Annual Report 2020

INDUS DYEING & MANUFACTURING COMPANY LIMITED

CONTENTS

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. Hyderabad, Sindh.	Tel.	0223 - 886281 & 84
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 Kilometer, Shaikhupura Road, District Faisalabad.	Tel.	041 - 4689235 - 6
5	Indus Home Limited. 2.5 Kilometer, Off Manga Raiwind Road, Manga Mandi, Lahore.	UAN Tel.	111 - 404 - 405 042 - 35385021 - 7

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, 2020

With great pleasure I would like to present the annual review of the audited financial statements for the year ended June 30, 2020 and the overall performance of the Board. I would like to take this opportunity to invite you for the 63rd Annual General Meeting of the Company.

Review of the Boards Performance

During the challenging and difficult conditions of Covid-19, the Board performed their functions diligently up to the best interest of the company. The Board is committed to perform for the betterment and growth of the company and focused to achieve the vision, mission and objectives of the company. 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 ensures compliance with all applicable rules and best practices of the Company.

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

Till the third quarter ended March 31, 2020, the business operations were smooth but the Covid-19 pandemic disrupted the global supply chain as lockdown were implemented world wide to control the spread of disease. Despite difficult situation the management of company achieved consolidated net profit after tax of Rs. 1,319 million. The company achieved 5.08% growth in sales whereas the net profit after tax declined by 43.40% as compared to last year.

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 06, 2020

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, 2020 before the Sixty-Third Annual General Meeting of the Company.

The consolidated financial highlights of the Company are as under:

	For the year ended	
	June 30 2020	**June 30 2019**
	(Rupees in 000)	
Sales	**37,170,575**	35,372,578
Gross profit	**3,407,280**	3,696,349
Other operating income	**626,768**	1,189,419
Finance cost	**(599,563)**	(656,020)
Provision for taxation	**(385,352)**	(357,614)
Profit for the year after taxation	**1,319,434**	2,331,497
Earnings per share-basic and diluted (net)	**73.00**	129.00

DIVIDEND

The Board of Directors in their meeting held on 03 January 2020 announced an interim cash dividend @ 150% i.e. Rs. 15 per share and further on 29 February 2020 announced second interim cash dividend @ 150% i.e. Rs. 15 per share for the year ended 30th June 2020.

EARNING PER SHARE

The consolidated earnings per share is Rs. 73.00 as compared to Rs. 129.00 per share last year. Earnings per share of the Company on a stand-alone basis is Rs. 53.00 as compared to Rs.95.40 per share last year.

BUSINESS OVERVIEW

During the year under review group sales of the company has increased by 5.08% over the last year and has earned net profit after tax of Rs. 1,319 million with decrease of 43.40% over last year profits of Rs. 2,331 million.

Due to Covid-19 pandemic, there is decline in profitability of the company as compared to set targets for the whole year. The reduction in raw material prices and consequential adjustments on account of price rationalization of inventory held by the company caused significant reduction in profits of the company for the fourth quarter.

INDUS HOME LIMITED

The company performed well in FY 2020 in context of economic distress caused by Covid-19 pandemic. Business done in first eight months of the financial year enabled the company to pass through this trying and challenging time. Though company suffered production loss of 43% for last four month from March to June. Export dispatches dropped by 39% during this period of lock down. And Company lost USD 5 Million business revenue due to holding off and deferment of sale orders.

Sale Revenue for the FY 2020 is Rs. 7,064 Million slightly up from Rs. 7,037 Million achieved in last year. Export quantity is down by 7% from previous year. Gross profit is Rs. 1,247 Million higher 13% from past year. Profit after tax is Rs. 527.7 Million down 8% from earlier year.

This year additions to operating fixed assets includes Land Rs. 179 Million acquired adjacent to existing factory land for setting up Open end Unit in future and Machinery Rs. 436 Million comprises of Picanol Looms, Eton System, Heat Exchange and others. Machinery disposal includes sale of old Donier looms.

INDUS WIND ENERGY LIMITED

With reference to company's renewable energy venture through our subsidiary "Indus Wind Energy Limited", had finally achieved financial close with local and foreign fundees along with execution of EPA with Government of Pakistan. Alhumdulillah, the project is progressing well with commencement of construction targeted in first quarter of 2020-2021 and with expected COD by December 2021.

The Company's project of Wind Power promises immense value addition and speaks volume in term of company's capacity to break view ground through diversification for benefit of shareholders.

FUTURE OUTLOOK

The management of the company is optimistic to set back to its normal business operations with profitability. The steps taken by Government to support the business in the form of deferment of principle loan payments, reduction in interest rates and availability of funds at nominal cost for payment of salaries and wages helped to the great extent in business sustainability. The other challenges for the industry are low production of cotton crop in country due to which cotton will be imported and will put us at comparative disadvantages with other cotton producing countries.

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, 2020.

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 2020 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	09
b. Female	01
Composition	
I. Independent Director	03
II. Executive Director	02
III. Non -Executive Director	05

The names of the directors as at June 30, 2020 are as follows:

1)	Mr. Naveed Ahmed	Chairman	
2)	Mian Shahzad Ahmed	Chief Executive	
3)	Mian Imran Ahmed	Director	
4)	Mr. Riaz Ahmed	Director	
5)	Mr. Irfan Ahmed	Director	
6)	Mr. Kashif Riaz	Director	
7)	Mr. Sheikh Shafqat Masood	Director	
8)	Mr. Faisal Hanif	Director	
9)	Ms. Azra Yaqub Vawda	Director	
10)	Mr. Aamir Amin	Director	Nominee N.I.T

BOARD OF DIRECTORS

The Directors of the company were elected in the Extraordinary General Meeting of the company held on June 15, 2020. 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 experience in various sectors of business world. The board comprises of Chairman, three independent Director, five 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 period under the review the transfer in shares through Gift of the company by the CEO, Directors, spouses and Minor as follows:

Mian Imran Ahmed	(495,000)
Mr. Naveed Ahmed	(536,000)
Mr. Kashif Riaz	(1,784,000)
Mr. Mohammad Azmat Ahmed	495,000
Mr. Danish Naveed	536,000
Mrs. Fadia Kashif	1,784,000

Board & SUB Committee Meetings

During the year meetings of the Board were held Attendance by each director is as follows.

Name of Directors	Board of Directors 6- Meetings
	Attended
Mr. Naveed Ahmed	6/6
Mian Shahzad Ahmed	6/6
Mr. Riaz Ahmed	4/6
Mr. Irfan Ahmed***	6/6
Mian Imran Ahmed	6/6
Mr. Kashif Riaz*	5/6
Mr. Sheikh Shafqat Masood^^***	5/6
Mr. Shahwaiz Ahmed^^	5/6
Mr. Danish Naveed**	2/6
Mr. Sheikh Nishat Ahmed^^	5/6

Mr. Farooq Hassan	5/6
Mr. Faisal Hanif* ***	0/6
MS. Azra Yaqub Vawda**	4/6

^^Mr. Shahwaiz Ahmed and Mr. Sheikh Nishat Ahmed retired from Board of Directors and Board Committees on June 15, 2020.

*Mr. Faisal Hanif appointed as a Chairman of Audit Committee, Mr. Kashif Riaz & Mr. Sheikh Shafqat Masood appointed as a Member of Audit Committee w.e.f from June 15, 2020.

***Mr. Faisal Hanif appointed as a Chairman of Human Resources Committee, Mr. Sheikh Shafqat Masood and Mr. Irfan Ahmed appointed as a Member of Human Resources Committee w.e.f from June 15, 2020.

** Mr. Danish Naveed Resigned from the Board of Directors on October 30, 2019 and Ms. Azra Yaqub Vawda appointed as a Director w.e.f November 01, 2019.

HUMAN RESOURCE AND REMENURATION COMMITTEE

Committee constitutes of:

1. Mr. Faisal Hanif (Chairman)
2. Mr. Irfan Ahmed (Member)
3. Mr. Sheikh Shafqat Masood (Member)

One (1) Meeting were held during the financial year from July 2019 to June 2020. 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

Four (4) meetings were held during year. All of the members are non-executive Directors including the Chairman.

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

Name of Directors	Audit Committee 4-Meetings Attended
Mr. Kashif Riaz	1/4
Mr. Sheikh Shafqat Masood	4/4
Mr. Shahwaiz Ahmed	3/4
Mr. Sheikh Nishat Ahmed	3/4
Mr. Faisal Hanif	1/4

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, 2020 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

Mian Shahzad Ahmed | **Mr. Sheikh Shafqat Masood**

Chief Executive Officer | **Director**

Dated: October 06, 2020
Karachi.

Key operating and financial results

	2015	2016	2017	2018	2019	2020
	Rupees in "000"					
Operating data						
Turn over	20,514,847	18,269,007	19,932,316	22,263,855	25,131,061	27,415,512
Less : commission	(229,804)	(165,230)	(175,252)	(173,428)	(204,775)	(339,250)
Sales (net)	20,285,043	18,103,777	19,757,064	22,090,427	24,926,286	27,076,262
Gross profit	1,604,924	1,128,954	1,723,694	2,334,642	2,701,831	2,230,628
Profit before tax	423,937	268,893	962,934	1,561,596	2,047,663	1,244,989
Profit after tax	276,346	91,871	685,835	1,378,581	1,724,254	957,865
Financial data						
Gross assets	15,667,103	16,782,496	17,229,879	19,691,466	22,716,984	21,850,638
Return on equity	2.96%	0.98%	6.91%	12.45%	13.79%	7.68%
Current assets	5,637,231	6,599,848	7,256,217	9,666,805	12,289,316	11,300,876
Shareholders equity	9,330,865	9,418,035	9,923,532	11,070,683	12,503,105	12,467,500
Long term debts and deferred liabilities	1,401,166	1,478,333	1,401,927	1,703,529	2,315,636	2,466,309
Current liabilities	4,935,072	5,886,128	5,904,420	6,917,254	7,898,243	6,916,829
Key ratios						
Gross profit ratio	7.91%	6.24%	8.72%	10.57%	10.84%	8.24%
Net profit	1.36%	0.51%	3.47%	6.24%	6.92%	3.54%
Debt / equity ratio	13 : 87	14 : 86	12 : 88	13 : 87	16 : 84	16 : 84
Current ratio	1.14	1.12	1.23	1.40	1.56	1.63
Earning per share (basic and diluted)	15.29	5.08	37.95	76.28	95.40	53.00
Dividend (percentage)						
- Cash	150%	50%	180%	160%	250%	300%
	Interim	Final	Final	Final	Interim	Interim
Statistics						
Production (tons)	51,565	52,684	51,886	50,292	52,690	47,285

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF INDUS DYEING & MANUFACTURING CO. LIMITED JUNE 30, 2020

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	Percentage of Total Capital
1,053	1	100	26,165	0.14
123	101	500	26,301	0.15
13	501	1,000	8,954	0.05
19	1,001	5,000	38,633	0.21
1	5,001	15,000	11,227	0.06
7	15,001	50,000	184,725	1.02
2	50,001	100,000	162,700	0.90
5	100,001	500,000	1,857,795	10.28
3	500,001	800,000	1,841,111	10.19
3	1,200,001	1,500,000	4,236,898	23.44
2	1,500,001	2,200,000	3,755,584	20.78
2	2,330,001	3,591,000	5,923,639	32.77
1,233			**18,073,732**	**100.00**

Categories of shareholding

Shareholders	No. of Share Holders	Shares held	Percentage
Individuals	1,201	285,317	1.58
Joint Stock Companies	9	3,203	0.02
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	18	16,049,538	88.80
	1,233	**18,073,732**	**100**

INDIVIDUALS	**1,201**		**285,317**
JOINT STOCK COMPANIES	**9**		
S.H. BUKHARI SECURITIES (PVT) LIMITED		525	
NH CAPITAL (PRIVATE) LIMITED		10	
KAMAL FACTORY (PVT) LTD		1,400	
UNITED CAPITAL SECURITIES PVT. LTD.		17	
MRA SECURITIES LIMITED - MF		600	
BLACK STONE EQUITIES PVT.LTD.		106	
M/S AZEEM SERVICES (PVT) LTD.		198	
HABIB & SONS LIMITED.		85	
M/S FIRST CAPITAL EQUITIES LTD		262	
			3,203
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	**18**		
Mian Mohammad Ahmed		1,400,149	
Mian Riaz Ahmed		1	
Mr. Shahzad Ahmed		1,349,790	
Mr. Naveed Ahmed		1,608,358	
Mr. Kashif Riaz		3,590,172	
Mr. Imran Ahmed		1,486,959	
Mr. Irfan Ahmed		2,147,226	
Mr. Shafqat Masood		40,585	
Mr. Shahwaiz Ahmed		1,092	
Mr. Danish Naveed		536,100	
Mr. Muhammad Azmat Ahmed		495,000	
Mr. Faisal Hanif		4	
Ms. Azra Yaqub Vawda		10	
Mrs. Salma Jabeen		95,620	
Mrs. Lozina Shahzad		796,616	
Mrs. Shazia Naveed		3,139	
Mrs. Fadia Kashif		2,333,467	
Mrs. Tahia Imran		165,250	
			16,049,538
			18,073,732

Shareholders holding 10% or more voting interest in the company as at June 30, 2020

Name	**Holding**	**ercentage**
Mr. Kashif Riaz	3,590,172	19.86
Mrs. Fadia Kashif	2,333,467	12.91
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 2019-2020

N A M E	**Purchase**	**Sold**	**Gift**
Mian Imran Ahmed	Nil	Nil	(495,000)
Mr. Naveed Ahmed			(536,000)
Mr. Kashif Riaz			(1,784,000)
Mr. Danish Naveed			536,000
Mr. Mohammad Azmat Ahmed			495,000
Mrs. Fadia Kashif			1,784,000

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Indus Dyeing and Manufacturing Company Limited
For the year ended June 30, 2020

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

1. The total number of director are 10 as per the following;

   a) Male 9
   b) Female 1

2. The composition of Board is as followed;

Category	**Names**
Independent Directors	Mr. Faisal Hanif Ms. Azra Yaqub Vawda Mr. Aamir Amin
Executive Directors	Mian Shahzad Ahmed (CEO) Mian Imran Ahmed
Non-Executive Directors	Mr. Riaz Ahmed Mr. Sheikh Shafqat Masood Mr. Kashif Riaz Mr. Irfan Ahmed Mr. Naveed Ahmed
Female Director	Ms. Azra Yaqub Vawda

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;

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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;

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. Majority of the directors of the company are exempt from the requirement of the directors training program or has obtained the certificate, except for one director appointed during the year who will obtain certificate in due course;

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

11. The Financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;

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

Chairman	Mr. Faisal Hanif
Members	Mr. Kashif Riaz Sheikh Shafqat Masood

    b) HR and Remuneration Committee

Chairman	Mr. Faisal Hanif
Member	Sheikh Shafqat Masood Mr. Irfan Ahmed

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

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

    a) Audit Committee (Quarterly)
    b) HR and Remuneration Committee (yearly)

15. The board has set up an effective internal audit function;

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouses, parents, dependents and non-dependents children) of the Chief Executive officer, Chief Financial Officer, head of Internal Audit, Company Secretary or directors of the Company;

17. 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;

18. We confirm that all requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with except following;

- As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors and currently, there are three independent directors in a board of ten directors. With regard to compliance with Regulation 6 pertaining to fraction contained in one-third number and not rounded up as one, Management believes that three Independent Directors are sufficient to represent minority shareholders which are only 11.20% of total shareholders.

On behalf of the Board of Directors

Karachi **Mr. Naveed Ahmad**

October 06, 2020 **Chairman**

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd 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 Wednesday, October 28, 2020 at 01:15 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the Extra Ordinary General Meeting held on June 15, 2020.

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, 2020, 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, 2021 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 cash dividend of Rs.30/- per share i.e. 300% already paid by the Company as interim dividends for the year ended June 30, 2020.

SPECIAL BUSINESS:

5. To consider and approve of enhancement in monthly remuneration of the one full time working Director namely Mian Imran Ahmed.

6. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2020 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, 2020 be and are hereby noted, ratified and approved."

7. To approve potential transactions with related parties intended to be carried out in the financial year 2020-2021 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 2020-21."

   "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 shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval."

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

By Order of the Board

Ahmed Faheem Niazi

Company Secretary

Karachi
Date; October 06, 2020

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2020 to October 28, 2020 (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 20, 2020 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2020 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, 2020 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 https://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-Link Arrangement for online Participation in the 63rd Annual General Meeting of the Company Due to Covid-19**

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at qaisarmuzaffar28@gmail.com by providing the following details: -

Name of Shareholder	CNIC NO	Folio CDC No.	Cell No.	Email address

- The Login facility will remain open from 1.15 P.M. till the end of the meeting.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- Shareholders will be able to login and participate in AGM proceedings through their smart phone or computer devices from their home after completing all the facilities required for the identification and verification of the Shareholders.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measure are in place for the well-being of its members.

12. **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 __________in respect of 63rd Annual General Meeting of the Company.

____

Signature of Member"

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

Item 05 of the Agenda

Due to increase in the cost of living, the enhancement in the monthly remuneration from Rs. 1,200,000/- per month up to Rs. 1,800,000/- tax free for Mian Imran Ahmed, Director is being sought by passing an ordinary resolution of shareholders of the Company. The said remuneration is in addition to Company maintained car, medical expenses, residential utilities, travelling, recreational, telephone and cell phone expenses etc in accordance with the company policy.

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 63rd 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. 6 & 7

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 2019-2020 to be ratified as disclosed in Note No 38 of the Financial Statements of the Company for the year ended June 30, 2020

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 2020-21.

