



**INDUS DYEING & MANUFACTURING
COMPANY LIMITED**

FIRST QUARTERLY REPORT
Condensed Interim Financial Information
July 01, 2020 to September 30, 2020
(Un-Audited)

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Company Profile

Board of Directors

- | | | |
|----|---------------------------|-------------------------|
| 1 | Mr. Naveed Ahmed | Chairman |
| 2 | Mr. Shahzad Ahmed | Chief Executive Officer |
| 3 | Mian Riaz Ahmed | |
| 4 | Mr. Kashif Riaz | |
| 5 | Mr. Imran Ahmed | |
| 6 | Mr. Irfan Ahmed | |
| 7 | Mr. Sheikh Shafqat Masood | |
| 8 | Mr. Faisal Hanif | |
| 9 | Mr. Aamir Amin (NIT) | |
| 10 | Ms. Azra Yaqub Vawda | |

Audit Committee

- | | | |
|---|---------------------------|----------|
| 1 | Mr. Faisal Hanif | Chairman |
| 2 | Mr. Kashif Riaz | Member |
| 3 | Mr. Sheikh Shafqat Masood | Member |

Human Resource and Remuneration Committee

- | | | |
|---|---------------------------|----------|
| 1 | Mr. Faisal Hanif | Chairman |
| 2 | Mr. Irfan Ahmed | Member |
| 3 | Mr. Sheikh Shafqat Masood | Member |

Company Secretary

Mr. Ahmed Faheem Niazi

Chief Financial Officer

Mr. Zahid Mahmood

Chief Internal Auditor

Mr. Yaseen Hamidia

Legal Advisor

Mr. M. Yousuf Naseem (Advocates & Solicitors)

Registered Office

Office # 508, UAN 111 - 404 - 404
5th floor, Beaumont Plaza, Tel 009-221-35693641 - 60
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. Tel. 0223 - 886281 & 84
Hyderabad, Sindh.
- 2 Plot # 3 & 7, Sector - 25, Tel. 021- 35061577 - 9
Korangi Industrial Area, Karachi.
- 3 Muzaffargarh, Bagga Sher, Tel. 0662 - 490202 - 205
District Multan.
- 4 Indus Lyallpur Limited. Tel. 041 - 4689235 - 6
38th Kilometer, Shaikhupura Road,
District Faisalabad.
- 5 Indus Home Limited. UAN 111 - 404 - 405
2.5 Kilometer, Tel. 042 - 35385021 - 7
Off Manga Raiwind Road,
Manga Mandi, Lahore.
- 6 Indus Wind Energy Limited UAN 111 - 404 - 405
Deh Kohistan 7/3 & 7/4 , Tel. 021 - 35693654 (Ext - 177)
Tapo Jungshahi,
Taluka & District Thatta.

INDUS DYEING AND MANUFACTURING COMPANY LIMITED
DIRECTORS' REVIEW
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

The Directors are pleased to present the un-audited condensed interim financial information of the Company for the first quarter ended on Sep 30, 2020. The Comparative figures for the corresponding quarter ended on Sep 30, 2019 have been used for comparison, except in statement of financial position where figures used are for the year ended on Jun 30, 2020.

FINANCIAL RESULTS

Consolidated turnover for the three-month period ending on September 30, 2020 was Rs. 10,148 million against Rs.10,088 million for the same period last year, whereas the consolidated net profit after tax was Rs: 413 million as compared to Rs. 634 million in the last corresponding period. The Company has shown satisfactory performance during the three months under review despite various challenges such as Covid-19, increased cost of raw material and higher energy prices in Pakistan. Due to the persistent efforts of the management in procurement of raw material, sales and cash flow planning the Company was able to achieve these results. The following are the financial results of the Company for the three months ended September 30, 2020.

FINANCIAL HIGHLIGHTS

	Three Months Ended September 30 (Rs. In Millions)	
	2020	2019
Sales-Net	10,148	10,088
Gross Profit	1,064	1,133
Other Operating Income	116	76
Profit Before Taxation	550	695
Taxation	(136)	(61)
Net Profit After Tax	413	634

REVIEW OF OPERATIONS

Sales increased by 1 % during the three months under review over the last corresponding period. Gross profit has been decreased by 6 % over the last quarter. Other operating income has been increased by 53% mainly due to gain on foreign currency transaction and receipt of duty draw back. The towel unit's sales during the three months period ended Sep 30, 2020 were Rs. 2,413 million and contributed Rs. 255 million toward profits after tax in the above-mentioned consolidated results.

DIVIDEND

The Board of Directors in their meeting held on 29th October 2020, have declared first interim cash dividend @ 100% i.e Rs. 10/- per share for the year ended 30th June 2021.

EARNINGS PER SHARE

The earnings per share for the three months ended September 30, 2020 is Rs.22.86/- per share as compared to Rs. 35.07/- per share over the previous corresponding period.

FUTURE PROSPECTS

The effects of COVID-19 in Pakistan are under control and well managed by the Government. The operations have been normalized and further expects to improve by the time and with the invention of COVID-19 vaccine. Support by the Government for subsidized financing and quick release of income tax and sales tax refund will definitely strengthen the businesses. However there is possibility of second wave of Covid-19 which could negatively affect the international exports but with remote changes as the world economics have been equipped to live with this disease.

