیاد پر کاروائی کی جاتی ہے۔

ممبران کی ترتیب

ممبران کی ترتیب کا خاکہ 30 جون 2019ء کی رپورٹ کے ساتھ منسلک کیا گیا ہے۔

ویب سائٹ کی موجودگی

کمپنی کے سالانہ اور متواتر مالی بیانات بھی کمپنی کی ویب سائٹ http://www.indus-group.com پر دستیاب ہے۔ شراکتی حصے داروں اور دیگر معلومات کے لیے۔

اظہار تشکر

ہم کمپنی کے ہر ملازم کی شراکت کو تسلیم کرتے ہیں۔ ہم اپنی مصنوعات پر ظاہر اعتماد اور کمپنی کو بینکاری فراہم کرنے اور مستقل طور پر کمپنی اور صارفین کے رشتے کو برقرار رکھنے پر صارفین اور بینکرز کا شکریہ ادا کرنا چاہتے ہیں۔

ہم اپنے شراکت داروں کے، ہمارے انتظامیہ پر ان کے اعتماد کے شکر گزار ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

عمران احمد	**شہزاد احمد**
ڈائریکٹر	**چیف ایگزیکیوٹیو آفیسر**
	بتاریخ 07 اکتوبر 2019ء

FORM OF PROXY

62nd 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 62nd Annual General Meeting of the company to be held on the 28th day of October 2019 and at my adjournment thereof.

Signed this _____________day of ____________ 2019.

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.

50/-

(*) 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 Ameera Centre Sharah-e-Iraq, Saddar Karachi. Telephone No. 35662023-24, not later than 48 hours before the time of holding the meeting.

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

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

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

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

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

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

AFFIX
CORRECT
POSTAGE

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

DIVIDEND MANDATE FORM

The Company Secretary,

Subject Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/we/Messrs.,____ being the shareholder(s) of Indus Dyeing & Manufacturing Company Limited [the "Company"], hereby, authorize the Company, to directly credit cash dividend declared by it, my bank account as detailed below:

(i) Shareholder's details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. / CDC IAS	
CNIC/NICOP/Passport/NTN No. (Please attach copy)	
Contact Number (landline & Cell Nos.)	
Shareholder's Address	
(ii) Shareholder's Bank account details:	
Title of Bank Account	
IBAN (see Note 1 below)	
Bank's Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

Yours Sincerely

____
Signature Of Shareholder
(Please affix Company stamp in case of corporate entity)

Notes:

(i) Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.

(ii) This letter must be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of banks account details for credit of cash dividend declared by the Company from time to time.