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.

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Shahrah-e-Faisal
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Independent auditors' 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, 2020, 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, 2020 and of the profit, the 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:

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition	
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	Our audit procedures to assess the recognition of revenue, amongst others, included the following:

Key audit matter	How our audit addressed the key audit matter
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.	• obtained understanding and evaluated design and implementation of controls relating to occurrence of sales transactions 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.
2. Valuation of stock in trade	
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 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 process; • obtained an understanding of management's process for determining the net realizable value and checked: ▪ future selling prices by performing a review of sales close to and subsequent to the year-end; and

Key audit matter	How our audit addressed the key audit matter
	• 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 and charge for NRV is recorded as per such calculations.

Information other than the unconsolidated financial statements and auditors' 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 auditors' 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 to 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil
Chartered Accountants

Date: October 07, 2020
Place: Karachi

Deloitte.

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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, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Indus Dyeing & Manufacturing Company Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 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. 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.

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, 2020.

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi
Date: October 07, 2020

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement of Financial Position
As at June 30, 2020

	Note	2020	2019		Note	2020	2019
		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	**6,383,628**	6,677,739
Issued, subscribed and paid up capital	5	**180,737**	180,737	Intangibles	14	**10,167**	14,524
Reserves	6	**7,000,000**	7,000,000	Long-term investments	15	**4,149,680**	3,729,680
Unappropriated profits		**5,286,763**	5,322,368	Long-term deposits	16	**6,287**	5,725
		12,467,500	12,503,105			**10,549,762**	10,427,668
Non-current liabilities				**Current assets**			
Long-term financing	7	**2,078,896**	1,853,861	Stores, spares and loose tools	17	**361,256**	314,889
Deferred liabilities	8	**387,413**	461,775	Stock-in-trade	18	**6,636,909**	6,384,163
		2,466,309	2,315,636	Trade debts	19	**3,389,567**	4,480,116
Current liabilities				Loans and advances	20	**199,912**	177,485
Trade and other payables	9	**2,843,986**	2,387,171	Short-term prepayments	21	**1,898**	7,727
Unclaimed dividends		**209,634**	11,744	Other receivables	22	**55,286**	39,313
Interest / mark-up payable	10	**65,715**	116,605				
Short-term borrowings	11	**3,695,663**	5,140,499	Other financial assets	23	**191,993**	143,717
Current portion of deferred government grant	8	**11,443**	-	Tax refundable	24	**347,623**	566,396
Current portion long term financing	7	**90,388**	242,224	Cash and bank balances	25	**116,432**	175,510
		6,916,829	7,898,243			**11,300,876**	12,289,316
Contingencies and commitments	12						
		21,850,638	22,716,984			**21,850,638**	22,716,984

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

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

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement of Profit and Loss
For the year ended June 30, 2020

	Note	2020		2019	
Revenue	26	**27,076,262**	**100.0%**	24,926,286	**100.0%**
Cost of goods sold	27	**(24,845,634)**	**91.8%**	(22,224,455)	**89.2%**
Gross profit		**2,230,628**	**8.2%**	2,701,831	**10.8%**
Other income	28	**195,982**	**0.7%**	643,734	**-2.6%**
Distribution cost	29	**(353,616)**	**1.3%**	(324,690)	**1.3%**
Administrative expenses	30	**(297,704)**	**1.1%**	(305,661)	**1.2%**
Other operating expenses	31	**(146,988)**	**0.5%**	(234,338)	**0.9%**
Finance cost	32	**(383,313)**	**1.4%**	(433,213)	**1.7%**
		(1,181,621)	**4.4%**	(1,297,902)	**5.2%**
Profit before tax		**1,244,989**	**4.6%**	2,047,663	**8.2%**
Taxation	33	**(287,124)**	**1.1%**	(323,409)	**1.3%**
Profit for the year		**957,865**	**3.5%**	1,724,254	**6.9%**
		------------ **Rupees** ------------			
Earnings per share - basic and diluted	34	**53.00**		95.40	

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

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

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement of Comprehensive Income
For the year ended June 30, 2020

	Note	2020	2019
		Rupees in '000	
Profit for the year		**957,865**	1,724,254
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	**657**	(3,151)
Less: tax thereon		**(72)**	498
Total other comprehensive income for the year		**585**	(2,653)
		585	(2,653)
Total comprehensive income for the year		**958,450**	1,721,601

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

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

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Statement Of Changes in Equity
For the year ended June 30, 2020

		Reserves				
		Capital		Revenue		
	Issued, subscribed and paid up capital	Share premium	Merger reserve	General reserve	Unappropriated profits	Total
	----------------------	----------	Rupees in '000'	----------	----------------------	
Balance at June 30, 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. 13 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**
Comprehensive income for the year ended June						
Profit for the year	-	-	-	-	957,865	957,865
Other comprehensive income for the year - net of tax	-	-	-	-	585	585
Total comprehensive income for the year	-	-	-	-	958,450	958,450
Transactions with owners recognized directly in equity						
Final cash dividend for the year ended June 30, 2019 @ Rs. 25 per share	-	-	-	-	(451,843)	(451,843)
First Interim Cash Dividend @ Rs.15/- per share	-	-	-	-	(271,106)	(271,106)
Secpnd Interim Cash Dividend @ Rs.15/- per share	-	-	-	-	(271,106)	(271,106)
Balance at June 30, 2020	**180,737**	**10,920**	**11,512**	**6,977,568**	**5,286,763**	**12,467,500**

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

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

Indus Dyeing & Manufacturing Company Limited
Unconsolidated Cash Flow Statement
For the year ended June 30, 2020

		Note	2020	2019
			Rupees in '000	
A.	**Cash flows from operating activities**			
	Cash generated from operations	35	**2,645,636**	1,373,692
	Taxes paid - net		**(265,385)**	(294,192)
	Finance cost paid		**(434,203)**	(361,239)
	Gratuity paid	8.1	**(51,852)**	(48,222)
	Net cash generated from operating activities		**1,894,196**	670,039
B.	**Cash flows from investing activities**			
	Payment for purchase of property, plant and equipment		**(371,306)**	(1,015,754)
	Proceeds from disposal of property, plant and equipment		**144,941**	47,405
	Purchase of investments in other financial assets		**(105,778)**	(1,269)
	Investment in subsidiary		**(420,000)**	-
	Proceeds from redemption of investments in other financial assets		**56,100**	157,523
	Dividends received		**5,263**	4,426
	Net cash used in investing activities		**(690,780)**	(807,669)
C.	**Cash flows from financing activities**			
	Receipts from long-term finance	7.1	**306,789**	765,562
	Repayment of long-term finance	7.1	**(213,575)**	(346,562)
	Dividends paid		**(796,165)**	(288,515)
	Net cash generated from / (used in) financing activities		**(702,951)**	130,485
	Net decrease in cash and cash equivalents (A+B+C)		**500,465**	(7,145)
	Cash and cash equivalents at beginning of the year		**(3,435,231)**	(3,428,086)
	Cash and cash equivalents at end of the year	36	**(2,934,766)**	(3,435,231)

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

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

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

1.1 Impact on Covid 19 on the Company's performance

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Company's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Company's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation. During the lock down period from March end to May 2019, the Company's production facilities were operative except for few days and production staff were working as usual. Further, certain administrative staff were working online through internet though siting remotely.

Further, subsequent to reporting date, the situation is improved with the easing of lock down and re-opening of the businesses. The management has assessed the impact of COVID-19 on the consolidated financial statements and concluded that there is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures

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.

These are separate financial statements wherein subsidiaries and associates are measured at cost.

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 accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, amendments and interpretations are effective for the year ended June 30, 2020. These standards, amendments and interpretations 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)
IFRS 16 Leases, this standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts - IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016. However, SECP has adopted from July 01, 2019.	July 01, 2019
Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement	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

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

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.

	Effective date (accounting periods beginning on or after)
Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 ‘Presentation of Financial Statements’ and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. Clarify the definition of ‘Material’ and align the definition used in the Conceptual Framework and the Standards	January 01, 2020

	Effective date (accounting periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022

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:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

Impact of initial application of IFRS 16 Leases

IFRS 16 Leases replaced IAS 17 Leases, the former lease accounting standard and became effective for periods beginning on or after January 01, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Company as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets; and lease liabilities representing its obligation to make lease payments.

The Company applied IFRS 16 using the modified retrospective approach, under which the Company has recognised lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Company's incremental borrowing rate and recognising right of use assets at an amount equal to the lease liabilities, adjusted for the amounts of prepaid rent. However, since all existing lease arrangements were expired on or before June 30, 2020, therefore, the application of IFRS 16 has not had any impact on the financial reporting of the Company.

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

	Basis of valuation
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 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.

4.19 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.

4.20 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.

4.21 Financial Instruments

4.21.1 Recognition

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

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

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.

4.21.2 Classification of financial assets

Financial assets are classified into three principal classification categories as follows:

- 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 and selling financial assets; 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 Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVTOCI 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

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.

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.

Impairment of financial assets

For financial assets measured at amortised cost, the underlying accounting standard requires recognition of impairment based on expected credit loss (ECL) model, 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.

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.

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).

4.21.3 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.

4.21.4 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.

5. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2020	2019		Note	2020	2019
Number of shares				Rupees in '000	
9,637,116	9,637,116	Ordinary shares of Rs.10/- each fully paid in cash		**96,371**	96,371
		Other than cash			
5,282,097	5,282,097	Issued to the shareholders of YTML	5.1	**52,821**	52,821
3,154,519	3,154,519	Issued as bonus shares		**31,545**	31,545
18,073,732	18,073,732			**180,737**	180,737

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

5.2 There was no movement in issued, subscribed and paid up capital during the year.

5.3 The Company has only one class of ordinary shares which carry no right to fixed income. The holders are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

5.4 The Company has no reserved shares for issuance under options and sales contracts.

	Note	2020	2019
		Rupees in '000	
6. RESERVES			
Capital			
Share premium	6.1	**10,920**	10,920
Merger reserve	6.2	**11,512**	11,512
		22,432	22,432
Revenue			
General reserve	6.3	**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.

	Note	2020	2019
		Rupees in '000	
7. LONG-TERM FINANCING			
Secured			
From banking companies	7.1, 7.2 , 7.3 & 7.4	**2,169,284**	2,096,085
Less: Payable within one year		**(90,388)**	(242,224)
		2,078,896	1,853,861

7.1 **Details and movement are as follows:**

Name of banks	As at July 01, 2019	Acquired during the year	Repaid during the year	As at June 30, 2020
	Rupees in '000			
Allied Bank Limited	900,000	-	789	899,211
Askari Bank Limited	112,490	-	22,399	90,091
Bank Al-Habib Limited	44,090	-	44,000	90
Habib Bank Limited	380,013	-	41,549	338,464
MCB Bank Limited	357,872	76,634	35,226	399,280
United Bank Limited	301,620	51,516	69,612	283,524
Salaries Re-Finance HBL	-	158,624	-	158,624
Grand Total	**2,096,085**	**286,774**	**213,575**	**2,169,284**

7.2 Particulars of long-term financing

Type and nature of loan	2020 Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Term finances	**64,107**	**3 month KIBOR + 0.5% to 0.75%**	**Quarterly**
Long term finance facility (LTFF)	**1,946,553**	**2.50% to 5.0%**	**Quarterly and half yearly**
Salaries Re-Finance HBL	**158,624**	**1%**	**Quarterly**
	2,169,284		

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		

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

7.4 During the year, the Company has entered into an arrangement with Habib Bank Limited for obtaining term finance facility under State Bank of Pakistan (SBP) Salary Refinance Scheme to pay three month salaries & wages to permanent, contractual and outsourced employees upto a maximum of Rs 178 million (2019: Rs Nil).The facility is secured against existing first pari passu charge of Rs 316 million (2019: Rs Nil) over land and building of Hyderabad Unit, and Plant and Machinery installed at Hyderabad, Karachi and Muzaffarghar Units. The repayment of loan (principal amount) will be made in 8 equal quarterly installments commencing from January 1, 2021. Mark up rate is 1% on this facility and shall also be paid on quarterly basis. The availed facility at June 30, 2020 was Rs 178 million (2019: Rs Nil). The facility will expire on October 1, 2022.

7.5 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	2020	2019
		Rupees in '000	
Provision for gratuity	8.1	**301,281**	266,814
Deferred taxation	8.2	**77,993**	194,961
Deffered grant	8.3	**8,139**	-
		387,413	461,775

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, 2020 using Projected Unit Credit Method. Details of assumptions used and the amounts recognized in these financial statements are as follows :

Significant actuarial assumptions	2020	2019
Discount rate	**8.50%**	**12.50%**
Expected rate of increase in salary level	**8%**	**12%**
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	**40,267**
Year 2	**48,504**
Year 3	**59,916**
Year 4	**67,583**
Year 5	**80,154**
Year 6 and above	**225,716**

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.

	2020	2019
	Rupees in '000	
Present value of defined benefit obligation	**301,281**	266,815
Movement in net defined benefit liability		
Balance at the beginning of the year	**266,815**	230,814
Recognized in profit and loss account		
Current service cost	**56,864**	62,468
Interest cost	**30,111**	18,603
	86,975	81,071
Recognized in other comprehensive income		
Actuarial gains - net (refer below)	**(657)**	3,151
Benefits paid	**(51,852)**	(48,221)
Balance at the end of the year	**301,281**	266,815

Actuarial gains - net

Actuarial loss due to change in financial assumption	**-**	-
Actuarial loss / (gain) due to experience adjustments	**(657)**	3,151
	(657)	3,151

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%	276,025	330,799
Salary growth rate	1%	330,653	275,697

The expected gratuity expense for the next year amounted to Rs. 84.759 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 statemnet of comprehensive income**	**Closing balance**
	(Rupees in '000)			
Movement for the year ended June 30, 2020				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	**(42,070)**	**8,902**	**72**	**(33,096)**
- provision of stores and spare parts	**(158)**	**(4,407)**	**-**	**(4,565)**
- provision of trade debts	**-**	**(4,832)**	**-**	**(4,832)**
- other financial assets	**(3,763)**	**3,684**	**-**	**(79)**
- short term borrowings	**(10,332)**	**5,532**	**-**	**(4,800)**
Others	**(93,032)**	**(24,373)**	**-**	**(117,405)**
	(149,355)	**(15,494)**	**72**	**(164,777)**
Taxable temporary differences in respect of:				
- accelerated tax depreciation	**344,188**	**(101,482)**	**-**	**242,706**
- unclaimed amortisation on intangibles	**128**	**(64)**		**64**
	344,316	**(101,546)**	**-**	**242,770**
Deferred tax liability	**194,961**	**(117,040)**	**72**	**77,993**

	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

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:

	2020	2019
	Rupees in '000	
Profit and loss account	**(117,040)**	53,266
Other comprehensive income	**72**	(498)
	(116,968)	52,768

8.3 Deferred Government Grant

This represents deferred government grant (representing differential between borrowing obtained at concessional rate and market interest rate of 3 months Kibor plus spread of 0.63 percent) in respect of term finance facility obtained under SBP Salary Refinance Scheme as disclosed in note 7. There are no unfulfilled conditions or other contingencies attaching to this grant.

	Note	2020	2019
		Rupees in '000	
Government grant recognised		**20,015**	-
Less; Amortization of government grant	28	**(433)**	-
		19,582	-
Less; Current portion of deferred government grant		**(11,443)**	-
		8,139	-

9. TRADE AND OTHER PAYABLES

	Note	2020	2019
Creditors		**229,803**	207,114
Accrued liabilities		**1,952,029**	1,679,221
Infrastructure cess		**441,119**	362,174
Workers' Profits Participation Fund	9.2	**19,525**	751
Contract liabilities		**49,296**	26,168
Withholding tax payable		**67,013**	8,358
Others	9.1	**85,201**	103,385
		2,843,986	2,387,171

9.1 This includes Rs. 2.66 million (2019: Rs. 20.64 million) due to related parties (refer note 38 for details).

9.2 Workers' Profits Participation Fund

	Note	2020	2019
		Rupees in '000	
Balance at beginning of the year		**751**	7,487
Allocation for the year		**64,774**	90,751
		65,525	98,238
Payments made during the year		**(46,000)**	(97,487)
Balance at end of the year		**19,525**	751

10. INTEREST / MARK-UP PAYABLE

	2020	2019
On secured loans from banking companies:		
- Long-term financing	**14,622**	15,807
- Short-term borrowings	**51,093**	100,798
	65,715	116,605

11. SHORT-TERM BORROWINGS

	Note	2020	2019
From banking companies - secured			
Running finance / cash finance arrangements	11.1	**3,051,198**	3,610,741
Foreign currency financing against export / import	11.2	**644,465**	1,529,758
	11.3	**3,695,663**	5,140,499

11.1 These carry mark-up ranging from 1 week,1 month and 3 month KIBOR + 0.05% to 1% (2019: 1 week, 1 month KIBOR + 0.05% to 0.25% and 3 month KIBOR + 0.01% 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 1.8% to 4.5% (2019: 2.3% to 3.5%) 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.11,124 million (2019: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.

The Honorable Supreme Court of Pakistan passed an order on 13 August 2020 relating to GIDC and ordered that levy of GIDC was duly levied by the Government and is payable by consumers in 24 equal monthly installments starting from August 2020 . The Honorable Supreme Court also restrained the Federal Government from charging GIDC from August 2020. The Company has provided provision of GIDC amounting to Rs.1.004 billion in these financial statements on the basis of GIDC rate applicable to industrial connection. However, SSGC, in certain months during the year, has charged GIDC on the basis of GIDC tariff applicable to captive connections resulting in differential of Rs. 228 million. The Company has not recorded the provision representing differential arising due to use of captive connection rate instead of industrial connection rate in these financial statements, as the matter of application of captive or industrial tariff has been challenged in September 2020 before Honorable Lahore High Court, which is pending adjudication. The management of the Company expect favorable outcome in this regard.