ACKNOWLEDGEMENT

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

On Behalf of the Board

Karachi:
October 29th, 2020


SHAHZAD AHMED
Chief Executive Officer

ڈائریکٹرز کا جائزہ

انڈس ڈائینگ اینڈ مینوفیکچرنگ کمپنی لمیٹڈ کے ڈائریکٹرز 30 ستمبر 2020 کو ختم ہونے والی پہلی سہ ماہی کیلئے گروپ کے مجموعی مالیاتی کوششوں کے مالی نتائج پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ اسی سہ ماہی کے اعداد و شمار کو 30 ستمبر 2019 کو ختم ہونے والی تقابلی اعداد و شمار کا موازنہ کے لئے استعمال کیا گیا ہے، سوائے اس مالی پوزیشن کے بیان کے جہاں اعداد و شمار کا استعمال 30 جون 2020 کو ختم ہونے والے سال کے لئے ہے۔

مالیاتی نتائج

30 ستمبر 2020 کو ختم ہونے والے تین مہینوں کے لئے مجموعی فروخت اسی مدت کے لئے 10,148 ملین روپے کے مقابلہ میں پچھلے سال 10,088 ملین روپے جب کہ ٹیکس کے بعد مستحکم مجموعی منافع اسی مدت کے دوران 413 ملین روپے کے مقابلہ میں 634 ملین روپے تھا۔ کمپنی نے مختلف مشکلات جیسے کہ کوویڈ-19، خام روٹی کی قیمتوں میں اضافہ اور دیگر آپریشنل اخراجات کے باوجود نظر ثانی کے تحت ششماہی کے دوران تسلی بخش کارکردگی دکھائی۔ خام مال کی خریداری میں انتظامیہ کی مستقل کوششوں کی وجہ سے، کمپنی فروخت اور نقد بہاؤ کی منصوبہ بندی ان نتائج کو حاصل کرنے میں کامیاب رہی۔ 30 ستمبر 2020 کو ختم ہونے والے تین ماہ کے لئے کمپنی کے مالی نتائج درج ذیل ہیں۔

آپریٹنگ مالیاتی نتائج درج ذیل ہیں۔

30 ستمبر کو ختم ہونے والی پہلی سہ ماہی (روپے ملین میں)		
2019	2020	
10,088	10,148	کل فروخت
1,133	1,064	مجموعی نفع
76	116	دیگر فعال آمدنی (نقصان)
695	550	ٹیکس سے پہلے نفع
(61)	(136)	ٹیکس
634	413	ٹیکس کے بعد نفع

جائزہ برائے افعال

پچھلے سال اس مدت میں جائزہ کے تحت تین مہینوں کے دوران سبز میں 1 فیصد کا اضافہ ہوا۔ گذشتہ سہ ماہی کے دوران مجموعی منافع میں 6 فیصد کمی ہوئی۔ دیگر فعال آمدنی میں 53 فیصد اضافہ ہوا جس کی بنیادی وجہ بین الاقوامی کرنسی کی منتقلی اور ڈیوٹی ٹیکس (DUTY DRAW BACK) کی وصولی ہے۔ 30 ستمبر 2020 کو ختم ہونے والے تین مہینوں کے دوران تولیہ پونٹ کی

فروخت 2,413 ملین روپے تھی اور اہر بیان كئے گئے مجموعى نتائج ميں ٹيڪس كے بعد نفع ميں 255 ملين روپے كى معاونت كى۔
منافع

بورڈ آف ڈائريڪٹرز نے 29 اكتوبر 2020 منعقد ہونے والے اجلاس ميں 30 جون 2021 كو ختم ہونے والے سال كے لئے پہلے عيورى
نقد منافع 100 فيصد يعنى 10 روپے فى حصص قرار ديا۔

فى حصص آمدنى

مجموعى بنياد پر 30 ستمبر 2020 كو ختم ہونے والى پہلى سہ ماہى كے لئے فى حصص كمائى 22.86 روپے جبكہ پچھلے سال اسى مدت كے
دوران فى حصص كمائى 35.07 تھى۔

مستقبل كے امكانات

پاكستان ميں COVID-19 كے اثرات كنترول ميں ہيں اور حكومت كے ذريوعہ ان كا نظم و نسق بہتر ہے۔ آپريشنز كو معمول كے مطابق
بنا ديا گیا ہے اور اس كى توقع ہے كہ وقت كے ساتھ ساتھ COVID-19 وكيسين كى ايجاد بهى ہوگى۔ مالى اعانت اور انكم ٹيڪس اور سيلز
ٹيڪس كى واپسى كى فوري اجراء كے لئے حكومت كى طرف سے تعاون يقينى طور پر كاروبار كو مضبوط بنائے گا۔ تاہم COVID-19 كى
دورى لہر كا امكان موجود ہے جو بين الاقوامى برآمدات كو متنى طور پر متاثر كر سكتا ہے ليكن تيزى سے تبدلى كى وجہ سے عالمى معيشت اس
مرض كے ساتھ زندگى گزارنے كے لئے تيار ہے۔

اظہار تشكر

ہم اپنى كمپنى كے ہر ملازم، صارفين، بينكرز اور حصص يافتگان كے مشكور ہيں جنھوں نے كمپنى كے مقاصد ميں اپنا حصہ ليا اور ہم پر اعتماد كيا۔

بورڈ كى جانب سے

كراچى

29 اكتوبر 2020

محمد شہزاد احمد

شہزاد احمد


چيف ايگزيكيو آفيسر

INDUS DYEING & MANUFACTURING COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2020

