

# **SUNRAYS TEXTILE MILLS LIMITED**



## **HALF YEARLY STATEMENT** **(UN-AUDITED)**

**FOR THE HALF YEAR**  
**ENDED DECEMBER 31, 2020**

## *Contents*

## *Page*

Company profile	<b>3</b>
Director's Report English / Urdu	<b>4 - 5</b>
Independent Auditor's Review Report	<b>6</b>
Condensed Interim Statement of Financial Position	<b>7</b>
Condensed Interim Statement of Profit & Loss Account	<b>8</b>
Condence Interim Statement of Comprehensive Income	<b>9</b>
Condensed Interim Statement of Changes in Equity	<b>10</b>
Condence Interim Statement of Cash Flow Statement	<b>11</b>
Notes to the Condensed Interim Financial Statement	<b>12</b>

## **COMPANY PROFILE**

### **BOARD OF DIRECTORS**

- |                          |                 |
|--------------------------|-----------------|
| 1. Mian Riaz Ahmed       | Chairman        |
| 2. Mr. Kashif Riaz       | Chief Executive |
| 3. Mr. Naveed Ahmed      |                 |
| 4. Mian Shahzad Ahmed    |                 |
| 5. Mian Imran Ahmed      |                 |
| 6. Mr. Irfan Ahmed       |                 |
| 7. Mr. Shahwaiz Ahmed    |                 |
| 8. Mr. Shafqat Masood    |                 |
| 9. Mr. Faisal Hanif      |                 |
| 10. Ms. Azra Yaqub Vawda |                 |
| 11. Mr. Farooq Hassan    |                 |

### **AUDIT COMMITTEE**

- |                       |            |
|-----------------------|------------|
| 1. Mr. Faisal Hanif   | (Chairman) |
| 2. Mr. Imran Ahmed    | (Member)   |
| 3. Mr. Shahwaiz Ahmed | (Member)   |

### **HUMAN RESOURCES AND REMUNERATION COMMITTEE**

- |                       |            |
|-----------------------|------------|
| 1. Mr. Faisal Hanif   | (Chairman) |
| 2. Mr. Irfan Ahmed    | (Member)   |
| 3. Mr. Shahwaiz Ahmed | (Member)   |

### **CHIEF FINANCIAL OFFICER**

Mr. Shabbir Kausar

### **CHIEF INTERNAL AUDITOR**

Mr. Imran Iftikhar

### **COMPANY SECRETARY**

Mr. Ahmed Faheem Niazi

### **LEGAL ADVISOR**

Mr. Yousuf Naseem  
Advocates & Solicitors

### **REGISTERED OFFICE**

5<sup>th</sup> floor, Office # 508, Beaumont Plaza,  
Beaumont Road, Civil Lines Quarters, Karachi

### **SYMBOL OF THE COMPANY**

SUTM

### **WEBSITE**

<http://www.Indus-group.com>

### **REGISTRAR & SHARE TRANSFER OFFICE**

JWAFFS REGISTRAR SERVICES (PVT) LTD  
407 -408, Al – Ameera Center,  
Shahrah-e-Iraq, Saddar Karachi.

Tel. 35662023 – 24  
Fax. 35221192

### **FACTORY LOCATION**

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

### **BANKERS**

Muslim Commercial Bank Limited  
Allied Bank Limited  
Habib Bank Limited  
United Bank Limited  
Meezan Bank Limited  
Habib Bank Limited  
Bank Al Falah

### **AUDITORS**

M/s .Yousuf Adil  
Chartered Accountants Multan

## **DIRECTOR'S REPORT**

The Directors of the Company have pleasure in submitting their Report together with the un-audited financial statements of the Company for the half year ended December 31, 2020 duly reviewed by external auditors. During the period under review Your Company earned pre-tax profit Rs. Rs.275.378 (M).