12.1.2 The Company is defendant in certain sales tax related matters with aggregate demand of Rs. 10.411. Based on views of its tax advisor, management is confident of favourable outcome in these matters and accordingly no provision has been recorded in these financial statements in this respect.

		2020	2019
		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
12.1.3	Guarantees issued by banks in favour of custom authorities on behalf of the Company	3,817	3,817
12.1.4	Guarantees issued by banks in favor of gas / electric companies	**105,144**	104,768
12.1.5	Bank guarantees against payment of infrastructure cess	**432,542**	354,542
12.2	**Commitments**		
	Letters of credit for raw material and stores and spares	**1,701,395**	270,405
	Letters of credit for property, plant and equipment	**437,949**	24,622
	Sales contracts to be executed	**61,511**	2,697,132

12.3 The Company has total unutilised facility limit against letters of credit aggregating to Rs.5.139 billion (2019: Rs. 5.57 billion) as of reporting date.

13. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		Rupees in '000	
Operating fixed assets	13.1	**6,316,371**	6,584,413
Capital work-in-progress	13.4	**67,257**	93,326
		6,383,628	6,677,739

13.1 Operating Fixed Assets

2020

Particulars	Cost at July 01, 2019	Additions / (disposal) / transfer* during the year	Cost at June 30, 2020	Accumulated depreciation at July 01 2019	Depreciation/ (adjustment)/ transfer* during the year	Accumulated depreciation at June 30, 2020	Carrying value at June 30, 2020	Depreciation Rate
	Rupees in '000							%
Owned								
Freehold land	**14,302**	**(4,494)**	**9,808**	**-**	**-**	**-**	**9,808**	**-**
Leasehold land	**127,094**	**10,705**	**137,799**	**-**	**-**	**-**	**137,799**	**-**
Factory buildings	**1,414,444**	**49,896**	**1,464,340**	**557,384**	**43,252**	**600,636**	**863,704**	**5%**
Non-factory buildings	**177,606**	**-**	**177,606**	**117,198**	**6,041**	**123,239**	**54,367**	**10%**
Office building	**98,415**	**-**	**98,415**	**22,050**	**3,818** **-**	**25,868**	**72,547**	**5%**
Plant and machinery	**9,719,231**	**147,740** **(75,907)** **(17,700) ***	**9,773,364**	**5,062,827**	**482,082** **(71,554)** **(9,800) ***	**5,463,555**	**4,309,809**	**10%**
Electric installations	**239,508**	**21,221**	**260,729**	**127,523**	**11,941**	**139,464**	**121,265**	**10%**
Power generators	**911,590**	**125,340** **17,700 *** **(62,861)**	**991,769**	**383,808**	**45,360** **9,800 *** **(37,098)**	**401,870**	**589,899**	**10%**
Office equipment	**11,892**	**5,177**	**17,069**	**6,321**	**728**	**7,049**	**10,020**	**10%**
Furniture and fixtures	**27,107**	**1,065**	**28,172**	**8,760**	**1,895**	**10,655**	**17,517**	**10%**
Vehicles	**274,126**	**36,231** **(30,021)**	**280,336**	**145,031**	**27,213** **(21,544)**	**150,700**	**129,636**	**20%**
June 30, 2020	**13,015,315**	**397,375** **(173,283)** **- ***	**13,239,407**	**6,430,902**	**622,330** **(130,196)** **- ***	**6,923,036**	**6,316,371**	

13,239,407

	2019							
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**
	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**	**-** **(32,001)**	**98,415**	**26,540**	**4,802** **(9,292)**	**22,050**	**76,365**	**5%**
Plant and machinery	**9,062,815**	**710,746** **(54,330)**	**9,719,231**	**4,645,113**	**465,676** **(47,962)**	**5,062,827**	**4,656,404**	**10%**
Electric installations	**221,611**	**17,897**	**239,508**	**116,690**	**10,833**	**127,523**	**111,985**	**10%**
Power generators	**845,847**	**86,133** **(20,390)**	**911,590**	**348,530**	**52,502** **(17,224)**	**383,808**	**527,782**	**10%**
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** **(13,590)**	**274,126**	**128,277**	**26,523** **(9,769)**	**145,031**	**129,095**	**20%**
June 30, 2019	**12,198,159**	**937,467** **(120,311)**	**13,015,315**	**5,902,618**	**612,531** **(84,247)**	**6,430,902**	**6,584,413**	

13.1.1 Allocation of depreciation

	Note	2020	2019
		Rupees in '000'	
Manufacturing expense	27.2	**588,675**	579,153
Administrative expense	30	**33,655**	33,379
		622,330	612,532

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' ----------						
Freehold Land							
Kot Radha Kishan Land	3,841	-	3,841	90,956	87,115	Negotiation	Indus Home
Kot Radha Kishan Land	653	-	653	19,469	18,816	Negotiation	Sunrays Textile Mills Limited
	4,494	**-**	**4,494**	**110,425**	**105,931**		
Plant and machinery							
Autoconer Schalaforst	31,378	(31,528)	(150)	12,000	12,150	Negotiation	Latif Textile Mills Pvt. Ltd.
Drawing Breaker DX-8	7,007	(6,101)	906	300	(606)	Negotiation	Amin Textile Mills Pvt. Ltd.
Drawing Finisher DX-30	6,322	(5,717)	605	300	(305)	Negotiation	Venus Industries
Capio Slub Device	11,344	(11,640)	(296)	556	852	Negotiation	Arshad Textile Mills Ltd.
Machconer 33	12,565	(10,140)	2,425	3,970	1,545	Negotiation	Hayleys Free Zone
Twister & Cheese winder	7,291	(6,428)	863	980	117	Negotiation	Abbas traders
	75,907	**(71,554)**	**4,353**	**18,106**	**13,753**		
Vehicles							
Honda IV Tech Prosmatec	2,060	(68)	1,992	2,208	216	Negotiation	Car First
Toyota Prius	1,915	(1,308)	607	800	193	Negotiation	Mr. Ghulam Murtaza
Honda Prosmatec	2,458	(1,621)	837	1,850	1,013	Negotiation	Mr. Raheel Ahmed
Suzuki Swift	1,282	(745)	537	537	-	Negotiation	Indus Wind Enegy Limited
Toyota Parado	6,853	(5,507)	1,346	1,500	154	Negotiation	Farooq Motors
	14,568	**(9,249)**	**5,319**	**6,895**	**1,576**		
Power generators							
Gas Generator JGS-320	49,807	(29,394)	20,413	2,000	(18,413)	Negotiation	Multi Tech Lubricants
Gas Generator JGS-320	13,054	(7,704)	5,350	2,400	(2,950)	Negotiation	Yousuf Rehmat Industries
	62,861	**(37,098)**	**25,763**	**4,400**	**(21,363)**		
Assets having carrying value less than Rs. 500,000	**15,453**	**(12,295)**	**3,158**	**5,115**	**1,957**	Negotiation	Various
2020	**173,283**	**(130,196)**	**43,087**	**144,941**	**101,854**		
2019	120,311	(84,247)	36,063	47,405	11,342		

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	12.50	544,500
Hyderabad mill - Plot No. P-1 & P-5, S.I.T.E, Hyderabad	Manufacturing facility and labour co	29.00	1,263,240
Nooriabad land - Plot No. K-31 & K-32, Nooriabad	Held for business expansion	40.00	1,742,400
Shujabad land - Railway Road, Shujabad	Held for business expansion	23.75	1,034,550
Naseerpur land - Adda Pira Ghayaib, Mototly Road	Manufacturing facility	8.28	360,677
Muzaffergarh mill - Bagga Sher, Khan pur Shumail, District Multan	Manufacturing facility and labour co	30.87	1,344,697

		Note	2020	2019
			Rupees in '000	
13.4	**Capital work-in-progress**			
	Civil works		**64,752**	70,095
	Plant and Machinery		**2,505**	23,231
		13.4.1	**67,257**	93,326

13.4.1 Capital work-in-progress

	Civil works	Plant and machinery	Total
	......................(Rupees '000)	....	
As at June 30, 2018	4,350	-	4,350
Additions during the year	65,745	440,409	506,154
Transferred to operating fixed assets	-	(417,178)	(417,178)
As at June 30, 2019	70,095	23,231	93,326
Additions during the year	42,873	144,706	187,579
Transferred to operating fixed assets	(48,216)	(165,432)	(213,648)
As at June 30, 2020	**64,752**	**2,505**	**67,257**

		Note	2020	2019
			Rupees in '000	
14	**INTANGIBLES**			
	Intangibles under use - software	14.1	**10,167**	14,524
			10,167	14,524

14.1 Intangibles under use - software

	Note	2020	2019
Year ended June 30			
Net book value as at July 1		**14,524**	11,492
Additions		**-**	8,100
Amortization for the year	14.1.1	**(4,357)**	(5,068)
Net book value as at June 30		**10,167**	14,524
At June 30			
Cost		**26,341**	26,341
Accumulated amortization		**(16,174)**	(11,817)
Net book value		**10,167**	14,524
Annual amortization rate		**30%**	30%

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

		Note	2020	2019
15.	**LONG-TERM INVESTMENTS**			
	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	**4,136,204**	3,716,204
			4,149,680	3,729,680

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

		2020	2019
15.2	**Investment in subsidiaries at cost**	**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.

		2020	2019
		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.

		2020	2019
15.2.3	**Indus Wind Energy Limited (IWE)**	**Rupees in '000**	
	Opening	**40,000**	-
	Additions	**420,000**	-
	Reversal of impairment on investment	**-**	40,000
	Closing	**460,000**	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.

			2020	2019
16.	**LONG-TERM DEPOSITS**	**Note**	**Rupees in '000**	
	Electricity		**6,287**	3,034
	Others		**-**	2,691
			6,287	5,725
17.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores, spares and loose tools	17.1	**402,812**	315,889
	Less: Provision for slow moving and obsolete stock		**(41,556)**	(1,000)
			361,256	314,889

17.1 It includes stores and spares in transit amounting to Rs.44.61 (2019: Rs. 42.84 million).

		2020	2019
18.	**STOCK-IN-TRADE**	**Rupees in '000**	
	Raw material		
	- in hand	**4,788,194**	4,936,072
	- in transit	**915,743**	353,949
		5,703,937	5,290,021
	Work-in-process	**268,040**	269,740
	Finished goods	**529,497**	683,725
	Packing material	**57,173**	49,990
	Waste	**78,262**	90,687
		6,636,909	6,384,163

18.1 Finished goods include items costing Rs. 448 million (2019: Rs. Nil) valued at net realisable value of Rs. 381 million (2019: Rs. Nil). Raw materials have been lowered by Rs. 226 million (2019: Rs. Nil) and WIP has been lowered by Rs. 11 million (2019: Rs. Nil) respectively to recognise them at net realizable value.

19. TRADE DEBTS

	Note	2020	2019
		Rupees in '000	
Considered good			
Secured			
Foreign debtors	19.1 & 19.3	**1,032,743**	2,736,565
Local debtors	19.2	**-**	296,142
		1,032,743	3,032,707
Unsecured			
Local debtors	19.3	**2,373,488**	1,447,409
		3,406,231	4,480,116
Less: Provision for doubtful debts		**(16,664)**	-
		3,389,567	4,480,116

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 2020	Total 2019
				Rupees in '000	
Subsidiaries:					
Indus Home Limited	71	-	-	**71**	72
Indus Layalpur limited	22,554	-	-	**22,554**	-

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	2020	2019
		(Rupees in '000)	
From 1 to 30 days		**2,909,752**	1,852,928
From 30 to 60 days		**340,746**	703,155
From 60 to 90 days		**95,723**	900,151
From 90 to 180 days		**33,074**	801,749
From 180 to 360 days		**1,446**	214,773
More than 360 days		**8,826**	7,360
		3,389,567	4,480,116

20. LOANS AND ADVANCES

	Note	2020	2019
Considered good			
Loans / advances to staff	20.1	**33,858**	26,716
Advance income tax - net	20.2	**118,216**	38,222
Advance against equity		**28,413**	60,232
Advances to:			
- Suppliers		**-**	2,866
- Others		**19,425**	49,449
		19,425	52,315
		199,912	177,485

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

20.2 Advance income tax - net

	Note	2020	2019
		(Rupees in '000)	
Advance income tax		**464,016**	323,177
Provision for taxation	33	**(335,679)**	(270,143)
Workers Welfare Fund	20.2.1	**(10,121)**	(14,812)
		118,216	38,222

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.

		Note	2020	2019
			Rupees in '000	
21.	**SHORT-TERM PREPAYMENTS**			
	Considered good			
	Prepayments		**1,898**	7,727
			1,898	7,727
22.	**OTHER RECEIVABLES**			
	Considered good			
	Cotton claims against short deliveries		**39,595**	31,634
	Others		**15,691**	7,679
			55,286	39,313
23.	**OTHER FINANCIAL ASSETS**			
	At amortised cost			
	Investment in Term Finance Certificates	23.1.4	**100,000**	-
	At fair value through profit or loss			
	Investment in ordinary shares of listed companies	23.1.1	**54,160**	55,562
	Investment in units of mutual funds	23.1.2	**37,833**	32,055
	At fair value through other comprehensive income			
	Government bonds	23.1.3	**-**	56,100
			191,993	143,717

23.1 **Particulars of other financial assets**

23.1.1 **Investment in ordinary shares of listed companies**

2020	2019		2020	2019
Number of shares			Rupees in '000	
42,000	42,000	Bestway Cement Limited	**4,567**	4,329
30,000	30,000	Fauji Fertilizer Company Limited	**3,300**	2,616
15,000	15,000	Habib Bank Limited	**1,453**	1,699
2,350,000	2,050,000	K-Electric Limited	**7,073**	10,317
19,156	13,304	Pakistan State Oil Company Limited	**3,030**	2,708
10,000	10,000	Pak Elektron Limited	**229**	200
100,000	100,000	Corporation Limited	**427**	451
193,900	193,900	Pioneer Cement Limited	**12,223**	4,392
25,950	25,950	Sitara Chemical Industries Limited	**7,191**	7,937
141,900	141,900	United Bank Limited	**14,667**	20,913
			54,160	55,562

23.1.2 Investment in units of mutual funds

2020	2019		2020	2019
Number of units			Rupees in '000	
315	288	Meezan Sovereign Fund	**28**	106
520,039	497,400	Meezan Islamic Fund	**24,903**	23,838
-	100,000	NAFA Islamic Active Allocation Plan-V	**9,204**	8,111
252,524	-	ABL Cash Fund	**2,566**	-
114,714	-	NBP Money Market Fund	**1,132**	-
			37,833	32,055

23.1.3 This represent 561 government bonds having face value Rs. 100,000) previously received as refund against sales tax refundable with maturity of three years and carrying markup @ 10% per annum. During current year, government has made payment to the Company against these bonds.

23.1.4 These carry markup at 3 months kibor plus 1.6%.

24. TAX REFUNDABLE

	Note	2020	2019
		Rupees in '000	
Sales tax refundable		**150,645**	132,901
Income tax refundable		**196,978**	433,495
		347,623	566,396

25. CASH AND BANK BALANCES

	Note	2020	2019
With banks			
- in deposit accounts	25.1	**13,844**	12,786
- in current accounts	25.2	**88,238**	157,836
		102,082	170,622
Cash in hand		**14,350**	4,888
		116,432	175,510

25.1 Markup rates on these accounts range between 8% - 13.5% per annum (2019: 8.5% - 12.5% per annum)

25.2 These include balance in foreign currency accounts aggregating to Rs.30.94 million at year end (2019: Rs. 20.56 million)

26. REVENUE

	Note	2020	2019
		Rupees in '000	
26.1 Revenue from contract with customers - net			
Export sales	26.4 & 26.5	**17,933,486**	14,210,078
Less;			
Commission		**(142,226)**	(101,727)
Sales Discount		**(25,043)**	
		17,766,217	14,108,351
Local sales			
Yarn		**8,445,089**	10,036,745
Waste		**871,047**	852,268
		9,316,136	10,889,013
Less:			
Brokerage on local sales		**(99,281)**	(103,048)
Sales Discount		**(72,700)**	-
		26,910,372	**24,894,316**
26.2 Other revenue	26.3	**165,890**	31,970
		27,076,262	24,926,286

26.3 This represents realised exchange gain on export sales

26.4 This includes indirect exports of Rs. 3,550.86 million (2019: 2,649.88 million)

26.5 This includes indirect exports to related undertakings of Rs. Nil (2019: Rs. 76.42 million) (refer note 38 for details).