	Sep 30, 2020 (Un-Audited)	Jun 30, 2020 (Audited)	Note	Sep 30, 2020 (Un-Audited)	Jun 30, 2020 (Audited)
	----- Rupees in '000' -----			----- Rupees in '000' -----	
EQUITY AND LIABILITIES			ASSETS		
Authorized share capital			Non-current assets		
45,000,000 ordinary shares of Rs. 10/- each	<u>450,000</u>	<u>450,000</u>	Property, plant and equipment	5. 6,715,400	6,383,628
Share capital and reserves			Intangibles	9,405	10,167
Issued, Subscribed and Paid-up Capital			Right-of-use-assets	84,458	-
18,073,732 ordinary shares of Rs. 10/- each	180,737	180,737	Long-term investments	7. 5,995,486	4,149,680
Reserves	7,000,000	7,000,000	Long-term deposits	6,287	6,287
Unappropriated profits	5,498,768	5,286,763		12,811,036	10,549,762
	12,679,505	12,467,500	Current assets		
Non-current liabilities			Stores, spares and loose tools	352,352	361,256
Long-term financing	4,088,852	2,078,896	Stock-in-trade	6,201,624	6,636,909
Lease liabilities	75,368	-	Trade debts	3,483,203	3,389,567
Deferred liabilities	398,838	387,413	Loans and advances	102,170	199,912
	4,563,058	2,466,309	Short-term prepayments	9,842	1,898
Current liabilities			Other receivables	59,351	55,286
Trade and other payables	3,294,993	2,843,986	Other financial assets	105,349	191,993
Unclaimed / unpaid dividend	2,497	209,634	Tax refundable	348,338	347,623
Interest / mark-up payable	56,379	65,715	Cash and bank balances	132,560	116,432
Short-term borrowings	6. 2,855,297	3,695,663		10,794,789	11,300,876
Current portion of deferred government grants	27,911	11,443		23,605,825	21,850,638
Current portion of long-term financing	115,366	90,388			
Current portion of lease liabilities	10,819	-			
	6,363,262	6,916,829			
Contingencies & Commitments					
	4. 23,605,825	21,850,638			

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Note	<u>Three months period ended</u>	
		Sep 30, 2020	Sep 30, 2019
		----- Rupees in '000' -----	
Sales - net		6,318,752	7,617,916
Cost of goods sold	8.	<u>(5,769,029)</u>	<u>(6,693,316)</u>
Gross profit		549,723	924,600
Other income		<u>68,730</u>	<u>17,088</u>
		618,453	941,688
Distribution cost		(85,605)	(90,620)
Administrative expenses		(91,410)	(78,458)
Other operating expenses		(29,523)	(45,262)
Finance cost		<u>(111,215)</u>	<u>(96,271)</u>
Profit before taxation		300,700	631,077
Taxation	9.	<u>(88,695)</u>	<u>(79,699)</u>
Profit after taxation		<u>212,005</u>	<u>551,378</u>
Earnings per share - Basic and diluted		<u>11.73</u>	<u>30.51</u>

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

**INDUS DYEING & MANUFACTURING COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020**

THREE MONTHS PERIOD ENDED

	Sep 30, 2020	Sep 30, 2019
	----- Rupees in '000' -----	
Profit after taxation	212,005	551,378
Other comprehensive income	-	-
Total comprehensive income for the period	<u>212,005</u>	<u>551,378</u>

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
 UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
 FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

Issued, subscribed and paid-up capital	Capital		Reserves		Total	
	Share Premium	Merger Reserve	Revenue			
			General Reserve	Un-appropriated Profit		
----- Rupees in '000' -----						
Balance at June 30, 2019 (Audited)	180,737	10,920	11,512	6,977,568	5,322,368	12,503,105
Comprehensive Income						
Profit for the first quarter ended September 30, 2019	-	-	-	-	551,378	551,378
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	551,378	551,378
Final cash dividend for the year ended June 30, 2019 @ Rs. 25/- per share	-	-	-	-	(451,843)	(451,843)
Balance at September 30, 2019 (Un-Audited)	180,737	10,920	11,512	6,977,568	5,421,903	12,602,640
Balance at June 30, 2020 (Audited)	180,737	10,920	11,512	6,977,568	5,286,763	12,467,500
Comprehensive Income						
Profit for the first quarter ended September 30, 2020	-	-	-	-	212,005	212,005
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	-	212,005	212,005
Balance at September 30, 2020 (Un-Audited)	180,737	10,920	11,512	6,977,568	5,498,768	12,679,505

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
UNCONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	THREE MONTHS PERIOD ENDED	
	Sep 30, 2020	Sep 30, 2019
	-----Rupees in '000'-----	
A. CASH GENERATED FROM OPERATIONS		
Profit before taxation	300,700	631,077
Adjustments for non-cash items:		
Depreciation of property, plant and equipment	147,437	153,145
Amortization on intangibles	5,208	1,089
Provision for gratuity	41,128	24,442
Provision for doubtful debts	461	-
Unrealized gain on other financial assets	(14,357)	-
Unrealized (gain) / loss on revaluation of foreign currency loans	(43,350)	8,530
Gain on disposal of property, plant and equipment	(31)	(8,265)
Dividend income	(1,005)	(156)
Unwinding of deferred government grants	(2,963)	-
Finance cost	111,215	96,271
Cash generated before working capital changes	544,443	906,133
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	8,904	(15,712)
Stock in trade	435,285	1,522,683
Trade debts	(50,285)	1,089,529
Loans and advances	(48,887)	(14,033)
Short-term prepayments	(7,944)	6,813
Other receivables	(4,065)	8,379
	333,008	2,597,659
Increase / (decrease) in current liabilities		
Trade and other payables	451,007	193,512
Short Term Borrowings	(507,464)	-
Cash generated from operations	820,994	3,697,304
CASH AND CASH EQUIVALENTS		
Cash and bank balances	132,560	152,065
Short-term running finance	(2,718,297)	(618,786)
	(2,585,737)	(466,721)
Cash flows from operating activities		
Income taxes paid	(22,536)	(12,498)
Finance cost paid	(120,551)	(143,596)
Gratuity paid	(32,777)	(10,459)
Net cash generated from operating activities	645,130	3,530,751
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments made for acquisition of property, plant and equipment	(466,880)	(16,512)
Proceeds from disposal of property, plant and equipment	1,664	17,942
Purchase of investment in other financial assets	-	(132,125)
Investment in Subsidiary	(1,800,312)	-
Proceed from redemption of other financial assets	201,000	-
Dividend received	1,005	156
Net cash used in investing activities	(2,063,523)	(130,539)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts from long-term financing	2,064,346	18,857
Repayment of long-term financing	(3,600)	(62,017)
Lease liabilities	(86,187)	-
Dividend paid	(207,137)	(388,542)
Net cash generated from / (used in) financing activities	1,767,422	(431,702)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	349,029	2,968,510
Cash and cash equivalents at beginning of the period	(2,934,766)	(3,435,231)
Cash and cash equivalents at end of the period	(2,585,737)	(466,721)

The annexed explanatory notes from 1 to 13 form an integral part of these condensed interim financial statements.