### **FINANCIAL HIGHLIGHTS**

	Half yearly Ended December 31 (Rs.in million)	
	2020	2019
Sales – Net	3588.782	3,441.733
Gross Profit	364.997	550.304
Other Income	77.398	27.135
Profit Before Taxation	275.378	406.359
Taxation	(42.807)	(51.012)
Profit After Taxation	232.571	355.347

### **REVIEW OF OPERATIONS**

Company's turnover increased by 4.24% during the six months under review over the last corresponding period. Gross profit decrease by 33.67 %. The main reason of decrease in profit as compared to last corresponding period is due to increase in cotton prices and no proportionate increase in the prices of yarn. Other income increased by 285% over the last corresponding period because of booking of unrealizable gain on financial assets. In spite of the challenges posed by the corona virus and growing competition coupled with an increase in raw cotton prices, the Company performed well by managing the financial requirements and procurement of raw materials.

### **EARNING PER SHARE**

The earnings per share for the half year ended December 31, 2020 is Rs.33.71 as compared to Rs.51.50 for the previous corresponding period.

### **FUTURE PROSPECTS**

The future outlook for the business of the company depends on the impact of the 2<sup>nd</sup> wave of the Covid-19 virus; however the country's textile industry has seen a surge in production capacity to meet the strong demand shown by foreign buyers for the next six months. Furthermore, the government's decision to keep businesses open during the pandemic has led to a diversion in orders from closed economies to Pakistan's. This, added to the US -China rift, has also contributed towards increased orders to Pakistan.

### **DIVIDEND**

The Board of Director have declared two (2) ordinary shares for every one (1) ordinary share held as interim dividend in the form of bonus shares for the year ending June 30, 2021. For this purpose, the authorized capital of Company has been increased from Rs. 100 million to Rs. 500 million in extra-ordinary general meeting held on 24<sup>th</sup> February 2021.

### **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 the bankers for continued support to the Company. We are also grateful to our shareholders for their confidence in our management.

**FOR AND ON BEHALF OF THE BOARD**

*Il ash af-*

**Kashif Riaz**

**CHIEF EXECUTIVE OFFICER**

Karachi

**Dated: March 01, 2021**

# سنریز ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹر رپورٹ - ششماہی ۳۱ دسمبر ۲۰۲۰

بورڈ آف ڈائریکٹر ز اپنی رپورٹ اور اس کے ساتھ ششماہی ۳۱ دسمبر ۲۰۲۰ کے مالیاتی گوشوارے (غیر آڈٹ شدہ) اور پیر وئی آڈیٹرز کے جائزہ لی ہوئی رپورٹ بخوشی پیش کرتے ہیں۔ زیر مدت جس کا جائزہ لیا جا رہا ہے آپ کی کمپنی نے 27.54 کروڑ روپے قبل از ٹیکس منافع نکالیا ہے۔

مالی اور آپریشنل نتائج:

ششماہی ۳۱ دسمبر 000 روپے		
تفصیل	2019	2020
فروختگی	3,441.733	3,588.782
خام منافع	550.304	364.997
دیگر آمدن	27.135	77.398
قبل از ٹیکس منافع	406.359	275.378
ٹیکس	(51.012)	(42.807)
بعد از ٹیکس منافع	355.347	232.571

آپریشنل تجربہ  
چھ ماہ جس کا جائزہ لیا جا رہا ہے اس میں کمپنی کی فروختگی میں گچھلی اسی مدت کے مقابلہ میں 4.24 فیصد اضافہ ہوا ہے۔ خام منافع میں 33.6 فیصد کمی ہوئی ہے۔ گچھلی اسی مدت کے مقابلہ میں منافع میں کمی کی وجہ کمپنی کی قیمت میں اضافہ اور اس تناسب سے دھاک کی قیمت میں اضافہ کا نہ ہونا ہے۔ گچھلی اسی مدت کے مقابلہ میں مالی اثاثوں پر ناقابل اعتبار فائدہ کی بکنگ کی وجہ سے دیگر آمدنی میں 285 فیصد اضافہ ہوا ہے۔ کرونا وائرس اور برصغیر میں درپیش چیلنجوں کے باوجود خام مال کی قیمتوں میں اضافے کے ساتھ گچھلی نے مالی ضروریات کو مد نظر رکھتے ہوئے اور خام مال کی خریداری کے ذریعے غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔

فی حصص آمدن؛

فی حصص آمدن ششماہی ۳۱ دسمبر ۲۰۲۰ ختم ہونے پر 33.71 روپے ہے، جبکہ گچھلی اسی مدت میں 51.50 روپے تھی۔ مستقبل کی صورت حال:

کمپنی کے کاروبار کے لئے مستقبل کی صورت حال کو 19 دسمبر کی دوسری اہر کے اثرات پر منحصر ہے۔ تاہم ملک کی ٹیکسٹائل انڈسٹری نے اگلے چھ ماہ تک غیر ملکی خریداروں کی طرف سے دکھائی جانے والی غیر معمولی مانگ کو پورا کرنے کے لئے پیداواری صلاحیت میں اضافہ دیکھا جا سکتا ہے۔ مزید برآں، وبائی امراض کے دوران حکومت کا کاروبار کو کھلا رکھنے کے فیصلے کی وجہ سے جہاں کاروباری سرگرمیاں بندھی وہاں سے آڑ پر پاکستان میں منتقل ہوئے۔ امریکا اور چین کے تعلقات خراب ہونے کی وجہ سے بھی پاکستان کو زیادہ روڑے لے۔

ڈیویڈنڈ:

بورڈ آف ڈائریکٹرز نے 30 جولائی 2020 کو ختم ہونے والے سال کے لئے بونس حصص کی شکل میں عبوری منافع کے طور پر رکھے گئے ہر ایک (1) عام حصص کے لئے (2) عام حصص کا اعلان کیا ہے۔ اس مقصد کے لئے 24 فروری 2020 کے غیر معمولی اجلاس میں کمپنی کے رجسٹرڈ سرمایہ 100 ملین سے بڑھا کر 500 ملین کر دیا گیا ہے۔

اظہار تشکر:

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

بورڈ آف ڈائریکٹر ز کی جانب سے

apasa

کاشف ریاض

چیف ایگزیکٹو آفیسر

یکم مارچ 2021

# **INDEPENDENT AUDITOR'S REVIEW REPORT**

## **To The members of Sunrays Textile Mills Limited Report on the Review of Interim Financial Statements**

### **Introduction**

We have reviewed the accompanying condensed interim statement of financial position of **Sunrays Textile Mills Limited** (the Company) as at December 31, 2020 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows, and condensed interim statement of changes in equity and notes to the financial statements for the six month period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income and the related notes for the three-month period ended December 31, 2020 have not been reviewed, as we are required to review only the cumulative figures for the six month period ended December 31, 2020.

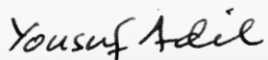
### **Scope of Review**

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements for the six month period ended December 31, 2020 are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Rana M. Usman Khan.



**Chartered Accountants**


**Multan**

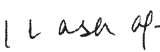
**Date: March 01, 2021**

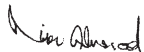
## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2020