	Note	2020	2019
		Rupees in '000	
26.6 Disaggregation of export sales into geographical area:			
- Bangladesh		**1,446**	139,904
- Brazil		**342,286**	147,466
- Belgium		**13,923**	19,303
- China		**12,931,723**	8,367,577
- Egypt		**66,194**	151,387
- Germany		**135,947**	68,457
- Europe		**-**	143,001
- France		**100,077**	82,242
- Italy		**158,840**	527,091
- Hong Kong		**155,170**	553,682
- India		**-**	37,189
- Indonesia		**-**	5,976
- Japan		**156,735**	535,175
- Koprovince Czech		**10,986**	5,197
- Korea		**634,131**	755,890
- Mauritius		**3,404**	8,079
- Netherland		**-**	7,152
- Philippines		**29,658**	65,913
- Poland		**22,892**	-
- Portugal		**216,777**	455,739
- Singapore		**738,849**	-
- South Africa		**8,227**	-
- Sweden		**53,454**	-
- Taiwan		**163,300**	142,909
- Turkey		**2,068,353**	1,975,865
- UAE		**3,498**	7,270
- Uk		**10,199**	-
- US		**34,135**	22,149
- Vietnam		**39,172**	17,435
		18,099,376	14,242,048

27. COST OF GOODS SOLD

	Note	2020	2019
Raw material consumed	27.1	**19,544,973**	17,818,297
Manufacturing expenses	27.2	**4,942,095**	4,585,030
Outside purchases - yarn for processing		**190,213**	91,471
		24,677,281	22,494,798
Work in process			
- Opening		**269,740**	242,775
- Closing		**(268,040)**	(269,740)
		1,700	(26,965)
Cost of goods manufactured		**24,678,981**	22,467,833
Finished goods			
- Opening		**774,412**	531,034
- Closing		**(607,759)**	(774,412)
		166,653	(243,378)
		24,845,634	22,224,455

		Note	2020	2019
27.1	**Raw material consumed**		**Rupees in '000**	
	Opening stock		**4,936,072**	3,304,280
	Purchases		**19,485,665**	19,674,139
			24,421,737	22,978,419
	Cost of raw cotton sold	31.1	**(88,570)**	(224,050)
	Closing stock		**(4,788,194)**	(4,936,072)
			19,544,973	17,818,297

27.2	**Manufacturing expenses**			
	Salaries, wages and benefits	27.2.1	**1,284,439**	1,270,717
	Utilities		**2,128,301**	1,706,500
	Packing material consumed		**321,085**	298,345
	Stores and spares consumed		**461,728**	575,510
	Repairs and maintenance		**47,144**	53,278
	Insurance		**17,804**	20,338
	Rent, rates and taxes		**2,779**	2,678
	Depreciation on operating fixed assets	13.1.1	**588,675**	579,153
	Other		**90,140**	78,511
			4,942,095	4,585,030

27.2.1 It includes staff retirement benefits Rs. 89.85 million (2018: Rs. 70.89 million).

28. OTHER INCOME

Income from non-financial assets:			
Scrap sale		**17,171**	17,334
Gain on disposal of operating fixed assets - net		**101,853**	11,342
Profit on trading of raw cotton / fiber	31.1	**-**	18,292
Duty drawback		**23,580**	246,709
Exchange gain on forward contract booking		**1,912**	-
Reversal of impairment on subsidiary		**-**	40,000
Reversal of provision on receivable from subsidiary		**-**	27,943
Amortization of Government Grants		**433**	-
Other Operating Income		**30**	-
Income from financial assets:			
Unrealized gain on revaluation of foreign currency debtors	28.1	**21,557**	267,515
Capital gain on sale of other financial assets		**-**	9,846
Dividend income		**5,263**	4,426
Profit on term finance certificates		**14,583**	
Profit on term deposit receipts		**9,600**	327
		195,982	643,734

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.

		2020	2019
29.	**DISTRIBUTION COST**	**Rupees in '000**	
	Export		
	Ocean freight	**100,883**	107,920
	Export development surcharge	**39,616**	32,385
	Export charges	**150,345**	104,096
	Local		
	Freight and other	**55,650**	71,775
	Insurance	**7,122**	8,514
		353,616	324,690

		Note	2020	2019
			Rupees in '000	
30.	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	30.1	**119,052**	122,592
	Directors' remuneration other than meeting fees	37	**27,045**	60,767
	Meeting fees	37	**793**	426
	Repairs and maintenance		**2,311**	2,143
	Postage and telephone		**9,483**	9,704
	Traveling and conveyance		**7,065**	4,146
	Vehicles running		**18,458**	14,628
	Printing and stationery		**3,441**	5,288
	Rent, rates and taxes		**14,094**	10,765
	Utilities		**5,444**	5,019
	Entertainment		**2,839**	3,090
	Fees and subscription		**14,798**	16,938
	Insurance		**5,397**	4,107
	Legal and professional		**4,138**	1,446
	Charity and donations	30.2	**1,356**	630
	Auditors' remuneration	30.3	**2,075**	1,820
	Depreciation on operating fixed assets	13.1.1	**33,655**	33,379
	Amortization on intangible assets	14.1	**4,357**	5,068
	Advertisement		**100**	30
	Others		**21,803**	3,675
			297,704	305,661

30.1 It includes staff retirement benefits of Rs. 6.009 million (2019: Rs. 10.182 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	2020	2019
			Rupees in '000	
30.3	**Auditors' remuneration**			
	Audit fee		**1,475**	1,375
	Half year review fee		**375**	375
	Fee for certifications		**25**	20
	Out of pocket expenses		**200**	50
			2,075	1,820

		Note	2020	2019
31.	**OTHER OPERATING EXPENSES**			
	Loss on trading of raw cotton / fiber	31.1	**7,113**	-
	Workers' Profits Participation Fund	9.2	**64,774**	90,751
	Realised exchange loss on foreign currency		**18,083**	38,157
	Unrealized loss on revaluation of foreign currency loans		**45,231**	65,530
	Unrealised capital loss on mutual funds		**264**	-
	Unrealized loss on other financial assets		**1,402**	25,088
	Workers' Welfare Fund		**10,121**	14,812
			146,988	234,338

		2020	2019
31.1	**Profit / (loss) on trading of raw cotton / fiber**		
	Sale of raw cotton / fiber	**81,457**	242,342
	Less: Cost of goods sold	**(88,570)**	(224,050)
	(Loss) / profit on trading of raw cotton / fiber	**(7,113)**	18,292

		2020	2019
32.	**FINANCE COST**	**Rupees in '000**	
	Mark-up on:		
	- long-term finance	**64,359**	69,717
	- short-term borrowings	**299,348**	333,762
	Discounting charges on letters of credit	**-**	17,475
	Bank charges and commission	**19,606**	12,259
		383,313	433,213

		2020	2019
33.	**TAXATION**		
	Current		
	- For the year	**335,679**	270,143
		335,679	270,143
	Prior Year Tax	**68,485**	-
	Deferred	**(117,040)**	53,266
		287,124	323,409

33.1 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. 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, 2020.

		2020	2019
		Rupees in '000	
33.2	**Relationship between tax expense and accounting profit**		
	Accounting profit before tax	**1,244,989**	2,047,663
	Tax rate	**29%**	29%
	Tax on accounting profit	**361,047**	593,822
	Effect of:		
	Income chargeable to tax at reduced rates	**(737)**	(1,998)
	Tax impact of tax credit	**-**	(40,739)
	Income chargeable to tax under final tax regime	**(63,161)**	(171,327)
	Due to change in tax rate	**(73,576)**	(32,934)
	Impact of permanent differences	**(60,647)**	(43,015)
	Prior year tax charge	**68,485**	-
	Impact of super tax	**-**	25,307
	Others	**55,713**	(5,707)
	Tax charge as per accounts	**287,124**	323,409

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:

		2020	2019
Profit for the year	**Rupees in '000**	**957,865**	1,724,254
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**	**53.00**	95.40

		Note	2020	2019
			Rupees in '000	
35.	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**1,244,989**	2,047,663
	Adjustments for:			
	Depreciation	13.1.1	**622,330**	612,532
	Amortization	30	**4,357**	5,068
	Provision for gratuity	8.1	**86,975**	81,071
	Provision for doubtful debts		**(16,664)**	-
	Realized gain on disposal of other financial assets	28	**-**	(9,846)
	Unrealized loss on other financial assets	31	**1,402**	25,088
	Realised exchange loss on foreign currency debtors	31	**18,083**	38,157
	Unrealized gain on revaluation of foreign currency debtors	28	**(21,557)**	(267,515)
	(Gain) / Loss on disposal of operating fixed assets	28	**(101,853)**	(11,342)
	Dividend income	28	**(5,263)**	(4,426)
	Unwinding of deferred government grant	28	**(433)**	
	Reversal of impairment on subsidiary		**-**	(40,000)
	Reversal of impairment on receivable from subsidiary		**-**	(27,943)
	Finance cost	32	**383,313**	433,213
	Cash generated before working capital changes		**2,215,679**	2,881,720
	Working capital changes:			
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		**(46,367)**	(49,166)
	Stock-in-trade		**(252,746)**	(1,668,135)
	Trade debts		**1,094,023**	(716,785)
	Loans and advances		**74,231**	(65,449)
	Trade deposits and short term prepayments		**5,829**	(6,078)
	Other receivables		**(15,973)**	52,177
	Long term deposits		**(562)**	(915)
			858,435	(2,454,351)
	Increase / (decrease) in current liabilities			
	Trade and other payables		**456,815**	466,964
	Short term borrowings		**(885,293)**	479,359
	Cash generated from operations		**2,645,636**	1,373,692
36.	**CASH AND CASH EQUIVALENTS**			
	Cash and bank balances	25	**116,432**	175,510
	Short-term borrowings	11	**(3,051,198)**	(3,610,741)
			(2,934,766)	(3,435,231)

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	2020				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	---Rupees in '000---				
Remuneration	**-**	**14,400**	**-**	**66,982**	**81,382**
Medical	**-**	**121**	**540**	**2,830**	**3,491**
Utilities	**-**	**2,080**	**9,904**	**1,817**	**13,801**
Meeting fees	**-**	**-**	**568**	**225**	**793**
Retirement benefits	**-**	**-**	**-**	**5,642**	**5,642**
Total	**-**	**16,601**	**11,012**	**77,496**	**105,109**
Number of persons	**0**	**1**	**9**	**38**	**48**

Particulars	2019				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	---Rupees in '000---				
Remuneration including benefits	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

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	2020	2019
			Rupees in '000	
Indus Lyallpur Limited	100% owned subsidiary	Conversion Cost Paid	**79,811**	50,172
		Yarn Sale	**-**	9,015
		Comber noil sale	**-**	3,332
		Doubling Cost Received	**-**	2,180
		Doubling Cost Paid	**1,513**	-
Indus Home Limited	100% owned subsidiary	Yarn Sale	**91,914**	76,424
		Conversion cost received	**427,806**	299,711
		Doubling cost received	**3,936**	-
		Sale of land	**90,956**	-
Sunrays Textile	100% owned subsidiary	Sale of land	**19,469**	-
Indus Wind Energy Limited	100% owned subsidiary	Payment for expenses	**-**	32,288
		Sale of car	**537**	

Name of related party	Basis of relationship	Nature of balances	2020	2019
			Rupees in '000	
Indus Wind Energy Limited	100% owned subsidiary	Receivable from related party	**28,413**	60,232
Indus Home Limited	100% owned subsidiary	Receivable from related party	**20,985**	16,766
Indus Lyallpur Limited	100% owned subsidiary	Receivable from related party	**244,014**	15,925
Sunrays Textile	Associate on common directorship	Receivable from related party	**12**	-
Indus Heartland Limited	Associate on common directorship	Payable to related party	**746**	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

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:

	2020	2019
	Rupees in '000	
Long-term deposits	**6,287**	5,725
Trade debts	**3,389,567**	4,480,116
Loans to staff	**33,858**	26,716
Other receivables	**55,286**	39,313
Other financial assets	**137,833**	32,055
Bank balances	**102,082**	170,622
	3,724,913	4,754,547

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	Short-term
Habib Bank Limited	JCR-VIS	AAA	A-1+
J.S Bank Limited	PACRA	AA-	A1+
Soneri Bank Limited	PACRA	AA-	A1+
MCB Bank Limited	PACRA	AAA	A1+
Allied Bank Limited	PACRA	AAA	A1+
Dubai Islamic Bank (Pakistan) Limited	JCR-VIS	AA	A-1+
United Bank Limited	JCR-VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Meezan Bank Limited	JCR-VIS	AA+	A-1+
Bank Alfalah Limited	PACRA	AA+	A1+
Bank Islami Pakistan	PACRA	A+	A1
Askari Bank Limited	PACRA	AA+	A1+
Bank Al-Habib Limited	PACRA	AA+	A1+
National Bank of Pakistan	PACRA	AAA	A1+
Standard Chartered Bank (Pakistan) Limited	PACRA	AAA	A1+
The Bank Of Punjab	PACRA	AA	A1+
Faysal Bank Limited	PACRA	AA	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	
	2020	**2019**
Fixed rate instruments	**Rupees in '000**	
Financial assets	**13,844**	68,886
Financial liabilities	**1,946,553**	1,920,000
Variable rate instruments		
Financial liabilities		
- KIBOR based	**3,273,929**	3,786,826
Financial assets		
- KIBOR based	**100,000**	-

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, 2020 would decrease / increase by Rs. 15.86 million (2019: Rs. 18.93 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	**2020**		**2019**	
	Rupees	**US Dollar**	**Rupees**	**US Dollar**
	Currency in '000			
Trade debts	**1,032,743**	**6,185**	2,736,565	16,802
Bank Balances	**30,940**	**184**	20,563	126
	1,063,683	**6,369**	2,757,128	16,928

	2020	**2019**
	Rupees	
Average rate	158.68	135.81
Balance sheet date rate	166.98	162.87

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, 2020, 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. 52.987 million (2019: higher / lower by Rs. 61.368 million) determined on the outstanding balance at year end. Profit / (loss) is sensitive to movement in Rupee / foreign currency exchange rates in 2020 than 2019 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. 54.160 million (2019: Rs.55.562 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 2.71 million (2019: Rs. 2.78 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, 2020				
Long-term deposits	**6,287**	**-**	**-**	**6,287**
Trade debts	**3,389,567**	**-**	**-**	**3,389,567**
Loans	**33,858**	**-**	**-**	**33,858**
Other receivables	**55,286**	**-**	**-**	**55,286**
Other financial assets	**100,000**	**-**	**91,993**	**191,993**
Bank balances	**102,082**	**-**	**-**	**102,082**
Cash in hand	**14,350**	**-**	**-**	**14,350**
	3,701,430	**-**	**91,993**	**3,793,423**

	Loans & receivables	Fair value through profit & loss account - held-for-trading	Fair value through profit & loss	Total
Financial assets - 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
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
	4,727,380	56,100	87,617	4,871,097

Financial liabilities - June 30, 2020	Financial liabilities measured at amortized cost	Total
	---------------Rupees in '000 ----------------	
Long-term financing	**2,169,284**	**2,169,284**
Trade and other payables	**2,316,329**	**2,316,329**
Unclaimed dividends	**209,634**	**209,634**
Short-term borrowings	**3,695,663**	**3,695,663**
Interest / mark-up payable	**65,715**	**65,715**
	8,456,625	**8,456,625**

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

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, 2020 and 2019 were as follows:

	2020	**2019**
	Rupees in '000	
Total borrowings (note 7 & 11)	**5,864,947**	7,236,584
Less: cash and bank balances (note 25)	**(116,432)**	(175,510)
Net debt	**5,748,515**	7,061,074
Total equity	**12,467,500**	12,503,105
Total capital	**18,216,015**	19,564,179
Gearing ratio	**32%**	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	**2020**	**2019**
Total number of spindles installed	**184,050**	187,020
Total number of spindles worked per annum (average)	**175,150**	182,203
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**130,903,511**	131,605,313
Actual production for the year after conversion into 20 counts (lbs.)	**104,245,482**	116,160,801

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	
	2020	**2019**
Average number of employees during the year	**2,515**	2,610
Number of employees as at June 30	**2,473**	2,668

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

44. DATE OF AUTHORIZATION FOR ISSUE

These unconsolidated financial statements have been authorized for issue on October 06, 2020 by the Board of Directors of the Company.