Chief Executive Officer


Director


Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
NOTES TO THE UNCONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

1. LEGAL STATUS AND NATURE OF BUSINESS

Indus Dyeing & Manufacturing Company Limited (the Company) was incorporated in Pakistan on July 23, 1957 as a public limited company under the Companies Act, 1913 (subsequently replaced by 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 Units	Addresses
Karachi	Plot No. 03 & 07, Sector 25, Korangi Industrial Area, Karachi.
Hyderabad	P -1, S.I.T.E. Hyderabad Sindh.
Muzaffargarh	Muzaffargarh, Bagga Sher, District Multan.

The Company has the following investees:

- Indus Lyallpur Limited - Wholly owned subsidiary
- Indus Home Limited - Wholly owned subsidiary
- Indus Home USA Inc. - Wholly owned subsidiary of Indus Home Limited
- Indus Wind Energy Limited - Wholly owned subsidiary
- Sunrays Textile Mills Limited - Associated undertaking

2. STATEMENT OF COMPLIANCE

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

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

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

2.2 These unconsolidated condensed interim financial statements are unaudited. However, a limited scope review of these condensed interim financial statements have been performed by the external auditors of the Company in accordance with the requirements of Regulation 27 of Listed Companies (Code of Corporate Governance) Regulations, 2018 and they have issued their review report thereon. These unconsolidated condensed interim financial statements are submitted to the shareholders as required by section 237 of the Companies Act, 2017.

2.3 **These unconsolidated condensed interim financial statements has been prepared under the historical cost convention modified by: -**

- recognition of certain employee retirement benefits at present value.
- recognition of certain financial instruments at fair value.
- useful life and residual values of depreciable assets

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

2.4 These unconsolidated condensed interim financial statements do not include all of the information required for annual audited financial statements and therefore should be read in conjunction with the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020.

2.5 These unconsolidated condensed interim financial statements are presented in Pakistani Rupees which is also the Company's functional currency.

2.6 The comparative statement of financial position presented has been extracted from unconsolidated annual audited financial statements for the year ended June 30, 2020, whereas comparative unconsolidated condensed interim statement of profit and loss, unconsolidated condensed interim statement of comprehensive income, unconsolidated condensed interim statement of cash flows and unconsolidated condensed interim statement of changes in equity presented in these unconsolidated condensed interim financial statements have been extracted from the unaudited unconsolidated condensed interim financial statements for the three months period ended September 30, 2019.

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

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

The accounting policies, underlying estimates and methods of computations adopted in the preparation of these unconsolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited unconsolidated financial statements of the Company for the year ended June 30, 2020.

3.2 The financial risk management policies and objectives adopted by the Company are consistent with those disclosed in the annual audited financial statements for the year ended June 30, 2020.

3.3 New accounting standards / amendments and IFRS interpretations that is effective during this period

Amendments to IFRS 16 'Leases' - Covid - 19 related rent concessions

January 01, 2020

3.3.1 First time adoption of IFRS 16-Leases Liabilities

At the commencement date of the lease, the Company recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the correction of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

3.3.2 Right-of-use assets

The Company recognizes right-of-use assets at the commencement date the lease. (i.e. the date the underlying asset is available for use.) Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The recognized right-of-use assets are depreciated on a straight –line basis over the shorter of its estimated useful life and the lease.

	Sep 30, 2020 (Un-Audited)	Jun 30, 2020 (Audited)
	-----Rupees in '000'-----	
4. CONTINGENCIES AND COMMITMENTS		
4.1 Contingencies		
4.1.1 Claim of arrears of social security contribution not acknowledged. Appeal is pending in the Honorable High Court of Sindh. The management is hopeful for favorable outcome.	<u>453</u>	<u>453</u>
4.1.2 Guarantees issued by banks in favour of custom authorities on behalf of the Company	<u>3,817</u>	<u>3,817</u>
4.1.3 Guarantees issued by banks in favour of gas / electric companies	<u>105,144</u>	<u>105,144</u>
4.1.4 Bank guarantees against payment of infrastructure cess	<u>452,543</u>	<u>432,542</u>
4.1.5 SBLC for Indus wind Energy Limited	<u>1,204,299</u>	<u>-</u>
4.2 Commitments		
Letters of credit for raw material and stores and spares	<u>2,317,126</u>	<u>1,701,395</u>
Letters of credit for property, plant and equipment	<u>616,126</u>	<u>437,949</u>
Sales contracts to be executed	<u>137,319</u>	<u>61,511</u>

		Sep 30, 2020 (Un-Audited)	Jun 30, 2020 (Audited)
		-----Rupees in '000'-----	
5. PROPERTY, PLANT AND EQUIPMENT	Note		
Operating fixed assets - owned	5.1	6,422,335	6,316,371
Capital work in progress	5.2	377,523	67,257
		<u>6,799,858</u>	<u>6,383,628</u>
5.1 Operating fixed assets - owned			
Opening written down value		6,316,371	6,584,413
Additions during the period / year			
Free hold land		-	10,705
Factory building		15,723	49,896
Plant and machinery		150,224	147,740
Electric installations		-	21,221
Power generators		-	125,342
Office equipment		548	5,177
Furniture and fixtures		1,164	1,065
Vehicles		3,033	36,231
Right-of-use-assets		88,903	-
		259,595	397,377
Written down value of property, plant and equipment disposed off		(1,749)	(43,089)
Depreciation charged during the period / year		(151,882)	(622,330)
Written down value at end of the period / year		<u>6,422,335</u>	<u>6,316,371</u>
5.2 Capital work in progress			
Opening balance		67,257	93,326
Additions during the period / year		325,989	187,579
Transfers during the period / year		(15,723)	(213,648)
Closing balance		<u>377,523</u>	<u>67,257</u>
6. SHORT-TERM BORROWINGS			
- Banking companies - secured			
Running finance / cash finance arrangements		2,718,297	3,051,198
Foreign currency finance gainst export / import		137,000	644,465
		<u>2,855,297</u>	<u>3,695,663</u>
7. LONG TERM INVESTMENTS			
Investment in an associate - at cost		13,476	13,476
Investment in subsidiaries - at cost	7.1	5,936,516	3,676,204
Advance against shares - Indus Wind Energy Limited		45,494	460,000
		<u>5,995,486</u>	<u>4,149,680</u>
7.1 Investment in subsidiaries - at cost			
Indus Home Limited (IHL)		2,491,204	2,491,204
Indus Lyallpur Limited (ILP)		1,185,000	1,185,000
Indus Wind Energy Limited (IWE)		2,260,312	460,000
		<u>5,936,516</u>	<u>4,136,204</u>