		(Unaudited) December 31, 2020 Rupees	(Audited) June 30, 2020 Rupees
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	1,740,918,733	1,811,029,055
Investment properties		2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200
		<b>1,750,251,988</b>	<b>1,820,362,310</b>
<b>Current assets</b>			
Stores and spares		92,915,420	96,673,516
Stock in trade	4	1,891,438,807	1,823,689,111
Trade debts		439,833,542	342,661,323
Loans and advances		63,936,857	121,442,496
Trade deposits and short term prepayments		3,721,722	3,721,722
Short term investments		665,081,929	409,227,046
Sales tax refundable		80,951,360	107,121,128
Income tax refundable		96,250,615	116,807,008
Other receivables		14,913,431	37,146,406
Cash and bank balances		31,679,921	32,624,872
		<b>3,380,723,604</b>	<b>3,091,114,628</b>
<b>Total assets</b>		<b>5,130,975,592</b>	<b>4,911,476,938</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Issued, subscribed and paid-up capital		69,000,000	69,000,000
Share premium		3,600,000	3,600,000
Surplus on revaluation of property, plant and equipment- net of deferred tax		279,652,017	289,188,794
General reserves		750,000,000	750,000,000
Unappropriated profit		2,369,053,137	2,264,945,574
		<b>3,471,305,154</b>	<b>3,376,734,368</b>
<b>Non-current liabilities</b>			
Long term financing		922,656,348	927,141,618
Deferred liabilities		160,839,461	136,514,205
Deferred government grant	5	5,397,491	-
		<b>1,088,893,300</b>	<b>1,063,655,823</b>
<b>Current liabilities</b>			
Trade and other payables		308,516,928	284,527,648
Accrued markup		7,697,809	19,630,111
Short term borrowings		78,242,225	18,852,705
Current portion of long term financing		109,358,563	42,000,249
Current portion of deferred government grant	5	1,891,755	-
Unclaimed / unpaid dividend		22,262,937	20,746,083
Provision for taxation		42,806,921	85,329,951
		<b>570,777,138</b>	<b>471,086,747</b>
<b>Contingencies and commitments</b>	6		
<b>Total equity and liabilities</b>		<b>5,130,975,592</b>	<b>4,911,476,938</b>

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

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

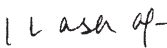
  
Mian Riaz Ahmed  
Chairman


**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)**  
**For The Six Month Period Ended December 31, 2020**

		...Six month period ended...		...Three month period ended...	
		December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
Note		----- Rupees -----			
Revenue from contract with customers - net	7	3,588,782,221	3,441,732,643	1,965,882,789	1,615,136,188
Cost of goods sold	8	(3,223,785,685)	(2,891,428,175)	(1,707,404,200)	(1,361,018,056)
<b>Gross profit</b>		<b>364,996,536</b>	<b>550,304,468</b>	<b>258,478,589</b>	<b>254,118,132</b>
Distribution cost		(45,263,051)	(41,104,577)	(25,533,584)	(18,251,577)
Administrative expenses		(78,477,233)	(69,547,708)	(40,902,856)	(34,099,708)
Other expenses		(14,493,564)	(30,696,313)	(10,655,824)	(12,424,313)
Finance cost		(28,783,018)	(29,731,992)	(15,912,797)	(8,503,992)
Other income		77,398,037	27,135,479	36,987,116	26,635,479
		(89,618,829)	(143,945,111)	(56,017,945)	(46,644,111)
<b>Profit before taxation</b>		<b>275,377,707</b>	<b>406,359,357</b>	<b>202,460,644</b>	<b>207,474,021</b>
Taxation	9	(42,806,921)	(51,011,900)	(10,522,921)	(18,727,900)
<b>Profit after tax</b>		<b>232,570,786</b>	<b>355,347,457</b>	<b>191,937,723</b>	<b>188,746,121</b>
Earnings per share - basic and diluted		33.71	51.50	27.82	27.35

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

  
**Shabbir Kausar**  
 Chief Financial Officer

  
**Kashif Riaz**  
 Chief Executive

  
**Mian Riaz Ahmed**  
 Chairman

## CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)

For The Six Month Period Ended December 31, 2020

	...Six month period ended ... December 31, 2020	...Three month period ended ... December 31, 2019	December 31, 2020	December 31, 2019
	----- Rupees -----			
Profit for the period	232,570,786	355,347,457	191,937,723	188,746,121
<b>Other comprehensive income</b>				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from deferred tax due to change rate on opening revaluation surplus	-	(72,984)	-	(72,984)
<b>Total comprehensive income for the period</b>	<b>232,570,786</b>	<b>355,274,473</b>	<b>191,937,723</b>	<b>188,673,137</b>


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



Shabbir Kausar  
Chief Financial Officer



Kashif Riaz  
Chief Executive



Mian Riaz Ahmed  
Chairman

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)