45. GENERAL

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

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

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	**2,316,329**	**2,316,329**	-	**2,316,329**	**-**	**-**	**-**
Long-term financing	**2,169,284**	**2,092,558**	**-**	**-**	**90,388**	**2,245,208**	**-**
Short-term borrowings	**3,695,663**	**5,140,499**	**-**	**3,051,198**	**644,465**	**-**	**-**
Unclaimed dividends	**209,634**	**209,634**	**-**	**-**	**-**	**-**	**-**
Interest / mark-up payable	**65,715**	**65,715**	**-**	**65,715**	**-**	**-**	**-**
2020	**8,456,625**	**9,824,735**	**-**	**5,433,242**	**734,853**	**2,245,208**	**-**

	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	-

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

Note 39.5

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, 2020 ----							
	---- (Rupees in '000) ----							
Financial assets measured at fair value								
Other financial assets	**91,993**	**-**	**100,000**	**191,993**	**91,993**	**-**	**-**	**91,993**
Financial assets not measured at fair value								
	---- June 30, 2020 ----							
	---- (Rupees in '000) ----							
Long-term deposits	**-**	**-**	**6,287**	**6,287**				
Trade debts	**-**	**-**	**3,389,567**	**3,389,567**				
Loans	**-**	**-**	**33,858**	**33,858**				
other financial assets			**100,000**	**100,000**				
Other receivables	**-**	**-**	**55,286**	**55,286**				
Bank balances	**-**	**-**	**102,082**	**102,082**				
Cash in hand	**-**	**-**	**14,350**	**14,350**				
	-		**3,701,430**	**3,701,430**				
Financial liabilities not measured at fair value								
	---- June 30, 2020 ----							
	---- (Rupees in '000) ----							
Long-term financing	**-**	**-**	**2,169,284**	**2,169,284**				
Trade and other payables	**-**	**-**	**2,316,329**	**2,316,329**				
Unclaimed dividends	**-**	**-**	**209,634**	**209,634**				
Short-term borrowings	**-**	**-**	**3,695,663**	**3,695,663**				
Interest / mark-up payable	**-**	**-**	**65,715**	**65,715**				
	-	**-**	**8,456,625**	**8,456,625**				

---- June 30, 2019 ----

	Carrying amount				Fair Value Hierarchy			
	Fair value through profit & loss account - held-	Loans and advances	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				
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				

Consolidated Annual Report 2020

INDUS DYEING & MANUFACTURING COMPANY LIMITED

CONTENTS

Consolidated key operating and financial results

	2015	2016	2017	2018	2019	2020
	Rupees in "000"					
Operating data						
Turn over	26,812,047	25,111,229	27,818,111	30,877,734	35,671,070	37,648,996
Less : commission	(251,980)	(180,566)	(244,919)	(247,448)	(298,492)	(478,421)
Sales (net)	26,560,067	24,930,663	27,573,192	30,630,286	35,372,578	37,170,575
Gross profit	2,184,056	1,937,179	2,641,910	3,013,451	3,696,349	3,407,280
Profit before tax	474,828	666,821	1,352,727	2,008,520	2,689,111	1,704,786
Profit after tax	299,887	449,069	1,035,345	1,781,697	2,331,497	1,319,434
Financial data						
Gross assets	19,391,820	20,984,661	21,984,382	25,641,644	30,628,666	33,008,335
Return on equity	2.81%	4.04%	8.65%	13.19%	15.00%	8.32%
Current assets	8,264,447	10,025,542	11,487,926	14,938,598	18,831,882	18,703,728
Shareholders equity	10,674,211	11,115,770	11,966,431	13,509,269	15,544,391	15,860,176
Long term debts and deferred liabilities	1,843,852	1,737,544	1,694,447	2,385,371	3,509,206	5,970,757
Current liabilities	6,873,757	8,131,347	8,323,504	9,747,004	11,575,069	11,177,402
Key ratios						
Gross profit ratio	8.22%	7.77%	9.58%	9.84%	10.45%	9.17%
Net profit	1.13%	1.80%	3.75%	5.82%	6.59%	3.55%
Debt / equity ratio	13 : 87	12 : 88	11 : 89	12 : 88	16 : 84	21 : 79
Current ratio	1.20	1.23	1.38	1.23	1.63	1.05
Earning per share (basic and diluted)	16.59	24.85	57.28	98.58	129.00	73.00
Dividend (percentage)						
- Cash	150%	50%	180%	160%	250%	300%
	Interim	Final	Final	Final	Interim	Interim
Statistics						
Spinning Production (tons)	59,212	60,517	59,591	57,867	59,935	55,320
Weaving Production (tons)	9,149	9,406	10,798	10,891	9,985	8,938

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Independent auditors' report to the members of Indus Dyeing & Manufacturing Company Limited

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, 2020, and the consolidated statement of profit and 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, 2020 and 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 note 4.14 and the related amounts of revenue recognized during the year are disclosed in note 29 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	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;

Key audit matter	How our audit addressed the key audit matter
control of goods is transferred to the customer. We identified revenue recognition as Key Audit Matter since it is one 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 customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.	• 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 customers; 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 is disclosed in note 21 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 their 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 process;
	• obtained an understanding of management's process for determining the net realizable 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

Key audit matter	How our audit addressed the key audit matter
	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 auditors' report thereon

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

Our opinion on the consolidated 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 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 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 consolidated 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 the 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' 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 auditors' report is Nadeem Yousuf Adil.

Deloitte Yousuf Adil
Chartered Accountants

Place: Karachi
Date: October 07, 2020

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020	2019
		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	7,000,732	7,000,691
Unappropriated profit		8,678,901	8,362,963
		15,860,370	15,544,391
Non current liabilities			
Long-term financing	8	5,422,907	2,853,967
Deferred liabilities	9	508,856	655,239
Lease liabilities	10	38,994	-
		5,970,757	3,509,206
Current liabilities			
Trade and other payables	11	3,949,523	3,377,094
Unclaimed dividend		209,634	11,744
Interest / mark-up payable	12	108,828	166,309
Short-term borrowings	13	6,743,684	7,696,456
Current portion of long-term financing	8	140,364	323,466
Current portion of deferred grant	9	21,473	-
Current portion of lease liabilities	10	3,896	-
		11,177,402	11,575,069
Contingencies and commitments	14		
		33,008,529	30,628,666

	Note	2020	2019
		Rupees in '000	
ASSETS			
Non current assets			
Property, plant and equipment	15	14,188,842	11,724,965
Right of use of assets	16	49,144	-
Intangible assets	17	11,279	16,112
Long-term investments	18	33,431	31,642
Long-term deposits	19	18,240	24,065
Long-term advances		3,864	-
		14,304,800	11,796,784
Current assets			
Stores, spares and loose tools	20	692,603	602,625
Stock-in-trade	21	10,104,798	9,179,288
Trade debts	22	4,365,615	6,482,457
Loans and advances	23	347,248	199,416
Trade deposits and short-term prepayments	24	34,263	30,394
Other receivables	25	140,134	117,185
Other financial assets	26	1,319,465	544,963
Tax refundable	27	1,174,646	895,717
Cash and bank balances	28	524,957	779,837
		18,703,729	18,831,882
		33,008,529	30,628,666

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020	2019
		Rupees in '000	
Revenue	29	**37,170,575**	**35,372,578**
Cost of goods sold	30	**(33,763,295)**	(31,676,229)
Gross profit		**3,407,280**	3,696,349
Other income	31	**626,768**	1,189,419
Distribution cost	32	**(757,597)**	(697,330)
Administrative expenses	33	**(597,779)**	(547,886)
Other operating expenses	34	**(379,869)**	(300,894)
Finance cost	35	**(599,563)**	(656,020)
		(2,334,808)	(2,202,130)
		1,699,240	2,683,638
Share of profit from associate - net of tax	18.1	**5,546**	5,473
Profit before taxation		**1,704,786**	2,689,111
Taxation	36	**(385,352)**	(357,614)
Profit for the year - attributable to ordinary share holders of the Holding Company		**1,319,434**	2,331,497
Earnings per share - basic and diluted	37	**73.00**	129.00

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

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

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020	2019
	Rupees in '000	
Profit for the year	**1,319,434**	2,331,497
Items that may be reclassified subsequently to profit and loss		
Exchange loss on translation of balances of foreign subsidiary	**41**	534
Items that will not be reclassified subsequently to profit and loss		
Remeasurement of defined benefit obligation - net of tax	**(9,441)**	(7,730)
Total comprehensive income for the year - attributable to ordinary share holders of the Holding Company	**1,310,034**	2,324,301

The annexed notes from 1 to 48 form an integral part of these consolidated financial statements.

Chief Executive Officer	Director	Chief Financial Officer

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

		Note	2020	2019
			Rupees in '000	
A.	**CASH FLOWS FROM OPERATING ACTIVITIES**			
	Cash generated from operations	38	**5,807,882**	2,885,461
	Taxes paid - net		**(902,602)**	(424,799)
	Finance cost paid		**(660,923)**	(555,117)
	Gratuity paid		**(185,919)**	(70,841)
	Net cash generated from operating activities		**4,058,438**	1,834,704
B.	**CASH FLOWS FROM INVESTING ACTIVITIES**			
	Payment for purchase of property, plant and equipment		**(3,666,313)**	(2,202,534)
	Proceeds from disposal of property, plant and equipment	15.2	**87,372**	71,096
	Payment for purchase of other financial assets		**(775,904)**	(253,734)
	Dividend received		**9,923**	3,809
	Net cash used in investing activities		**(4,344,922)**	(2,381,363)
C.	**CASH FLOWS FROM FINANCING ACTIVITIES**			
	Long term finance obtained		**2,422,205**	969,723
	Long term advances		**(3,864)**	-
	Lease rentals paid		**(2,454)**	-
	Dividend paid		**(796,165)**	(288,515)
	Net cash generated from financing activities		**1,619,722**	681,208
	Net increase / (decrease) in cash and cash equivalents (A+B+C)		**1,333,238**	134,549
	Cash and cash equivalents at beginning of the year		**(4,046,998)**	(4,181,547)
	Cash and cash equivalents at end of the year	39	**(2,713,760)**	(4,046,998)

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

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

INDUS DYEING & MANUFACTURING COMPANY LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

		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, 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
Total comprehensive income for the year							
Profit for the year	**-**	**-**	**-**	**-**	**-**	**1,319,434**	**1,319,434**
Exchange loss on translation of balances of foreign subsidiary	**-**	**-**	**-**	**41**	**-**	**-**	**41**
Remeasurement of defined benefit obligation -net of tax	**-**	**-**	**-**	**-**	**-**	**(9,441)**	**(9,441)**
Total comprehensive income for the year	**-**	**-**	**-**	**41**	**-**	**1,309,993**	**1,310,034**
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)**
First Interim Cash Dividend @ Rs.15/- per share	-	-	-	-	-	(271,106)	**(271,106)**
Secpnd Interim Cash Dividend @ Rs.15/- per sha	-	-	-	-	-	(271,106)	**(271,106)**
	-	-	-	-	-	**(994,055)**	**(994,055)**
Balance at June 30, 2020	**180,737**	**10,920**	**11,512**	**732**	**6,977,568**	**8,678,901**	**15,860,370**

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

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

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.

1.4 Impact of Covid 19 on the operations of the Group

The World Health Organization declared COVID-19 a global pandemic on March 11, 2020. Accordingly, on March 20, 2020, the Government of Pakistan announced temporary lock down as a measure to reduce the spread of COVID-19. The outbreak of COVID-19 has had a distressing impact on overall demand in the global economy with notable downgrade in growth forecasts.

The Group's management is fully cognizant of the business challenges posed by the COVID-19 outbreak and closely monitoring the possible impacts on the Group's operations and liquidity positions and believes that its current policies for managing credit, liquidity and market risk are adequate in response to current situation. During the lock down period from March end to May 2019, the Group's production facilities were largely operative except for few days and production staff were working as usual. Further, certain administrative staff were working online through internet though siting remotely.

Further, subsequent to reporting date, the situation is improved with the easing of lock down and re-opening of the businesses. The Group's management has assessed the impact of COVID-19 on the consolidated financial statements and concluded that there is no material financial impact of COVID-19 on the carrying amounts of assets, liabilities, income or expenses which required specific disclosures

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 accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2020

The following standards, and amendments are effective for the year ended June 30, 2020. These standards and amendments were either not relevant to the Group's operations or did not have significant impact on the Group's financial statements other than certain additional disclosures in respect of IFRS 16 made in note 2.5.

Standards / Amendments / Interpretation	**Effective date (accounting periods beginning on or after)**
IFRS 16 Leases, this standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date.	January 01, 2019
IFRS 14 – Regulatory Deferral Accounts - IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016. However, SECP has adopted from July 01, 2019.	July 01, 2019
Amendments to IFRS 9 'Financial Instruments' - prepayment features with negative compensation	January 01, 2019
Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures	January 01, 2019
Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement	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

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

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 the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	January 01, 2020
Amendments to IAS 1 ‘Presentation of Financial Statements’ and IAS 8 ‘Accounting Policies, Changes in Accounting Estimates and Errors’. Clarify the definition of ‘Material’ and align the definition used in the Conceptual Framework and the Standards	January 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract	January 01, 2022

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:

- IFRS 1 'First Time Adoption of International Financial Reporting Standards'
- IFRS 17 'Insurance Contracts'

2.5 Impact of initial application of IFRS 16 Leases

IFRS 16 Leases replaced IAS 17 Leases, the former lease accounting standard and became effective for periods beginning on or after January 01, 2019.

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Group's financial statements is described below.

IFRS 16 introduced a single, on-balance sheet accounting model for leases. As a result, the Group as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets; and lease liabilities representing its obligation to make lease payments.

The Group applied IFRS 16 using the modified retrospective approach, under which the Group has recognised lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Group's incremental borrowing rate and recognising right of use assets at an amount equal to the lease liabilities, adjusted for the amounts of prepaid rent.

The Group has recognized right of use of asset and lease liability amounting to Rs. 25,929 at beginning of the year on initial application of IFRS 16. With effect from July 01, 2019, the right of use assets are being depreciated over the shorter of useful life and the lease term on straight line basis. Net change in net assets and impact on profit or loss and other comprehensive income were assessed to be immaterial to the financial statements.

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, 2020, 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. Financial Instruments

5.1 Recognition

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

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

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 Group.

5.2 Classification of financial assets

Financial assets are classified into three principal classification categories as follows:

- 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;

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

b) 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:

a) the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

b) 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 Group changes its business model for managing financial assets.

5.3 Recognition

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 Group.

5.4 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.

5.5 Impairment of financial assets

For financial assets measured at amortised cost, the underlying accounting standard requires recognition of impairment based on expected credit loss (ECL) model, 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 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.

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.

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).

5.6 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:

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.

5.7 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.

6. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		Note	2020	2019
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	2020	2019
		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	**732**	691
		23,164	23,123
Revenue			
General reserve		**6,977,568**	6,977,568
		7,000,732	7,000,691

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).

8. LONG-TERM FINANCING

	Note	2020	2019
		Rupees in '000	
Secured			
From banking companies	8.1, 8.2 & 8.3	**5,563,271**	3,177,433
Less: Payable within one year		**(140,364)**	(323,466)
		5,422,907	2,853,967

8.1 Details and movement are as follows:

	As at July 01, 2019	Acquired during the year	Repaid during the year	As at June 30, 2020
	---------------------- Rupees in '000 -------------------------			
Allied Bank Limited	900,000	740,264	9,505	1,630,759
Askari Bank Limited	112,490	167,220	22,399	257,311
Bank Al-Habib Limited	347,856	-	88,198	259,658
Habib Bank Limited	875,413	422,141	60,642	1,236,912
MCB Bank Limited	640,054	991,540	35,438	1,596,156
United Bank Limited	301,620	51,516	69,612	283,524
Salaries Re-Finance HBL	-	158,624	-	158,624
Habib Bank Limited refinancing	-	36,786	-	36,786
Faysal Bank Limited	-	103,541	-	103,541
Long-Term Financing	**3,177,433**	**2,671,632**	**285,794**	**5,563,271**

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

Type and nature of loan	2020 Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Long term finance facility (LTFF)	**5,303,754**	**2.50% to 5.0%**	**Quarterly and half yearly**
Term finances	**64,107**	**3 month KIBOR + 0.5% to 0.75%**	**Quarterly**
Salaries refinance	**195,410**	**1.00%**	**Quarterly**
	5,563,271		

Type and nature of loan	2019 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		

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	2020	2019
		Rupees in '000	
Deferred taxation	9.1	**24,897**	172,703
Staff retirement gratuity:			
- the Holding Company	9.2	**301,280**	266,815
- Indus Lyallpur Limited	9.3	**43,351**	36,777
- Indus Home Limited	9.4	**122,150**	177,936
- Indus Wind Energy Limited	9.5	**2,854**	1,008
Deferred grant	9.7	**14,324**	-
		508,856	655,239

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, 2020				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	**(45,194)**	**6,681**	**201**	**(38,312)**
- stores and spare parts	**(311)**	**(4,254)**	**-**	**(4,565)**
- provision of trade debts	**-**	**(6,081)**		**(6,081)**
- other financial assets	**(3,991)**	**3,912**	**-**	**(79)**
Short term borrowings	**(10,045)**	**5,245**	**-**	**(4,800)**
Long term financing	**(247)**	**247**		**-**
Others	**(200,170)**	**(43,955)**	**-**	**(244,125)**
	(259,958)	**(38,205)**	**201**	**(297,962)**
Taxable temporary differences in respect of:				
- accelerated tax depreciation	**388,621**	**(72,890)**	**-**	**315,731**
- unrealized export debtors	**43,916**	**(36,788)**	**-**	**7,128**
Intangible	**124**	**(124)**	**-**	**-**
	172,703	**(148,007)**	**201**	**24,897**

	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)
- provision of 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

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 investments in its subsidiaries in forseeable future. Deferred tax charge has been allocated as follows;

	2020	2019
	Rupees in '000	
Profit and loss account	**(148,007)**	11,573
Other comprehensive income	**201**	(533)
	(147,806)	11,040

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, 2020 using Projected Unit Credit Method. Details assumptions used and the amounts charged in these consolidated financial statements are as follows:

	2020	2019
Significant actuarial assumptions		
Discount rate (%)	**8.5%**	12.50
Expected rate of increase in salary level (%)	**8.00**	12.00
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.

	2020	2019
	Rupees in '000	
Present value of defined benefit obligation	**301,280**	266,815
Movement in net defined benefit obligation		
Balance at the beginning of the year	**266,815**	230,814
Recognized in profit and loss account		
Current service cost	**56,864**	62,468
Interest cost	**30,111**	18,603
	86,975	81,071
Recognized in other comprehensive income		
Actuarial gain on remeasurement of obligation	**(658)**	3,151
Benefits paid	**(51,852)**	(48,221)
Present value of defined benefit obligation as at June 30	**301,280**	266,815
Actuarial gains and losses		
Actuarial losses due to changes in financial assumptions	**-**	-
Actuarial loss / (gain) due to experience adjustments	**(658)**	3,151
	(658)	3,151

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%	276,025	330,799
Salary growth rate	1%	330,653	275,697

The expected gratuity expense for the next year amounted to Rs. 105.671 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, 2020 using Project Unit Credit Method.

Significant actuarial assumptions

	2020	2019
Discount rate (%)	**8.5**	14.25
Expected rate of increase in salary level (%)	**7.5**	13.25
Weighted average duration of defined benefit obligation	**9 years**	11 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.