----- (Un-Audited) -----		
	Three months period ended	Three months period ended
Note	Sept 30, 2020	Sept 30, 2019
	-----Rupees in '000'-----	

8. COST OF GOODS SOLD

Raw material consumed	4,563,160	5,163,337
Manufacturing expenses	1,216,248	1,387,569
Outside purchases	78,425	66,074
	5,857,833	6,616,980
Work in process		
Opening stock	268,040	269,740
Closing stock	(287,126)	(294,841)
	(19,086)	(25,101)
Cost of goods manufactured	5,838,747	6,591,879
Finished Goods		
Opening stock	607,759	774,412
Closing stock	(677,477)	(672,975)
	(69,718)	101,437
	5,769,029	6,693,316

----- (Un-Audited) -----		
	Three months period ended	Three months period ended
	Sept 30, 2020	Sept 30, 2019
	-----Rupees in '000'-----	

8.1 Manufacturing expenses

Salaries, wages and benefits	396,531	373,148
Fuel, water and power	450,221	585,583
Stores and spares consumed	99,591	122,494
Packing material consumed	81,636	81,340
Insurance	3,641	3,747
Repairs and maintenance	20,766	10,021
Rent, rate and taxes	610	1,180
Depreciation	139,241	145,429
Others	24,011	64,627
	1,216,248	1,387,569

9. TAXATION

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

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

10. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of subsidiaries Indus Lyallpur Limited, Indus Home Limited, Indus Home USA Inc. and Indus Wind Energy Limited, the associates (Sunrays Textiles Mills Limited and Indus Heartland Limited and key management personnel. The Company carries out transactions with related parties as per agreed terms. Transactions with related parties during the period and balances with them at period end are as follows:

			Three months period ended	
			Sept 30	Sept 30
			2020	2019
			(Un-Audited)	(Un-Audited)
			-----Rupees in '000'-----	
10.1 Transactions during the period				
Relationship with the parties		Nature of transactions		
Subsidiaries				
Indus Lyallpur Limited	100% owned	Received yarn conversion cost	6,912	-
		Received doubling cost	1,675	12
		Paid yarn conversion cost	18,925	20,013
Indus Home Limited				
	100% owned	Sale of yarn	37,878	12,394
		Received yarn conversion cost	94,672	115,869
		Received doubling cost		1,419
			Sept 30	June 30,
			2020	2020
			(Un-Audited)	(Audited)
			-----Rupees in '000'-----	
10.2 Balances with related parties:				
Indus Lyallpur Limited	100% owned	Receivable	<u>53,774</u>	<u>244,014</u>
Indus Home Limited	100% owned	Receivable	<u>43,587</u>	<u>20,985</u>
Indus Wind Energy Limited	100% owned	Advance for equity	<u>45,494</u>	<u>28,413</u>
Sunrays Textile Mills Limited	Associate undertaking	Receivable	<u>1,888</u>	<u>12</u>
Indus Heartland Limited	Common directorship	Payable	<u>728</u>	<u>746</u>
Riaz Cotton Factory	Common directorship		<u>-</u>	<u>1,917</u>

11 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated condensed interim financial statements were authorized for issue on October 29, 2020 by the Board of Directors of the Company.

12 SUBSEQUENT EVENT

Subsequent to the Balance Sheet date, the Board of Directors have declared first interim cash dividend @ 100% i.e. 10/= per share for the year ended June 30, 2020.

13 GENERAL

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

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



Chief Executive Officer



Director



Chief Financial Officer



**INDUS DYEING & MANUFACTURING
COMPANY LIMITED**

Consolidated

FIRST QUARTERLY REPORT
Condensed Interim Financial Information
July 01, 2020 to September 30, 2020
(Un-Audited)

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION (UN-AUDITED)
AS AT SEPTEMBER 30, 2020