## For The Six Month Period Ended December 31, 2020

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share Premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profits	
----- Rupees -----						
Balance as at June 30, 2019 - Audited	69,000,000	3,600,000	333,980,558	750,000,000	2,039,548,036	3,196,128,594
Profit for the six month period ended December 31, 2019	-	-	-	-	355,347,457	355,347,457
Other comprehensive income	-	-	72,984	-	(72,984)	-
Total comprehensive income for the six month period ended December 31, 2019	-	-	72,984	-	355,274,473	355,347,457
Transactions with shareholders:						
Annual dividend for the year ended June 30, 2019 @ Rs. 25 per share	-	-	-	-	(172,500,000)	(172,500,000)
Transferred to unappropriated profits on account of incremental depreciation on surplus on revaluation of property, plant and equipment						
Balance as at December 31, 2019 - Unaudited	69,000,000	3,600,000	323,457,123	750,000,000	2,232,918,928	3,378,976,051
Balance as at June 30, 2020 - Audited	69,000,000	3,600,000	289,188,794	750,000,000	2,264,945,574	3,376,734,368
Profit for the six month period ended December 31, 2020	-	-	-	-	232,570,786	232,570,786
Transactions with shareholders:						
1st interim dividend for the year ended December 31, 2020 @ Rs. 20 per share	-	-	-	-	(138,000,000)	(138,000,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	(9,536,777)	-	9,536,777	-
Balance as at December 31, 2020 - Unaudited	69,000,000	3,600,000	279,652,017	750,000,000	2,369,053,137	3,471,305,154

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

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

# CONDENSED INTERIM STATEMENT OF CASH FLOWS (UNAUDITED)

## FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2020

----- Six month period ended -----

December 31,      December 31,  
2020                      2019  
Rupees                      Rupees

### A. CASH FLOWS FROM OPERATING ACTIVITIES

Profit before taxation	275,377,707	406,359,357
Adjustments for:		
Depreciation on property, plant and equipment	83,906,861	85,959,038
Provision for staff retirement benefits - gratuity	9,860,400	10,574,400
Realized gain on disposal of short term investments	(38,791,493)	(5,450,616)
Unrealized (gain) / loss on re-measurement of short term investments	(10,560,840)	(18,039,066)
Gain on disposal of property, plant and equipment	-	(216,292)
Finance cost	28,783,018	29,731,992
	73,197,946	102,559,456
Operating cash flows before movements in working capital	348,575,653	508,918,813

### Changes in working capital

(Increase) / decrease in current assets

Stores and spares	3,758,096	7,340,963
Stock in trade	(67,749,696)	(284,464,033)
Trade debts	(97,172,219)	1,368,142,565
Loans and advances	57,505,639	31,699,618
Trade deposits and short term prepayments	-	(95,242)
Sales tax refundable	26,169,768	(7,434,553)
Other receivables	22,232,975	(5,950,143)
Increase in current liability		
Trade and other payables	46,116,790	66,674,815
	(9,138,647)	1,175,913,990

Cash generated from operations	339,437,006	1,684,832,803
Finance cost paid	(40,715,320)	(47,812,325)
Staff retirement benefits - gratuity paid	(7,662,654)	(5,144,140)
Income Taxes paid - net	(64,773,558)	(79,510,966)
<b>Net cash generated from operating activities</b>	<b>226,285,474</b>	<b>1,552,365,372</b>

### B. CASH FLOWS FROM INVESTING ACTIVITIES

Addition to property plant and equipment	(13,796,539)	(43,686,804)
Proceeds from disposal of property, plant and equipment	-	887,429
Payments for purchase of short term investments	(2,735,191,577)	(850,992,533)
Proceeds from disposal of short term investments	2,528,689,027	865,059,184
<b>Net cash used in investing activities</b>	<b>(220,299,089)</b>	<b>(28,732,724)</b>

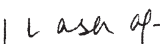
### C. CASH FLOWS FROM FINANCING ACTIVITIES