	2020	2019
	Rupees in '000	
Present value of defined benefit obligation	**43,351**	36,777
Movement in net defined benefit obligation		
Balance at the beginning of the year	**36,777**	29,943
Recognized in profit and loss account		
Current service cost	**14,201**	12,106
Interest cost	**4,024**	2,329
	18,225	14,435
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**(2,487)**	529
Benefits paid	**(9,164)**	(8,130)
Present value of defined benefit obligation as at June 30	**43,351**	36,777
Actuarial gains and losses		
Actuarial loss due to experience adjustments	**(2,487)**	529

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%	(38,251)	48,451
Salary growth rate	1%	49,131	(37,571)

9.4 Staff retirement gratuity - Indus Home Limited

Significant actuarial assumptions	2020	2019
Discount rate (%)	**14.25**	14.25
Expected rate of increase in salary level (%)	**7.50**	13.25
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.

	2020	2019
	Rupees in '000	
Present value of defined benefit obligation	**122,150**	177,936
Movement in net defined benefit obligation		
Balance at the beginning of the year	**177,936**	140,689
Recognized in profit and loss account		
Current service cost	**40,182**	35,079
Interest cost	**16,460**	12,014
	56,642	47,093
Recognized in other comprehensive income		
Actuarial loss on remeasurement of obligation	**12,430**	4,548
Benefits paid	**(124,858)**	(14,394)
Present value of defined benefit obligation as at June 30	**122,150**	177,936
Actuarial gains and losses		
Actuarial loss due to experience adjustments	**12,430**	4,548

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%	114,400	131,163
Salary growth rate	1%	131,594	113,864

9.5 Staff retirement gratuity - Indus Wind Energy Limited

	2020	2019
Present value of defined benefit obligation	**2,854**	1,008
Movement in net defined benefit obligation		
Balance at the beginning of the year	**1,008**	738
Recognized in profit and loss account	**676**	366
Transferred from the parent Company	**1,215**	-
	2,899	
Benefits paid	**(45)**	(96)
Present value of defined benefit obligation as at June 30	**2,854**	1,008

Management has assessed that had an actuarial valuation been carried out, the resulting provision calculated as at June 30, 2020 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.

9.7 Deferred Government Grant

This represents deferred government grant (representing differential between borrowing obtained at concessional rate and market interest rate of 3 months Kibor plus spread of 0.63 to 0. 78 percent) in respect of certain term finance facilities obtained under SBP Salary Refinance Scheme as disclosed in note 7. There are no unfulfilled conditions or other contingencies attaching to this grant.

	Note	2020	2019
		Rupees in '000	
Government grant recognised		**36,367**	-
Less; Amortization of government grant	28	**(570)**	-
		35,797	-
Less; Current portion of deferred government grant		**(21,473)**	-
		14,324	-

10. LEASE LIABILITIES

Opening balance		**-**	-
Lease liability recorded on initial application		**25,929**	-
Lease acquired during the period / year		**15,536**	-
Finance cost incurred during the period / year		**3,879**	-
Lease rentals paid during the year		**(2,454)**	-
Closing balance		**42,890**	-
Less: Lease liability due with in 12 months		**(3,896)**	-
Non-current lease liability		**38,994**	-

11. TRADE AND OTHER PAYABLES

Creditors		**527,573**	348,531
Accrued liabilities		**2,497,157**	2,194,257
Foreign bills payable		**22,394**	115,447
Infrastructure cess		**552,218**	442,683
Workers' Profits Participation Fund	11.1	**62,796**	39,272
Workers Welfare Fund		**2,993**	430
Contract liabilities		**94,240**	34,962
Withholding tax payable		**91,331**	10,142
Sales tax payable		**2,029**	-
Others		**96,792**	191,370
		3,949,523	3,377,094

		Note	2020	2019
			Rupees in '000	
11.1	**Workers' Profits Participation Fund**			
	Balance at beginning of the year		**39,272**	31,512
	Allocation for the year	34	**108,060**	129,297
	Interest charged during the year on the funds utilized by the Group	35	**1,316**	584
			148,648	161,393
	Payments made during the year		**(85,852)**	(122,121)
	Balance at end of the year		**62,796**	39,272

12. INTEREST / MARK-UP PAYABLE

On secured loans from banking companies		
- Long-term financing	**4,827**	119,251
- Short-term borrowings	**104,001**	47,058
	108,828	166,309

13. SHORT-TERM BORROWINGS

	Note	2020	2019
From banking companies - secured			
Running finance / cash finance arrangements	13.1	**3,238,717**	4,826,835
Finance against import / export	13.2	**2,229,967**	2,819,621
Money market loan	13.3	**1,275,000**	-
Loan from Director		**-**	50,000
	14.3	**6,743,684**	7,696,456

13.1 These carry mark-up ranging from 1 week,1 month and 3 month KIBOR + 0.05% to 1% (2019: 1 week KIBOR plus 0.05% to 3 month KIBOR + 0.05% to 1%). These are secured against charge over current assets of the Group with upto 25% margin.

13.2 These carry mark-up ranging from 1.8% / SBP base rate plus 0.28% to 4.5% / SBP base rate plus 1% (2019: 0.25% to 2.2%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Group, lien on export documents and first hypothecation charge over present and future current assets. These have

13.3 These carry mark-up ranging from 2 week KIBOR + 0.2% to 1 month KIBOR + 0.5%. These are secured against registered hypothecation charge over current assets of the Group.

14.3 The Group has aggregate short-term borrowing facilities amounting to Rs. 6,744 million (2019: Rs. 16,604 million) from various commercial banks.

14. CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 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 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.

The Honorable Supreme Court of Pakistan passed an order on 13 August 2020 relating to GIDC and ordered that levy of GIDC was duly levied by the Government and is payable by consumers in 24 equal monthly installments starting from August 2020 . The Honorable Supreme Court also restrained the Federal Government from charging GIDC from August 2020. The Group has provided provision of GIDC amounting to Rs.1,122 million in these financial statements on the basis of GIDC rate applicable to industrial connection. However, utility companies, in certain months, have charged GIDC on the basis of GIDC tariff applicable to captive connections resulting in differential of Rs.310 million. The Group has not recorded the provision representing differential arising due to use of captive connection rate instead of industrial connection rate in these financial statements, as the matter of application of captive or industrial tariff has been challenged in September 2020 before Honorable Lahore High Court, which is pending adjudication. The management of the Group expect favorable outcome in this regard.

14.1.2 The Group is defendant in certain tax matters at various legal forums with aggregate demand of Rs. 58.792 million. Based on views of legal counsels, Group's management is confident that these matters will be decided in favour of the Company and accordingly no provision has been recorded by Group's management in these consolidated financial statements.

		2020	2019
		Rupees in '000	
14.1.3	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
14.1.4	Guarantees issued by banks in favour of custom authorities on behalf of the Group excluding those mentioned below	**26,467**	3,817
14.1.5	Guarantees issued by banks in favour of gas / electric distribution companies	**301,203**	300,827
14.1.6	Bank guarantees against payment of infrastructure cess	**499,542**	439,696
14.1.7	Bank guarantees in favour of Collector of Customs	**-**	-
14.1.8	Bank guarantees in favour of Government of Sindh	**58,154**	-
14.1.9	Bank guarantees in favour of Pakistan State Oil Company Limited	**8,750**	8,750
14.2	**Commitments**		
	Letters of credit against property, plant and equipment, stores and spares and raw cotton purchases	**3,776,370**	1,691,395
	Civil work contracts	**31,512**	2,086
	Bills discounted	**-**	32,050
	Foreign currency forward contracts - Sale	**459,142**	439,888
	Guarantee for Central Power Purchase Authority for completion Wind Power Project	**294,088**	-
	Processing fee for long term financing for Wind Power Project	**110,118**	-
	Post dated cheques in favour of: Revenue Department - Government of Pakistan	**1,254,173**	969,414
	Sales contract to be executed	**808,178**	781,852

14.3 The Group has total unutilised facility limit against letters of credit aggregating to Rs 5.513 billion (2019: Rs. 5.94 billion) as of reporting date.

15. PROPERTY, PLANT AND EQUIPMENT

	Note	2020	2019
		Rupees in '000	
Operating fixed assets	15.1	**13,191,102**	11,321,205
Capital work-in-progress	15.4	**997,740**	403,760
		14,188,842	11,724,965

15.1 Operating fixed assets

2020

Particulars	Cost at July 1, 2019	Additions / (disposal) / transfer* during the year	Cost at June 30, 2020	Accumulated depreciation at July 1, 2019	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2020	Carrying value at June 30, 2020	Dep. Rate
	<	- - - - - - - - Rupees in '000'	- - - - - - - -				>	%
Owned								
Freehold land	404,303	88,474 (653)	492,124	-	- -	-	492,124	-
Leasehold land	148,207	10,705 (16,265) **	142,647	3,253	- (4,880) **	(1,627)	144,274	-
Factory buildings	2,579,836	483,534	3,063,370	1,066,357	125,977	1,192,334	1,871,036	5-10
Non-factory buildings	177,606	-	177,606	117,198	6,041	123,239	54,367	10
Office building	158,148	- -	158,148	43,235	3,818 -	47,053	111,095	5-10
Plant and machinery	14,543,384	2,272,117 (253,931) (17,700) *	16,543,870	6,684,250	833,972 (200,278) (9,800) *	7,317,944	9,225,926	10
Electric installations	263,935	21,221 -	285,156	137,269	13,388 -	150,657	134,499	10
Power generators	1,169,962	125,340 (62,861) 17,700 *	1,250,141	420,879	65,067 (37,098) 9,800 *	448,848	801,293	10
Factory equipment	174,471	3,538	178,009	72,416	10,271 -	82,687	95,322	10
Office equipment	48,150	8,754 (15,098) -	41,806	23,668	3,599 (14,215)	13,052	28,754	10-30
Furniture and fixtures	56,478	4,128 (902) -	59,704	19,055	3,936 (628)	22,363	37,341	10
Vehicles	367,072	62,398 (32,887)	396,583	182,768	41,314 (22,570)	201,512	195,071	20
June 30, 2020	20,091,552	3,080,209 (366,332) (16,265) **	22,789,164	8,770,348	1,107,383 (274,789) (4,880) **	9,598,062	13,191,102	

** transfer to right of use of assets

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
	2019							
	< -------------------------	------- 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	

		Note	2020	2019
			--------Rupees in '000'--------	
15.1.1	**Allocation of depreciation**			
	Manufacturing expense	30.2	**1,054,355**	985,607
	Administrative expense	33	**53,028**	55,294
			1,107,383	1,040,901

15.2 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' ----------------------------------						
Freehold Land							
Kot Radha Kishan Land	653	-	653	19,469	18,816	Sunrays Textile Mills Limited	Negotiation
Plant and machinery							
Autoconer Schalaforst	31,378	(31,528)	(151)	12,000	12,151	Latif Textile Mills Pvt. Ltd.	Negotiation
Drawing Breaker DX-8	7,007	(6,101)	906	300	(606)	Amin Textile Mills Pvt. Ltd.	Negotiation
Drawing Finisher DX-30	6,322	(5,717)	606	300	(306)	Venus Industries	Negotiation
Capio Slub Device	11,344	(11,640)	(295)	556	851	Arshad Textile Mills Ltd.	Negotiation
Machconer 33	12,565	(10,140)	2,426	3,970	1,544	Hayleys Free Zone	Negotiation
Twister & Cheese winder	7,291	(6,428)	862	980	118	Abbas traders	Negotiation
SCHLAFHORST 338	30,106	(20,535)	9,571	2,000	(7,571)	Faisal Mustafa	Negotiation
SCHLAFHORST 338	14,970	(10,076)	4,894	2,000	(2,894)	Fanz Spinning Mills Ltd.	Negotiation
SCHLAFHORST 338	14,970	(10,076)	4,894	2,000	(2,894)	Quetta Textile Mills	Negotiation
Dornier (Dobby) 300 cm	30,864	(22,801)	8,063	7,000	(1,063)	A.I Textile	Negotiation
Dornier (Dobby) 300 cm	37,730	(28,284)	9,446	6,000	(3,446)	Polani Textile	Negotiation
Dornier (Dobby) 300 cm	30,864	(23,137)	7,727	8,250	523	Rustom Towels	Negotiation
	235,412	**(186,463)**	**48,948**	**45,356**	**(3,592)**		
Vehicles							
Honda IV Tech Prosmatec	2,060	(68)	1,991	2,208	217	Car First	Negotiation
Toyota Prius	1,915	(1,308)	607	800	193	Mr. Ghulam Murtaza	Negotiation
Honda Prosmatec	2,458	(1,621)	837	1,850	1,013	Mr. Raheel Ahmed	Negotiation
Toyota Parado	6,853	(5,507)	1,346	1,500	154	Farooq Motors	Negotiation
	13,285	**(8,504)**	**4,781**	**6,358**	**1,577**		
Power generators							
Gas Generator JGS-320	49,807	(29,394)	20,413	2,000	(18,413)	Multi Tech Lubricants	Negotiation
Gas Generator JGS-320	13,054	(7,704)	5,350	2,400	(2,950)	Yousuf Rehmat Industries	Negotiation
	62,861	(37,098)	25,763	4,400	(21,363)		
Other (assets having net book value of less than Rs. 500,000)	54,122	(42,724)	11,398	11,789	391	Various	Negotiation
2020	**366,332**	**(274,789)**	**91,543**	**87,372**	**(4,171)**		
2019	253,298	(177,703)	75,595	71,096	(4,499)		

15.3 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:			
- Korangi mill - Plot No. 3 & 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 land - Plot No. K-31 & K-32, Nooriabad	Held for business expansion	40.00	1,742,400
- Shujabad land - Railway Road, Shujabad	Held for business expansion	23.75	1,034,550
- Naseerpur land - Adda Pira Ghayaib, Mototly Road	Manufacturing facility	8.28	360,677
- Muzaffergarh mill - Bagga Sher, Khan pur Shumail, District Multan	Manufacturing facility and labour colony	30.87	1,344,697
- Chak # 61 R/B, Mouza Bedianwala, Tehsil Jaranwala at 38-Km, Sheikhpura Road, Dist. Faisalabad	Manufacturing facility	26.00	415,898
- Raiwind Road, Manga Mandi Lahore	Manufacturing Unit	353.00	986,833
- 2.5 Km Off Manga Raiwind Road, Manga Mandi Lahore	Manufacturing Unit	103.00	463,500
- 2.5 Km Off Manga Raiwind Road, Manga Mandi Lahore	Manufacturing Unit	81.00	364,500
- 2.5 Km Off Manga Raiwind Road, Manga Mandi Lahore	Grid Station	9.00	40,500
- 174 Abubakar Block New Garden Town Lahore	Head Office	4.20	18,450

		Note	2020	2019
			Rupees in '000	
15.4	**Capital work-in-progress**			
	Civil work		**180,899**	132,006
	Plant and machinery		**816,841**	271,754
	Vehicles		**-**	-
		15.4.1	**997,740**	403,760

15.4.1 Capital work-in-progress

	Civil work	Plant and machinery	Vehicles	Total
	....(Rupees '000)....			
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
Additions during the year	**516,317**	**2,827,046**	**-**	**3,343,363**
Transferred to operating fixed assets	**(467,424)**	**(2,281,959)**	**-**	**(2,749,383)**
As at June 30, 2020	**180,899**	**816,841**	**-**	**997,740**

16. RIGHT OF USE OF ASSETS

	Note	2020	2019
		Rupees in '000	
Opening balance		**-**	-
Right-of-use assets recorded on initial application		**25,904**	-
Addition during the year		**26,750**	-
Depreciation for the year		**(3,510)**	-
Closing balance		**49,144**	-

17. INTANGIBLE ASSETS

	Note	2020	2019
Intangibles under use - Software	17.1	**11,279**	16,112
Intangibles under implementation - Software		**-**	-
		11,279	16,112

17.1 Intangibles under use - Software

	Note	2020	2019
Year ended June 30			
Net book value as at July 1		**16,112**	13,762
Additions		**-**	8,099
Amortisation for the year	17.1.1	**(4,833)**	(5,749)
Net book value as at June 30		**11,279**	16,112
At June 30			
Cost		**33,694**	33,694
Accumulated amortisation		**(22,415)**	(17,582)
Net book value		**11,279**	16,112
Annual amortisation rate		**30%**	30%

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

	Note	2020	2019
		Rupees in '000	

18. LONG-TERM INVESTMENTS

Investment in associate	18.1	**33,431**	31,642

18.1 Investment in associate
- Sunrays Textile Mills Limited

	2020	2019
Cost	**1,716**	1,716
Share of post acquisition profits:		
Opening	**29,926**	25,068
Dividend received	**(3,757)**	(615)
Share of profit from associate for the year	**5,546**	5,473
	31,715	29,926
	33,431	31,642
Number of shares held	**68,654**	68,654
Ownership interest	**0.99%**	0.99%
Market value (Rupees in '000)	**22,952**	15,486
Cost of investment (Rupees in '000)	**1,716**	1,716

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

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

	2020	2019
	Rupees in '000	
Non-current assets	**1,820,362**	1,856,886
Current assets	**3,091,115**	4,185,540
Total assets	**4,911,477**	6,042,426
Non-current liabilities	**1,009,315**	897,942
Current liabilities	**525,427**	1,948,356
Total liabilities	**1,534,742**	2,846,298
Net assets	**3,376,735**	3,196,128
Net assets	**3,376,735**	3,196,128
Percentage holding	**0.99%**	0.99%
Share in net assets	**33,431**	31,642
Revenue	**6,476,172**	6,085,258
Comprehensive income for the year	**560,106**	471,778