	Sep 30, 2020 (Un-Audited) ----- Rupees in '000' -----	June 30, 2020 (Audited) ----- Rupees in '000' -----		Sep 30, 2020 (Un-Audited) ----- Rupees in '000' -----	June 30, 2020 (Audited) ----- Rupees in '000' -----
EQUITY AND LIABILITIES			ASSETS		
Authorized share capital			Non-current assets		
45,000,000 ordinary shares of Rs. 10/- each	<u>450,000</u>	<u>450,000</u>	Property, plant and equipment	7 16,265,927	14,188,842
Share capital and reserves Issued, subscribed and paid-up capital			Right-of-use-assets	122,579	49,144
18,073,732 ordinary shares of Rs. 10/- each	180,737	180,737	Intangibles	10,433	11,279
Reserves	7,000,717	7,000,732	Long-term investments	8 35,698	33,431
Unappropriated profit	9,092,103	8,678,901	Long-term deposits	121,253	18,240
	16,273,557	15,860,370	Long-term advance	3,523	3,864
				16,559,413	14,304,800
Non-current liabilities			Current assets		
Long-term financing	7,775,926	5,422,907	Stores, spares and loose tools	612,948	692,603
Deferred liabilities	618,739	508,856	Stock-in-trade	9,816,693	10,104,798
Lease liabilities	112,095	38,994	Trade debts	5,434,120	4,365,615
	8,506,760	5,970,757	Loans and advances	383,325	347,248
Current liabilities			Trade deposits and short-term prepayments	75,620	34,263
Trade and other payables	4,228,727	3,949,523	Other receivables	197,219	140,134
Unclaimed / unpaid dividend	2,497	209,634	Other financial assets	1,134,386	1,319,465
Interest / mark-up payable	94,733	108,828	Tax refundable	1,131,984	1,174,646
Short-term borrowings	6,657,050	6,743,684	Cash and bank balances	788,113	524,957
Current portion of long-term financing	328,351	140,364		19,574,408	18,703,729
Current portion of deferred grants	31,327	21,473			
Current portion of lease liabilities	10,819	3,896			
	11,353,504	11,177,402			
CONTINGENCIES AND COMMITMENTS					
	36,133,821	33,008,529		36,133,821	33,008,529

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Note	Three months period ended	
		Sep 30, 2020	Sep 30, 2019
		----- Rupees in '000' -----	
Sales - net		10,148,420	10,088,077
Cost of goods sold	9	(9,084,349)	(8,954,899)
Gross profit		1,064,071	1,133,178
Other income		116,434	76,252
		1,180,505	1,209,430
Distribution cost		(202,576)	(179,931)
Administrative expenses		(196,246)	(150,661)
Other operating expenses		(49,113)	(49,759)
Finance cost		(182,996)	(133,975)
		549,574	695,104
Share of profit from Associate - net of tax		551	(59)
Profit before taxation		550,125	695,046
Taxation	10	(136,923)	(61,270)
Profit after taxation -attributable to ordinary share holders of the Holding Company		413,202	633,775
Earnings per share - Basic and diluted		22.86	35.07

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.


 Chief Executive Officer


 Director


 Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Three months period ended	
	Sep 30, 2020	Sep 30, 2019
	----- Rupees in '000' -----	
Profit after taxation	413,202	633,775
Other comprehensive income	-	-
Items that may be reclassified subsequently to profit and loss account	-	-
Exchange gain / (loss) / on translation of balances of foreign subsidiary	(15)	(12)
Items that will not be reclassified subsequently to profit and loss account	-	-
Actuarial gain / loss - Net of tax	-	-
Profit after taxation -attributable to ordinary share holders of the Holding Company	413,187	633,763

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Reserves						Total
	Issued, subscribed and paid up capital	Capital			Revenue		
		Share premium	Merger reserve	Exchange translation reserve	General reserve	Unappropriated profit	
	(Rupees in '000)						
Balance at June 30, 2019 (Audited)	180,737	10,920	11,512	691	6,977,568	8,362,963	15,544,391
Comprehensive income for the period							
Profit for the first quarter ended September 30, 2019	-	-	-	-	-	633,775	633,775
Exchange gain on translation of foreign subsidiary	-	-	-	(12)	-	-	(12)
Total comprehensive income for the period	-	-	-	(12)	-	633,775	633,763
Transactions with owners of the Holding Company recorded directly in equity							
Final cash dividend for the year ended June 30, 2019 @ Rs. 25/- per share	-	-	-	-	-	(451,843)	(451,843)
Balance at Sep 30, 2020 (Un-Audited)	180,737	10,920	11,512	679	6,977,568	8,544,895	15,726,311
Balance at June 30, 2020 (audited)	180,737	10,920	11,512	732	6,977,568	8,678,901	15,860,370
Comprehensive income for the period							
Profit for the 1st Quarter ended Sep 30, 2020	-	-	-	-	-	413,202	413,202
Exchange gain/(Loss) on translation of foreign subsidiary	-	-	-	(15)	-	-	(15)
Total comprehensive income for the period	-	-	-	(15)	-	413,202	413,187
Transactions with owners of the Holding Company recorded directly in equity							
Balance at Sep 30, 2020 (Un-Audited)	180,737	10,920	11,512	717	6,977,568	9,092,103	16,273,557

The annexed notes 1 to 14 form an integral part of these consolidated condensed interim financial statements.



Chief Executive Officer



Director



Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CONDENSED INTERIM STATEMENT OF CASH FLOWS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Three months period ended	
	Sep 30, 2020	Sep 30, 2019
-----Rupees in '000' -----		
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	550,125	695,046
Adjustments for non-cash items:		
Depreciation and Amortization	303,117	266,600
Provision for gratuity	58,654	47,388
Unrealized loss on revaluation of other financial assets	(42,182)	(8,265)
Unrealized gain on revaluation of foreign debtors	-	(5,371)
Unrealized loss on revaluation of foreign currency loans	-	2,544
(Gain) / loss on disposal of property, plant and equipment	31	953
Amortization of deferred grants	(2,963)	-
Dividend income	(1,005)	(156)
Share of profit from Associate	551	59
Finance cost	182,996	133,975
Cash generated before working capital changes	1,049,324	1,132,773
Working capital changes		
(Increase) / decrease in current assets		
Stores, spares and loose tools	79,655	(172,059)
Stock in trade	288,105	1,268,000
Trade debts	(1,068,505)	1,209,527
Loans and advances	(36,077)	(13,255)
Trade deposits and short-term prepayments	(41,357)	(4,725)
Other receivables	(57,085)	(26,124)
Other financial assets	185,079	(374,434)
Long Term Deposits	(103,013)	(1,917)
	(753,198)	1,885,013
Increase / (decrease) in current liabilities		
Trade and other payables	279,204	636,582
Short Term Borrowing	494,756	1,337,942
Cash generated from operations	773,960	1,974,524
CASH AND CASH EQUIVALENTS		
Cash and bank balances	788,113	548,323
Short-term running finance	(2,638,258)	(3,080,161)
	(1,850,145)	(2,531,838)
Cash flows from operating activities		
Income taxes paid	(9,908)	(46,630)
Finance cost paid	(194,125)	(213,015)
Gratuity paid	(40,085)	(17,357)
Net cash generated from / (used in) operating activities	529,842	1,697,522
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Payments made for acquisition of property, plant and equipment	(2,779,087)	(178,270)
Proceeds from disposal of property, plant and equipment	885	28,342
Proceeds from disposal of other financial assets	201,000	32,125
Purchase of Other Financial Assets	100,000	98,083
Dividend received	1,005	156
Net cash used in investing activities	(2,476,197)	(19,564)