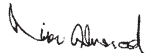
Long term financing - net	62,873,044	(7,386,765)
Short term borrowings - net	66,678,766	(1,341,110,389)
Dividend paid	(136,483,146)	(168,483,206)
<b>Net cash used in financing activities</b>	<b>(6,931,336)</b>	<b>(1,516,980,360)</b>

Net increase / (decrease) in cash and cash equivalents (A+B+C)	(944,951)	6,652,287
Cash and cash equivalents at beginning of the period	32,624,872	73,497,191
<b>Cash and cash equivalents at end of the period</b>	<b>31,679,921</b>	<b>80,149,478</b>

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

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

## **NOTES TO THE INTERIM FINANCIAL STATEMENT (UNAUDITED)**

**For The Six Month Period Ended December 31, 2020**

### **1. LEGAL STATUS AND OPERATIONS**

- 1.1** Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The area of the mill is 114 kanals and 10 marlas, and is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.
- 1.2** These interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### **2. SIGNIFICANT ACCOUNTING POLICIES**

#### **2.1 Statement of compliance**

These interim financial statements of the Company 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. These interim financial statements are un-audited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 237 of the Act.

- 2.2** These interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2020. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2020 whereas comparative condensed statement profit or loss and condensed interim statement of comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows has been extracted from un-audited interim financial statements for the six month period ended December 31, 2019.
- 2.3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS.**

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information and the significant judgements made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied in the preparation of the financial statements as at and for the year ended June 30, 2020. Certain new IFRSs and amendments to existing IFRSs are effective for periods beginning on or after July 1, 2020, which do not have any impact on the Company's financial reporting and therefore, have not been detailed in this interim financial information.

		<i>(Unaudited)</i> <i>December 31,</i> <i>2020</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2020</i> <i>Rupees</i>
<b>3. PROPERTY, PLANT AND EQUIPMENT</b>	<b>Note</b>		
Operating assets	3.1	1,740,918,733	1,782,277,855
Capital work-in progress		-	28,751,200
		<u>1,740,918,733</u>	<u>1,811,029,055</u>
<b>3.1. Operating assets</b>			
Opening book value		1,782,277,855	1,846,413,281
Additions during the period / year - cost			
Freehold land		974,438	21,048,053
Building on freehold land		-	7,197,292
Plant and machinery		36,275,653	91,484,346
Office equipment		175,000	
Vehicles		5,122,648	193,690
Revaluation Adjustments		-	28,245,500
		42,547,739	148,168,881
Disposals during the period / year - cost			
Freehold land		-	(33,937,500)
Vehicles		-	(16,846,360)
Depreciation relating to disposals during the period / year		-	11,650,000
Net book value of disposed asset		-	(39,133,860)
Depreciation charge for the period / year		(83,906,861)	(173,170,447)
Closing carrying value		<u>1,740,918,733</u>	<u>1,782,277,855</u>
<b>4. STOCK IN TRADE</b>			
Raw material		1,134,467,380	1,335,668,164
Raw material in-transit		571,431,597	323,398,238
Work in process		41,399,328	35,073,406
Finished goods		100,278,234	122,828,379
Waste		43,862,268	6,720,924
		<u>1,891,438,807</u>	<u>1,823,689,111</u>
<b>5. DEFFERED GRANT</b>			
Deferred government grant relates to the difference between the fair value and actual proceed of salary loan obtained under SBP's Refinance scheme for payment of salaries during the current year. It will be amortised over the period of next two and a half year with an amount equal to the difference between the finance cost charged to statement of profit or loss account and the interest paid at SBP's defined rate as per the scheme. In subsequent periods, the grant will be amortised over the period of loan and amortisation will be recognised and presented as reduction of related interest expense.			
		<i>(Unaudited)</i> <i>December 31,</i> <i>2020</i> <i>Rupees</i>	<i>(Audited)</i> <i>June 30,</i> <i>2020</i> <i>Rupees</i>
The movement during the year is as follows:	<b>Note</b>		
As at July 01		-	-
Recognized during the year		7,926,850	-
Amortized during the year		(637,604)	-
As at December 31		<u>7,289,246</u>	-
Less: Current Portion		1,891,755	-
Non current portion		<u>5,397,491</u>	-