19. LONG-TERM DEPOSITS

	2020	2019
Electricity	**18,227**	13,986
Others	**13**	10,079
	18,240	24,065

		Note	2020	2019
			Rupees in '000	
20.	**STORES, SPARES AND LOOSE TOOLS**			
	Stores, spares and loose tools		**728,937**	575,868
	Stores in transit		**53,868**	70,370
	Less: provision for slow moving and obsolete stock	20.1	**(90,202)**	(43,613)
			692,603	602,625

20.1 Movement in provision for slow moving & obsolete stock

	2020	2019
Opening balance	**43,613**	46,908
Provision for the year	**46,589**	-
Reversal of provision	**-**	(3,295)
Closing Balance	**90,202**	43,613

21. STOCK-IN-TRADE

	Note	2020	2019
Raw material			
- in hand		**6,253,781**	6,464,419
- in transit		**1,199,521**	473,564
- held by third parties		**53,886**	-
		7,507,188	6,937,983
Work-in-process		**915,667**	845,787
Finished goods	21.1	**1,521,744**	1,228,870
Packing material		**64,218**	54,102
Waste		**95,981**	112,546
		10,104,798	9,179,288

21.1 The stock-in-trade have been written down to their net realizable values by Rs. 329.441 million (2019: Rs. NIL).

		Note	2020	2019
			Rupees in '000	
22.	**TRADE DEBTS**			
	Considered good			
	Secured			
	Foreign debtors	22.1 & 22.2	**1,800,808**	4,270,151
	Local debtors		**44,363**	121,441
			1,845,171	4,391,592
	Unsecured			
	Local debtors		**2,547,921**	2,097,714
			4,393,092	6,489,306
	Less: provision for doubtful debts		**(27,477)**	(6,849)
		22.3	**4,365,615**	6,482,457

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

22.2 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	2020	2019
		Rupees in '000	

22.3 Aging of debtors

		2020	2019
From 1 to 30 days		**3,114,904**	2,622,823
From 30 to 90 days		**1,102,697**	2,495,631
From 90 to 180 days		**131,502**	1,066,779
From 180 to 360 days		**2,566**	279,969
More than 360		**13,946**	24,104
		4,365,615	6,489,306

23. LOANS AND ADVANCES

Considered good

	Note	2020	2019
Loans to staff	23.2	**41,432**	42,009
Advance income tax - net	23.1	**152,902**	61,208
Advances to:			
- Suppliers		**133,001**	45,599
- Employees		**488**	789
- Others		**19,425**	49,811
		152,914	96,199
		347,248	199,416

23.1 Advance income tax - net

	Note	2020	2019
Advance income tax		**660,435**	368,941
Less: Provision for taxation	36	**(496,274)**	(292,397)
Less: Workers' Welfare Fund	23.1.1	**(11,259)**	(15,336)
		152,902	61,208

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

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

During the year, 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 Act, 2006 and 2008 have been declared invalid in the said order. Therefore, the management believe that in the light of the aforementioned judgement, all cases pertaining to WWF, pending for adjudication would be decided in the favour of the Company. 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.

23.2 These are interest free and secured against grautity entitlement.

	Note	2020	2019
		Rupees in '000	

24. TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS

Considered good			
Security deposits		**-**	-
Prepayments		**34,263**	30,394
		34,263	30,394

25. OTHER RECEIVABLES

Considered good			
Cotton short weight claims		**39,595**	31,634
Rebate refundable		**53,110**	75,914
Others		**47,429**	9,637
		140,134	117,185

26. OTHER FINANCIAL ASSETS

	Note	2020	2019
At fair value through profit and loss			
Investment in ordinary shares of listed companies	26.1	**54,160**	55,562
Investment in units of mutual funds	26.1	**102,484**	32,055
At fair value through other comprehensive income			
Government bonds	26.4	**-**	86,600.00
Amortised cost			
Treasury bills - Government of Pakistan	26.2	**912,821**	48,771
Term deposit receipts	26.3	**150,000**	321,975
Investment in term finance certificates	26.5	**100,000**	-
		1,319,465	544,963

26.1 Market value of other financial assets

Investment in ordinary shares of listed companies

2020	2019		2020	2019
Number of shares				
42,000	42,000	Bestway Cement Limited	**4,567**	4,329
30,000	30,000	Fauji Fertilizer Company Limited	**3,300**	2,616
15,000	15,000	Habib Bank Limited	**1,453**	1,699
2,350,000	2,350,000	K-Electric Limited	**7,073**	10,317
19,156	15,964	Pakistan State Oil Company Limited	**3,030**	2,708
10,000	10,000	Pak Elektron Limited	**229**	200
100,000	100,000	Corporation Limited	**427**	451
193,900	193,900	Pioneer Cement Limited	**12,223**	4,392
25,950	25,950	Sitara Chemical Industries Limited	**7,191**	7,937
141,900	141,900	United Bank Limited	**14,667**	20,913
			54,160	55,562

Investment in units of mutual funds

2020	2019		2020	2019
Number of units			Rupees in '000	
252,524	-	ABL Cash Fund	**2,566**	-
3,842	-	ABL Islamic Cash Fund	**38,419**	-
520,039	-	Meezan Islamic Fund	**24,903**	-
315	288	Meezan Sovereign Fund	**28**	106
-	497,400	Meezan Income Fund	**-**	23,838
525	-	Meezan Rozana Amadni Fund	**26,232**	-
-	100,000	NAFA Islamic Active Allocation Plan-V	**9,204**	8,111
114,714	-	NBP Money Market Fund	**1,132**	-
			102,484	32,055

26.2 The amount pertained to investment in Government of Pakistan Treasury Bills with Muslim Commercial Bank carrying interest ranging from 6.8% to 14% (2019: 12.19%).

26.3 The amount relates to investment in short term deposit receipts carrying interest ranging from 6.95% to 12.55% (2019: 12.55%).

26.4 This represent 561 government bonds having face valueRs 100,000 received as refund against sales tax refundable with maturity of three years and carrying markup @ 10% per annum. During cyrrent year, Government has made payment to the Company against these bonds

26.5 These carry markup at 3 months Kibor plus 1.6%.

27. TAX REFUNDABLE

	Note	2020	2019
		Rupees in '000	
Sales tax refundable		**762,590**	205,963
Income tax refundable		**412,056**	689,754
Others		**-**	-
		1,174,646	895,717

28. CASH AND BANK BALANCES

	Note	2020	2019
With banks			
- in deposit accounts	28.1	**128,965**	233,899
- in current accounts	28.2	**381,329**	539,867
		510,294	773,766
Balance with Electronic Money Institution (EMI)		**243**	-
Cash in hand		**14,420**	6,071
		524,957	779,837

28.1 The rate of profit on bank deposits ranges from 6.64% to 13.5% per annum (2019:8.5% to 12.5% per annum).

28.2 These include balance in foreign currency accounts aggregating to Rs. 30.939 million at year end (2019: Rs. 20.563 million)

		Note	2020	2019
			Rupees in '000	
29.	**REVENUE**			
29.1	**Revenue from contract with customers - net**			
	Export sales	29.4	**27,550,270**	23,052,841
	Less: Commission		**(230,504)**	(114,724)
	Less: Sales discount		**(25,043)**	-
			27,294,723	22,938,117
	Local sales			
	Yarn		**8,758,553**	11,336,429
	Towel		**151,345**	143,771
	Greige Fabric		**3,527**	6,282
	Waste		**1,074,360**	999,097
			9,987,785	12,485,579
	Less:			
	Sales tax @ 3% on local sales		**(28,823)**	(1,166)
	Discount		**(88,715)**	(2,192)
	Brokerage on local sales		**(105,336)**	(180,410)
			(222,874)	(183,768)
			37,059,634	35,239,928
29.2	Other revenue	29.3	**110,941**	132,650
			37,170,575	35,372,578

29.3 This represents realised exchange gain on export sales.

29.4 It includes indirect exports of Rs. 3,820 million (2019: Rs. 2,914 million).

		Note	2020	2019
			Rupees in '000	
30.	**COST OF GOODS SOLD**			
	Raw material consumed	30.1	**25,256,157**	23,546,830
	Manufacturing expenses	30.2	**8,655,016**	8,298,783
	Outside purchases - yarn		**195,653**	107,453
			34,106,826	31,953,066
	Work in process			
	- Opening		**845,788**	811,992
	- Closing		**(915,667)**	(845,787)
			(69,879)	(33,795)
	Cost of goods manufactured		**34,036,947**	31,919,271
	Finished goods			
	- Opening		**1,341,417**	1,098,374
	- Closing		**(1,615,069)**	(1,341,416)
			(273,652)	(243,042)
			33,763,295	31,676,229

		Note	2020	2019
30.1	**Raw material consumed**		Rupees in '000	
	Opening stock		**6,464,419**	4,621,507
	Purchases		**26,387,496**	25,614,165
			32,851,915	30,235,672
	Cost of raw cotton sold	31.1	**(88,570)**	(224,423)
	Closing stock		**(7,507,188)**	(6,464,419)
			25,256,157	23,546,830
30.2	**Manufacturing expenses**			
	Salaries, wages and benefits	30.3	**2,452,918**	2,276,056
	Fuel, water and power		**2,875,324**	2,810,760
	Packing material consumed		**820,316**	643,298
	Stores and spares consumed		**1,074,038**	1,234,800
	Repairs and maintenance		**64,423**	63,787
	Insurance		**39,394**	39,592
	Rent, rates and taxes		**4,071**	3,273
	Depreciation on operating fixed assets	15.1.1	**1,054,355**	985,607
	Other		**270,177**	241,610
			8,655,016	8,298,783

30.3 It includes staff retirement benefits Rs. 156.662 million (2019: Rs. 123.45 million).

		Note	2020	2019
31.	**OTHER INCOME**			
	Income from non-financial assets:			
	Scrap sale		**23,814**	23,700
	Profit on trading of raw cotton	31.1	-	18,330
	Duty drawback, rebates and others		**322,826**	501,189
	Other income		**30**	-
	Income from financial assets:			
	Capital gain on sale of investments		**87,234**	9,846
	Amortization of government grant		**570**	-
	Dividend income		**6,166**	3,809
	Profit on fixed deposits		**50,774**	4,351
	Profit on term finance certificates		**14,583**	-
	Realised gain on revaluation of foreign currency loans		**-**	-
	Unrealised gain on revaluation of foreign currency loans		**-**	1,097
	Unrealised gain on revaluation of foreign debtors	31.2	**16,067**	323,133
	Realised gain on revaluation of foreign debtors		**23,351**	-
	Exchange gain - others		**81,353**	-
	Other income		**-**	303,964
			626,768	1,189,419
31.1	**Profit / (loss) on trading of raw cotton**			
	Sales			
	- Local		**81,457**	246,378
	Less: Cost of goods sold			
	- Local		**(88,570)**	(224,423)
			(7,113)	21,955

31.2 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	2020	2019
		Rupees in '000	
32. DISTRIBUTION COST			
Export			
Ocean freight		**306,520**	308,451
Export development surcharge		**45,418**	36,033
Insurance expense		**-**	805
Other export charges		**167,571**	120,990
		519,509	466,279
Local			
Local freight		**81,803**	89,449
Advertising		**52,646**	14,196
Salaries and wages	32.1	**48,584**	49,143
Travelling and conveyance		**14,093**	13,243
Telephone and postage		**22,411**	20,583
Insurance		**10,639**	12,235
Other		**7,912**	32,202
		757,597	697,330

32.1 It includes staff retirement benefits of Rs. 2.302 million (2019 Rs. 4.093 million).

	Note	2020	2019
		Rupees in '000	
33. ADMINISTRATIVE EXPENSES			
Salaries and benefits	33.1	**270,620**	212,395
Directors' remuneration		**70,064**	126,469
Meeting fees		**793**	426
Repairs and maintenance		**8,537**	10,933
Postage and telephone		**13,246**	12,921
Traveling and conveyance		**15,107**	8,293
Vehicles running		**26,859**	18,817
Printing and stationery		**4,935**	6,231
Rent, rates and taxes		**18,613**	13,094
Utilities		**10,599**	9,606
Entertainment		**5,136**	5,308
Fees and subscription		**23,946**	20,800
Insurance		**7,951**	6,107
Legal and professional		**22,398**	14,690
Charity and donations	33.2	**1,607**	630
Auditors' remuneration	33.3	**4,543**	3,820
Depreciation on operating fixed assets	15.1.1	**53,028**	55,294
Depreciation on right of use of assets	16	**3,510**	
Amortization	17.1	**4,833**	5,749
Provision for doubtful debts		**-**	6,849
Advertisement		**100**	30
Others		**31,354**	9,424
		597,779	547,886

33.1 It includes staff retirement benefits of Rs. 11.755 million (2019: Rs. 19.13 million).

33.2 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	2020	2019
			Rupees in '000	
33.3	**Auditors' remuneration**			
	Ernst & Young Ford Rhodes Sidat Hyder			
	Audit fee		**1,512**	1,300
	Certifications		**135**	-
	Out of pocket expenses		**196**	150
			1,843	1,450
	Deloitte Yousuf Adil			
	Audit fee		**2,050**	1,855
	Half year limited review fee		**375**	375
	Fee for certifications		**25**	40
	Out of pocket expenses		**250**	100
			2,700	2,370
			4,543	3,820

34. OTHER OPERATING EXPENSES

	Note	2020	2019
Workers' Profits Participation Fund		**108,060**	129,297
Workers' Welfare Fund		**13,445**	15,315
Loss on disposal of fixed assets - net		**4,171**	4,499
Exchange loss on foreign currency loans		**18,083**	58,031
Loss from trading of raw cotton	31.1	**7,113**	-
Unrealised loss on derivative financial instrument		**11,529**	
Unrealised loss on other financial assets		**1,402**	26,609
Unrealized loss on foreign currency loans		**47,449**	67,143
Capital loss on sale of mutual funds		**264**	-
Compensation against license agreement		**168,353**	-
		379,869	**300,894**

35. FINANCE COST

	2020	2019
Mark-up on:		
- long-term finance	**98,041**	98,628
- short-term borrowings	**432,360**	493,323
Discounting charges on letters of credit	**30,696**	17,475
Interest on Workers' Profits Participation Fund	**1,316**	584
Finance charge on lease liability	**3,879**	-
Bank charges and commission	**33,271**	46,010
	599,563	656,020

36. TAXATION

	2020	2019
Current	**496,274**	357,659
Prior	**37,085**	(11,618)
Deferred	**(148,007)**	11,573
	385,352	357,614

		2020	2019

36.1 Reconciliation between accounting profit and taxable income

		2020	2019
Accounting profit before tax	**Rupees**	**1,704,786**	2,689,111
Tax rate %		**29%**	29%
Tax on accounting profit	**Rupees**	**494,388**	779,842

	2020	2019
	Rupees in '000	
Effect of:		
Income chargeable to tax at reduced rates	**(737)**	(1,998)
Prior year charge / (reversal)	**65,918**	(11,618)
Income that is not taxable in determining tax liability	**-**	(9,250)
Impact of permanent differences	**(60,647)**	(45,645)
Impact of super tax	**-**	25,307
Income chargeable to tax under FTR	**(134,852)**	(307,770)
Due to change in tax rate	**-**	(30,084)
Others	**21,282**	(41,170)
Tax charge for the year	**385,352**	357,614

37. 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:

		2020	2019
Profit for the year	**Rupees in '000**	**1,319,434**	2,331,497
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**	**73.00**	129.00

38. CASH GENERATED FROM OPERATIONS

	Note	2020	2019
		Rupees in '000	
Profit before taxation		**1,704,786**	2,689,111
Adjustments for:			
Depreciation on operating assets and right of use of assets	15.1.1	**1,110,893**	1,040,901
Amortization	17.1	**4,833**	5,749
Provision for gratuity	9.2, 9.3 & 9.4	**162,518**	142,965
Unrealised loss on other financial assets	34	**1,402**	26,609
Unrealised gain on revaluation of export debtors	31	**(16,067)**	(323,133)
Unrealised loss on foreign currency loans	34	**47,449**	66,046
Loss on disposal of operating fixed assets	34	**4,171**	4,499
Amortisation of deferred grant	31	**(570)**	-
Dividend income	31	**(6,166)**	(3,809)
Share of profit from associate	18.1	**(5,546)**	(4,858)
Finance cost	35.	**599,563**	656,020
Cash generated before working capital changes		**3,607,267**	4,300,100
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(89,978)**	(23,843)
Stock-in-trade		**(925,510)**	(1,794,741)
Trade debts		**2,132,909**	(965,016)
Loans and advances		**(56,138)**	(13,583)
Trade deposits and short term prepayments		**(3,869)**	(26,020)
Other receivables		**(22,949)**	66,076
Long term deposits		**5,825**	(8,590)
		1,040,290	(2,765,717)
Increase in current liability			
Trade and other payables		**572,429**	634,429
Short term borrowings		**587,897**	716,649
Cash generated from operations		**5,807,882**	2,885,461

39. CASH AND CASH EQUIVALENTS

	Note	2020	2019
Cash and bank balances	28	**524,957**	779,837
Short-term borrowings	13	**(3,238,717)**	(4,826,835)
		(2,713,760)	(4,046,998)