Three months period ended

Sep 30,	Sep 30,
2020	2019

-----Rupees in '000' -----

C. CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from long-term financing	3,017,114	294,044
Long term finance repaid	(3)	(68,300)
Lease rental paid	(4)	-
Dividend paid	(207,137)	(388,542)
Net cash used in financing activities	2,809,970	(162,798)
Net decrease / (decrease) in cash and cash equivalent (A+B+C)	863,615	1,515,160
Cash and cash equivalents at beginning of the period	(2,713,760)	(4,046,998)
Cash and cash equivalents at end of the period	(1,850,145)	(2,531,838)



Chief Executive Officer



Director



Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
NOTES TO THE CONSOLIDATED CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

1. THE GROUP AND ITS OPERATIONS

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

1.1 Holding Company

Indus Dyeing & Manufacturing Company Limited (the Holding Company) was incorporated in Pakistan on July 23, 1957 as a public limited Company under the Companies Act 1913 (subsequently replaced by the 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 currently 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 No. 03 & 07, Sector 25, Korangi Industrial Area, Karachi
Muzaffargarh	Muzaffargarh, Bagga Sher, District Multan.
Faisalabad	Chak No. 61 R/B, Mouza Bedianwala, Tehsil Jaranwala at 38-Km, Sheikhpura Road, District Faisalabad.
Lahore	Raiwand Road, Manga Mandi, Lahore.
Thatta	Deh Kohistan 7/3 & 7/4 , Tapo Jungshahi, Taluka & District Thatta.

1.2 Subsidiary Companies

1.2.1 Indus Lyallpur Limited - 100% owned

Indus Lyallpur Limited (ILL) is an unlisted public company limited by shares, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984 (subsequently replaced by the repealed 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.

1.2.2 Indus Home Limited - 100% owned

Indus Home Limited (IHL) was incorporated in Pakistan as a public limited Company on May 18, 2006 under the Companies Ordinance 1984 (subsequently replaced by the repealed 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. On November 21, 2013, the Holding Company acquired 75 million shares of Indus Home Limited from WestPoint Pakistan LLC for an aggregate purchase consideration of USD 12 million. As a result of the acquisition, the Holding Company acquired controlling interest in Indus Home Limited by way of 100% ownership.

1.2.3 Indus Home USA Inc. (100% owned by Indus Home Limited)

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

1.2.4 Indus Wind Energy Limited - 100% owned

Indus Wind Energy Limited was established during the year ended June 30, 2015. Its principal business activity is to generate and sale electricity to the national grid. Registered Office of ILL is situated at Office No. 508, 5th floor , Beaumont Plaza, Civil Lines, Karachi.

1.3 Sunrays Textile Mills Limited - Associated Company

Sunrays Textile Mills Limited was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 (subsequently replaced by the repealed 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% voting rights in the Company and it is regarded associate due to common directorship.

2. BASIS OF CONSOLIDATION

- These consolidated condensed interim financial statements includes the condensed interim financial statements of the Holding Company, its subsidiaries and an associate company collectively referred to as "the Group" in these 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 condensed interim financial statements of the subsidiary companies are prepared for the same reporting period as of the Holding Company for the purpose of consolidation, using consistent accounting policies.
- The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis.
- Material inter-group balances and transactions have been eliminated.
- Non-controlling Interest in equity of the subsidiary companies are measured at fair value as of the acquisition date of the subsidiaries.

3. STATEMENT OF COMPLIANCE

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

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

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

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

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

The accounting policies, underlying estimates and methods of computations adopted in the preparation of these consolidated condensed interim financial statements are the same as those applied in the preparation of the annual audited consolidated financial statements of the Group for the year ended June 30, 2020.

4.2 The financial risk management policies and objectives adopted by the Group are consistent with those disclosed in the Group's annual audited consolidated financial statements for the year ended June 30, 2020.

4.3 **Changes in accounting standards, amendments / interpretations and IFRSs which are effective during the half year ended December 31, 2019.**

4.3.1 First time adoption of IFRS 16-Leases Liabilities

At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of the lease payments to be made over the lease term. The lease payments (including in-substance fixed payments) less any lease incentive receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the correction of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

4.3.2 Right-of-use assets

The Group recognizes right-of-use assets at the commencement date the lease. (i.e. the date the underlying asset is available for use.) Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any measurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

The recognized right-of-use assets are depreciated on a straight –line basis over the shorter of its estimated useful life and the lease.

5. BASIS OF PREPARATION

- 5.1** These consolidated condensed interim financial statements has been prepared under the historical cost convention modified by: -
- recognition of certain employee retirement benefits at present value.
 - recognition of certain financial instruments at fair value.
- 5.2** These consolidated condensed interim financial statements does not include all of the information required for annual audited financial statements and therefore should be read in conjunction with the annual audited consolidated financial statements of the Group for the year ended June 30, 2020.
- 5.3** These consolidated condensed interim financial statements is presented in Pakistani Rupees which is also the Group's functional currency.
- 5.4** The comparative consolidated statement of financial position presented has been extracted from annual consolidated audited financial statements for the year ended June 30, 2020, whereas comparative consolidated condensed interim statement of profit and loss, consolidated condensed interim statement of comprehensive income, consolidated condensed interim statement of cash flows and consolidated condensed interim statement of changes in equity presented in these consolidated condensed interim financial statements have been extracted from the unaudited consolidated condensed interim financial statement for the three months period ended September 30, 2019.