### 6.1 Contingencies

## 6.2 Commitments

June 30, 2020.		(Unaudited)	(Audited)
		December 31,	June 30,
		2020	2020
	Note	Rupees	Rupees
<b>Commitments</b>			
Bank guarantees	7.2.1	149,321,728	140,921,302
Foreign bills purchased		474,370,000	625,933,199
In land bill purchased		74,156,762	-
Letters of credit	7.2.2	986,349,877	110,702,836

*In favour of*

<i>In favour of</i>	<i>Bank</i>		
Sui Northern Gas Pipelines Ltd.	MCB Bank Limited	57,061,261	57,061,261
Ministry of textile	MCB Bank Limited	-	599,574
Excise and taxation	Soneri Bank Limited	23,985,915	23,985,915
Excise and taxation	United Bank Limited	68,000,000	59,000,000
CCI & E	Habib Bank Limited	274,552	274,552
		<b>149,321,728</b>	<b>140,921,302</b>

- Stores & spares

- Stores & spares	12,721,227	12,163,672
- Raw material	973,628,650	93,605,004
- Plant and machinery	-	4,934,160
	<u>986,349,877</u>	<u>110,702,836</u>

----- Six month period ended -----

---Three month period ended---

December 31,

December 31,

2020

2019

2020

December 31, 2019

.....Rupees.....

### Exports

Yarn	2,937,224,240	2,873,181,877	1,962,718,824	1,434,336,208
------	---------------	---------------	---------------	---------------

Yarn	861,362,645	551,821,408	104,207,464	205,584,792
Doubling	3,166,329	358,800	2,570,082	358,800
Waste	129,814,693	199,301,921	64,908,527	84,797,241
	994,343,667	751,482,129	171,686,073	290,740,833

Sales tax on local sales	(325,842,045)	(166,252,706)	(159,678,362)	(99,731,592)
Commission	(16,943,641)	(16,678,657)	(8,843,746)	(10,209,261)

Sales tax on local sales	(325,842,045)	(166,252,706)	(159,678,362)	(99,731,592)
Commission	(16,943,641)	(16,678,657)	(8,843,746)	(10,209,261)
	<u>3,588,782,221</u>	<u>3,441,732,643</u>	<u>1,965,882,789</u>	<u>1,615,136,188</u>

	----- Six month period ended -----		---Three month period ended ---	
	December 31,		December 31,	
	2020	2019	2020	2019
	.....Rupees.....			
<b>8. COST OF GOODS SOLD</b>				
Raw material consumed	2,323,653,899	2,207,283,030	1,207,666,234	1,098,356,030
Power and fuel	206,802,289	198,049,412	112,824,169	94,592,412
Salaries, wages and benefits	131,586,920	135,096,236	68,791,729	66,126,236
Packing material consumed	40,405,689	35,362,187	21,128,070	16,741,187
Stores and spares consumed	38,623,782	46,097,636	23,975,508	17,468,636
Repair and maintenance	2,297,998	4,055,385	938,387	1,888,385
Insurance	3,300,000	3,600,000	1,500,000	1,800,000
Depreciation	77,868,573	79,864,131	39,122,892	40,112,131
Others	374,856	437,274	200,296	190,274
	<b>2,824,914,006</b>	<b>2,709,845,291</b>	<b>1,476,147,285</b>	<b>1,337,275,291</b>
<b>Work in process</b>				
Opening stock	35,073,406	39,142,830	36,086,813	34,733,000
Closing stock	(41,399,328)	(43,400,605)	(41,399,328)	(43,400,605)
	<b>(6,325,922)</b>	<b>(4,257,775)</b>	<b>(5,312,515)</b>	<b>(8,667,605)</b>
<b>Cost of goods manufactured</b>	<b>2,818,588,084</b>	<b>2,705,587,516</b>	<b>1,470,834,770</b>	<b>1,328,607,686</b>
<b>Finished goods</b>				
Opening stock	129,549,303	283,366,289	96,830,132	167,649,000
Purchase of finished goods	419,788,800	70,442,500	283,879,800	32,729,500
Closing stock	(144,140,502)	(167,968,130)	(144,140,502)	(167,968,130)
	<b>405,197,601</b>	<b>185,840,659</b>	<b>236,569,430</b>	<b>32,410,370</b>
	<b>3,223,785,685</b>	<b>2,891,428,175</b>	<b>1,707,404,200</b>	<b>1,361,018,056</b>