	Sep 30, 2020 (Un-Audited) ----- (Rupees in '000)-----	June 30, 2020 (Audited)
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
Claim of arrears of social security contribution not acknowledged. Appeal is pending in Honourable High Court of Sindh. The management is hopeful for favourable outcome.	<u>453</u>	<u>453</u>
Bank guarantees in favour of Collector of Custom authorities on behalf of the Group	<u>3,817</u>	<u>26,467</u>
Guarantees issued by banks in favour of gas and electric distribution companies	<u>189,453</u>	<u>309,953</u>
Bank guarantees against payment of infrastructure cess	<u>703,196</u>	<u>499,542</u>
Government of Sindh	<u>-</u>	<u>58,154</u>
6.2 Commitments		
Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases	<u>3,970,982</u>	<u>3,776,370</u>
SBLC for Indus wind Energy Limited	<u>1,204,299</u>	<u>294,088</u>
Post dated cheques in favour of Revenue Department - Government of Pakistan	<u>-</u>	<u>1,254,173</u>
Sales contract to be executed	<u>1,605,499</u>	<u>808,178</u>

7. PROPERTY, PLANT AND EQUIPMENT

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

	----- Un-Audited -----			
	Three months ended			
	Sep 30, 2020		Sep 30, 2019	
	Additions / Transfers	Disposal at carrying value / transfers	Additions / Transfers	Disposal at carrying value / transfers
	----- (Rupees in '000) -----			
Assets				
Land	-	(1,664)	-	-
Factory building	16,302	-	-	-
Plant and machinery	150,223	-	26,814	(4,849)
Power generator	-	-	1,280	-
Office equipment	548	-	1,456	-
Factory equipment	319	-	-	-
Furniture and fixtures	2,642	-	69	-
Vehicles	5,085	-	232	(2,783)
Right-of-use-assets	88,903	-	-	-
Capital work in progress	2,600,809	-	351,038	-
	<u>2,864,831</u>	<u>(1,664)</u>	<u>380,889</u>	<u>(7,632)</u>

		Sep 30, 2020 (Unaudited) ----- (Rupees in '000) -----	June 30, 2020 (Audited)
8.	LONG TERM INVESTMENTS		
	Investment in an associate	8.1	8.1
		<u>35,698</u>	<u>33,431</u>
8.1	Investment in associate		
	Cost	1,716	1,716
	Share of post acquisition profits:		
	Opening	33,431	29,926
	Dividend received	-	(3,757)
	Share of profit from associate for the period	551	5,546
		<u>33,982</u>	<u>31,715</u>
		<u>35,698</u>	<u>33,431</u>
	Number of shares held	68,654	68,654
	Ownership interest	0.99%	0.99%
	Market value (Rupees in '000)	20,598	22,952
	Cost of investment (Rupees in '000)	1,716	1,716
		----- Un - Audited -----	
		Three months ended	
		Sep 30, 2020	Sep 30, 2019
		----- (Rupees in '000) -----	
9.	COST OF GOODS SOLD		
	Raw material consumed	9.1	9.1
	Manufacturing expenses	6,760,763	6,786,064
	Outside purchases	2,359,490	2,316,243
		85,337	66,074
		<u>9,205,590</u>	<u>9,168,381</u>
	Work in process		
	Opening stock	915,667	845,787
	Closing stock	(1,141,486)	(1,007,898)
		<u>(225,819)</u>	<u>(162,111)</u>
	Cost of goods manufactured	8,979,771	9,006,270
	Finished Goods		
	Opening stock	1,615,069	1,341,417
	Closing stock	(1,510,491)	(1,392,788)
		<u>104,578</u>	<u>(51,371)</u>
		<u>9,084,349</u>	<u>8,954,899</u>
9.1	Manufacturing expenses		
	Salaries, wages and benefits	706,736	646,081
	Fuel, water and power	750,754	895,081
	Stores and spares consumed	316,087	290,238
	Packing material consumed	195,798	169,317
	Insurance	10,219	9,252
	Repairs and maintenance	56,091	31,335
	Rent, rate and taxes	610	1,690
	Depreciation	295,862	252,961
	Others	27,333	20,288
		<u>2,359,490</u>	<u>2,316,243</u>

10. TAXATION

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

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

11. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of associate (Sunrays Textiles Mills Limited, Indus Heartland Limited) The Company carries out transactions with related parties on agreed terms. Transactions with related parties during the period and balances with them at period end are as follows:

		----- Un-Audited -----	
		Three months ended	
		Sep 30,	Sep 30,
		2020	2019
		----- (Rupees in '000) -----	
11.1	Transactions during the period		
	Relationship		
	Nature of transactions		
	Associate		
	Purchase of yarn	90,904	64,460
	Doublig cost paid	596	-
		Sep 30,	June 30,
		2020	2020
		(Un-Audited)	(Audited)
		----- (Rupees in '000) -----	
11.2	Balances with related parties		
	Sunrays Textile Mills Limited.		
	Associate - payable	21,021	3,123
	Balances with other related parties due to common directorship		
	Payable to : Riaz Cotton Factory	-	1,917
	Payable to : Indus Heartland Limited	-	740
	Receivable from : Indus Heartland Limited	8,006	

12 DATE OF AUTHORISATION FOR ISSUE

This consolidated condensed interim financial information was authorized for issue on October 29, 2020 by the Board of Directors of the Group.

13 SUBSEQUENT EVENT

Subsequent to the Balance Sheet date, the Board of Directors have declared first interim cash dividend @ 100% i.e. 10/= per share for the year ended June 30, 2020.

14. GENERAL

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

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



Chief Executive Officer



Director



Chief Financial Officer



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