The above detail of finished goods does not include stock of ginning unit.

	(Unaudited) December 31, 2020 Rupees	(Audited) December 31, 2019 Rupees
<b>9. TAXATION</b>		
Current	42,806,921	51,011,900

#### 10. RELATED PARTY TRANSACTIONS

**10.1** The related parties comprise associated undertakings, directors and key management personnel. The Company in normal course of business carries out transactions with related parties. Transactions with related parties are as follows:

	----- Six month period ended -----		---Three month period ended ---	
	December 31,		December 31,	
	2020	2019	2020	2019
	.....Rupees.....			
<b>Transactions with directors and key management personnel</b>				
Remuneration and other benefits of chief executive, directors and executives	38,491,157	29,892,938	21,280,899	15,906,167
<b>Transactions with associated undertakings</b>				
<b>Indus Home Limited</b>				
Sale of goods and services	163,077,474	90,011,697	71,576,732	25,551,235
Advance received for sale of land	-	72,275,209		72,275,209
<b>Indus Dying and Manufacturing Limited</b>				
Purchase of goods and services	-	622,479		-
Purchase of Property Plant and equipments	-	19,468,750		-

All transactions with related parties have been carried out on agreed terms and conditions.

## 11. FAIR VALUE MEASUREMENTS

IFRS 13 requires fair value measurement disclosures using following three level fair value hierarchy that reflects the significance of the inputs used in measuring fair value of financial instruments.

Information about fair value hierarchy and asset classified under the hierarchy as follows.

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

### 11.1 Fair value of property, plant and equipment and other financial assets

The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2019 by M.Y.K Associates (Private) Limited, an independent valuer not connected with the Company. The basis used for the revaluation of these assets were as follows:

#### *Freehold land*

Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.

#### *Building on freehold land*

Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity and information obtained through estate agents, builders and developers.

#### *Plant and machinery*

Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.

#### *Other Financial Assets*

Other financial assets includes investments in quoted equity shares and units in mutual funds. The investment is remeasured at each reporting date at its fair value by using the prevailing market rates.

#### *As at December 31, 2020*

	Level 1	Level 2	Level 3
	<b>Rupees</b>		
Free hold land	-	192,914,491	-
Building on free hold land	-	204,837,969	-
Plant and machinery	-	1,251,454,429	-
Short term investments	163,285,804	501,796,125	-
<b>Total</b>	<b>163,285,804</b>	<b>2,151,003,014</b>	<b>-</b>

#### *As at June 30, 2020*

	Level 1	Level 2	Level 3
	<b>Rupees</b>		
Free hold land	-	191,940,053	-
Building on free hold land	-	215,618,915	-
Plant and machinery	-	1,280,666,876	-
Short term investments	125,081,052	284,145,994	-
<b>Total</b>	<b>125,081,052</b>	<b>1,972,371,838</b>	<b>-</b>

Fair value of all other financial assets and liabilities approximated their carrying value.

There were no transfers between levels of fair value hierarchy during the period.

**12. FINANCIAL RISK MANAGEMENT**

The company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2020.

**13. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS**

The condensed interim financial statements were authorized for issue by the Board of Directors of the Company on March 01, 2021.

**14. FIGURES**

Figures have been rounded-off to the nearest rupee except as stated otherwise.



**Shabbir Kausar**  
Chief Financial Officer



**Kashif Riaz**  
Chief Executive



**Mian Riaz Ahmed**  
Chairman