40. 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	2020				
	Chief Executive Officer	Directors		Executives	Total
		Executive	Non-Executive		
	Rupees in '000				
Remuneration including benefits	**52,377**	**57,946**	**-**	**169,417**	**279,740**
Retirement benefits	**-**	**-**	**-**	**15,542**	**15,542**
Medical	**-**	**121**	**540**	**2,830**	**3,491**
Utilities	**4,505**	**2,080**	**9,904**	**1,817**	**18,306**
Travelling	**1,928**	**-**	**-**	**12,914**	**14,842**
Vehicle running	**760**	**-**	**-**	**2,408**	**3,168**
Bonus and others	**-**	**-**	**-**	**8,495**	**8,495**
Insurance	**1,104**	**-**	**-**	**458**	**1,562**
Meeting fee	**-**		**568**	**225**	**793**
Total	**60,674**	**60,147**	**11,012**	**214,106**	**345,939**
Number of persons	**3**	**16**	**23**	**74**	**116**

Particulars	2019				
	Chief Executive Officers	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

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

41. 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	2020	2019
		Rupees in '000	
Associate (shareholding : 0.99 percent), Sunrays Textile Mills Limited	Purchase of goods and services	**184,208**	156,220
	Sales of goods and services	**20,000**	-
	Sale of Land by Holding company	**19,469**	-
	Purchase of Land by Subsidary (IHL)	**82,814**	-

	2020	2019
	Rupees in '000	
Relationship		
Balances with related parties		
Associate - payable, Sunrays Textile Mills Limited	**3,135**	2,586
Associate - receivable, Sunrays Textile Mills Limited	**12**	-
Balances with other related parties due to common directorship		
Receivable from Indus Heartland Limited	**6**	6
Payable to Indus Heartland Limited	**746**	-
Payable to:		
Riaz Cotton Factory	**1,917**	1,917
Haji Maula Bux Cotton Company	**-**	1,253

42. 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:

42.1 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:

	2020	2019
	Rupees in '000	
Long-term deposits	**18,240**	24,065
Other financial assets	**202,484**	32,055
Trade debts	**4,365,615**	6,482,457
Loans to staff	**41,432**	42,009
Other receivables	**87,024**	41,271
Bank balances	**510,294**	773,766
	5,225,089	7,395,623

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 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+

42.2 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 liabilities, including interest payments and

42.2.1 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 Group can be

	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, 2020						
Trade and other	**3,240,185**	**3,240,185**	**-**	**3,240,185**	**-**	**-**
Long-term	**5,563,271**	**5,997,104**	**-**	**-**	**140,364**	**5,856,740**
Short term	**6,743,684**	**5,468,684**	**3,238,717**	**2,229,967**	**-**	**-**
Unclaimed dividend	**209,634**	**209,634**	**-**	**-**	**-**	**-**
Interest / mark-up	**108,828**	**108,828**	**-**	**108,828**	**-**	**-**
Lease liabilities	**42,890**	**42,890**	**-**	**-**	**3,896**	**38,994**
	15,908,492	**15,067,325**	**3,238,717**	**5,578,980**	**144,260**	**5,895,734**

	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 financing	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 dividend	11,744	11,744	-	-	-	-
Interest / mark-up payable	166,309	166,309	-	166,309	-	-
	13,003,247	13,231,564	4,826,835	4,937,235	373,466	3,082,284

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

42.2.2 The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates

	2020	2019
	Rupees in '000	
6 months or less		
- Short-term borrowings	**6,743,684**	7,696,456
- Long-term loans	**5,563,271**	3,177,433

42.3 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.

42.3.1 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 2020	2019
	Rupees in '000	
Fixed rate instruments		
Financial assets	**128,965**	320,499
Financial liabilities	**5,499,164**	3,001,348
Variable rate instruments		
Financial liabilities		
- KIBOR based	**4,577,824**	5,002,920
- LIBOR based	**2,229,967**	2,819,621

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, 2020 would decrease / increase by Rs. 43.451 million (2019: Rs. 39.113 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.

42.3.2 Foreign exchange risk management

Exposure to currency risk

	2020		2019	
	Rupees in '000	US Dollar	Rupees in '000	US Dollar
Trade debts	**1,800,808**	**10,785**	4,270,151	26,218
Bank balances	**30,939**	**185**	20,563	126
Foreign currency loans	**(2,229,967)**	**(13,355)**	(2,819,621)	(17,312)
	(398,220)	**(2,385)**	1,471,093	9,032

	2020	2019
	Rupees	
Average rate	**158.68**	135.81
Balance sheet date rate	**166.98**	162.87

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, 2020, 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. 19.911 million (2019: Rs. 73.55 million) determined on the outstanding balance at year end.

42.3.3 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. 54.16 million (2019: Rs. 55.56 million). A decrease / increase of 5% on the PSX market index would have an impact of approximately Rs. 2.71 million (2019: Rs. 2.78 million) determined based on market value of investment at year end.

42.4 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, 2020				
Long-term deposits	**18,240**	**-**	**-**	**18,240**
Trade debts	**4,365,615**	**-**	**-**	**4,365,615**
Loans to staff	**41,432**	**-**	**-**	**41,432**
Other receivables	**87,024**	**-**	**-**	**87,024**
Other financial assets	**1,162,821**	**-**	**156,644**	**1,319,465**
Cash and Bank balances	**524,957**	**-**	**-**	**524,957**
	6,200,089	**-**	**156,644**	**6,356,733**

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
Assets				
- 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 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

	Financial liabilities measured at amortized cost	Total
	Rupees in '000	
Liabilities		
- June 30, 2020		
Long-term financing	**5,563,271**	**5,563,271**
Trade and other payables	**3,240,185**	**3,240,185**
Unclaimed dividends	**209,634**	**209,634**
Short-term borrowings	**6,743,684**	**6,743,684**
Interest / mark-up payable	**108,828**	**108,828**
Lease liabilities	**42,890**	**-**
	15,908,492	**15,865,602**
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

43. 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, 2020 and 2019 were as follows:

	2020	**2019**
	Rupees in '000	
Total borrowings (note 8, 10 & 12)	**12,349,845**	10,873,889
Less: cash and bank balances (note 26)	**(524,957)**	(779,837)
Net debt	**11,824,888**	10,094,052
Total equity	**15,860,370**	15,544,391
Total capital	**27,685,258**	25,638,443
Gearing ratio	**43%**	39%

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

44. CAPACITY AND PRODUCTION

Spinning units	**2020**	**2019**
Total number of spindles installed	**222,870**	211,980
Total number of spindles worked per annum (average)	**201,745**	207,033
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**157,107,146**	149,541,413
Actual production for the year after conversion into 20 counts (lbs.)	**121,960,412**	132,133,221

Weaving unit	**2020 Lbs**	**2019 Lbs**
Normal capacity - Weaving	**28,258,008**	40,953,000
Actual Production - Weaving	**19,706,034**	22,014,577

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.

45. NUMBER OF EMPLOYEES

	No. of employees	
	2020	**2019**
Average number of employees during the year	**5,661**	5,373
Number of employees as at June 30	**5,629**	5,475

45.1 Daily wage employees are not included in above number of employees.

46. 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 listed companies, long-term strategic investments in an associated company results of which are disclosed in note 16.1 to these consolidated financial statements.

47. DATE OF AUTHORIZATION FOR ISSUE

These consolidated financial statements have been authorized for issue on Oct 06, 2020 by the Board of Directors of the Group.

48. GENERAL

Figures have been rounded off to the nearest thousand rupees.

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

Note No.

42.5 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, 2020							
	'(Rupees in '000)							
Financial assets measured at fair value								
Other financial assets	156,644	-	1,162,821	1,319,465	156,644	-	-	156,644

Financial assets not measured at fair value

	Fair Value through profit or loss	Fair Value through other comprehensive income	Amortized cost	Total
	June 30, 2020			
	(Rupees in '000)			
Long term deposits	-	-	18,240	18,240
Trade debts	-	-	4,365,615	4,365,615
Loans to staff	-	-	41,432	41,432
Other financial assets	-	-	1,162,821	1,162,821
Other receivables	-	-	87,024	87,024
Bank balances	-	-	524,957	524,957
	-		6,200,089	6,200,089

Financial liabilities not measured at fair value

	June 30, 2020			
	(Rupees in '000)			
Long term financing	**-**	**-**	**5,563,271**	**5,563,271**
Trade and other payables	**-**	**-**	**3,240,185**	**3,240,185**
Unclaimed dividend	**-**	**-**	**209,634**	**209,634**
Short-term borrowings	**-**	**-**	**6,743,684**	**6,743,684**
Interest / mark-up payable	**-**	**-**	**108,828**	**108,828**
	-	**-**	**15,865,602**	**15,865,602**

	Carrying amount				Fair Value Hierarchy			
	Fair Value through profit and loss account - held-for-trading	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

ڈائریکٹرز کی رپورٹ برائے ممبران

اِنڈس ڈائینگ اینڈ مینوفیکچرنگ کمپنی کے ڈائریکٹرز، کمپنی کی تریسٹھویں (63)، سالانہ عمومی اجلاس سے پہلے سالانہ رپورٹ 30 جون 2020ء 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، 2020ء	جون 30، 2019ء
فروختگی	37,170,575	35,372,578
کل منافع	3,407,280	3,696,349
دیگر فعال آمدنی	626,768	1,189,419
مالی لاگت	(599,563)	(656,020)
ٹیکس کی فراہمی	(385,352)	(357,614)
ٹیکس لگانے کے بعد سال کا منافع	1,319,434	2,331,497
آمدنی فی حصص	73.00	129.00

منافع

بورڈ آف ڈائریکٹرز نے 3 جنوری 2020ء کو منعقد کردہ اجلاس میں 150% یعنی 15 روپے فی حصص کا اعلان کیا مزید یہ کہ 29 فروری 2020 کو مزید 150% یعنی 15 روپے فی حصص کا اعلان کیا 30 جون 2020ء کے لئے۔

فی حصص آمدنی

اس سال گروپ کی فی حصص آمدنی 73.00 روپے کے مقابلے میں پچھلے سال فی حصص آمدنی 129.00 روپے تھی۔ جبکہ اس سال کمپنی کی فی حصص آمدنی 53.00 روپے کے مقابلے میں پچھلے سال فی حصص آمدنی 95.40 روپے تھی۔

کاروباری جائزہ

جاری سال کے دوران زیر جائزہ گروپ نے پچھلے سال کے مقابلے میں کمپنی کی فروختگی میں 5.08% اضافہ ہوا ہے بعداز ٹیکس 1,319 ملین روپے خالص منافع حاصل کیا۔ جس میں 43.40% کمی ہوی۔ جبکہ گذشتہ سال کا منافع 2,331 ملین روپے تھا۔

کوبڈ-19 وبائی امراض کی وجہ سے پورے سال کے طےشدہ اہداف کے مقابلے میں کمپنی کے منافع میں کمی واقع ہوئی ہے۔ خام مال کی قیمتوں میں کمی اور کمپنی کی طرف سے رکھی گئی انونٹری کی قیمت کوعقلی بنانے کی اڈجسٹمنٹ کی وجہ سے چوتھی سہ ماہی میں کمپنی کے منافع میں نمایاں کمی واقع ہوئی۔

انڈس ہوم لمیٹیڈ

کمپنی نے کوبڈ - 19 وبائی امراض کی وجہ سے ہونے والی معاشی پریشانی کے تناظر میں مالی سال 2020 میں عمدہ کارکردگی کا مظاہرہ کیا۔ مالی سال کے پہلے آٹھ مہینوں میں کیے گئے کاروبار کی وجہ سے کمپنی کو اس مشکل وقت سے گذرنے میں مدد ملی۔ اگر چہ کمپنی کو مارچ سے جون تک پچھلے چار ماہ کے دوران 43 فیصد پیداواری خسارے کا سامنا کرنا پڑا۔ لاک ڈاؤن کے اس عرصے کے دوران برآمدات بھیجنے میں 39 فیصد کمی واقع ہوئی ہے۔ اور فروخت کے احکامات کو روکنے اور موخر کرنے کی وجہ سے کمپنی کو 5 ملین ڈالر کاروباری آمدنی سے محروم ہوگیا۔ مالی سال 2020 میں سیل ریوینیو Rs. 7,064 ملین روپے سے تھوڑا سا اوپر گذشتہ سال میں 7,037 ملین حاصل کیا۔ برآمدات کی مقدار میں پچھلے سال کے مقابلے میں 7 فیصد کمی ہے۔ مجموعی منافع 1,247 ملین پچھلے سال کے مقابلے میں 13 فیصد زیادہ ہے جبکہ ٹیکس کے بعد منافع 527.70 ملین روپے ہے جو کہ پچھلے سال کے مقابلے میں 8 فیصد کم ہے۔

رواں سال طےشدہ اثاثوں کے اپریٹ میں اضافے میں زمین بھی شامل ہے۔ مستقبل میں اوپن اینڈ یونٹ کے قیام کے لئے موجودہ فیکٹری اراضی سے ملحقہ 179 ملین اور مشینری نے 436 ملین میں پکنول لومز، ایٹن سسٹم، ہیٹ

ایکسچینج اور دیگر شامل ہیں۔ مشینری فروخت کرنے میں پرانے ڈونیئر لومز شامل ہیں۔

"اِنڈس ونڈ انرجی لمیٹڈ"

ہماری ماتحت کمپنی "انڈس ونڈ انرجی لمیٹڈ" کے توسط سے کمپنی کے قابل تجدید توانائی منصوبے کے حوالے سے آخر کار حکومت پاکستان کے ساتھ ای پی اے کی ایگزیکیٹو کے ساتھ مقامی اور غیر ملکی فنڈز کے ساتھ مالی قربت حاصل کرلی۔
الحمدللہ، اس پروجیکٹ کی تعمیر کا آغاز 2020-2021 کی پہلی سہ ماہی میں اور دسمبر 2021 تک متوقع سی او ڈی کے ساتھ جاری ہے۔
کمپنی کا ونڈ پاور کا پروجیکٹ بہت فائدہ مند ہے اور حصص یافتگان کی قدر بڑھانے میں کمپنی کا Diversification کا منصوبہ مستقبل میں فائدہ مند ثابت ہوگا۔

مستقبل کے نقطہ نظر

کمپنی کی انتظامیہ منافع کے ساتھ اپنے معمول کے کاروباری عمل کو واپس کرنے کے لئے پرامید ہے۔ حکومت کی جانب سے قرضے کی اصولی ادائیگیوں، سود کی شرحوں میں کمی اور تنخواہوں اور اجرتوں کی ادائیگی کے لئے معمولی قیمت پر فنڈز کی دستیابی کی صورت میں کاروبار کی حمایت کے لئے اٹھائے گئے اقدامات سے کاروباری استحکام میں بڑی حد تک مدد ملی۔
صنعت کے لئے دوسرے چیلنج یہ ہیں کہ ملک میں کپاس کی فصل کی کم پیداوار ہے جس کی وجہ سے کپاس کی درآمد ہوگی اور ہمیں کپاس کی پیداوار کرنے والے دوسرے ممالک کے ساتھ تقابلی نقصانات کا سامنا کرنا پڑے گا۔

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 وشمار 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 کرلیا ہے۔ اس سے متعلقہ تمام لین دین کی تفصیلات 30 جون 2020 کی اختتامی سال کے لئے منسلک مالیاتی بیانات کے نوٹ 39 میں فراہم کی گئی ہیں۔

کارپوریٹ 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 جارہا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی کی پالیسیوں پر عمل پیرا ہیں اور کسی بھی قسم کی عدم استحکام کی صورت میں بروقت اصلاح کی جاسکے۔

- 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، 2020ء سے بقایا ہیں، سوائے اُن کے جن کا مالی بیانات میں انکشاف کیا گیا ہے۔

بورڈ کی تشکیل

بورڈ کی تشکیل کوڈ آف کارپوریٹ گورننس ریگولیشن، 2017 کے ضابطوں کی ضروریات کے مطابق ہے جو کہ لمیٹڈ کمپنیوں پر لاگو ہوتے ہیں درج ذیل ہیں۔

ڈائریکٹرز کی کل تعداد

ا۔مرد ڈائریکٹر	09
ب۔خاتون ڈائریکٹر	01

تشکیل

ا۔Independent Director	03
ب۔Executive Director	02
پ۔Non-Executive Director	05

30 جون 2019 پر موجود ڈائریکٹرز کے نام درج ذیل ہیں۔

نوید احمد صاحب	چیئرمین
شہزاد احمد صاحب	چیف ایگزیکیوٹو آفیسر
عمران احمد صاحب	ڈائریکٹر
ریاض احمد صاحب	ڈائریکٹر
عرفان احمد صاحب	ڈائریکٹر
کاشف ریاض صاحب	ڈائریکٹر

شیخ شفقت مسعود	ڈائریکٹر
فیصل حنیف	ڈائریکٹر
عذرا یعقوب واوڈا	ڈائریکٹر
عامر امین	ڈائریکٹر (این ۔آئی ۔ٹی)

بورڈ آف ڈائریکٹرز

کمپنی کے ڈائریکٹرز کا انتخاب 15 جون 2020 کو ہونے والی کمپنی کی غیر معمولی جنرل میٹنگ میں ہوا۔ کمپنی کے بورڈ آف ڈائریکٹرز بنیادی طور پر خود مختار 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، تین Indipendent ڈائریکٹرز، پانچ 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 اصولوں کے اعلٰی معیار پر کمپنی کی کاروائیوں کو یقینی بناتا ہے۔

زیر نظر سال کے دوران سی ای او، ڈائریکٹرز، شریک حیات اور نابالغ میں گفٹ کے ذریعے مندرجہ ذیل تبادلہ ہوا۔

	حصص
میاں عمران احمد	(495,000)
جناب نوید احمد	(536,000)
جناب کاشف ریاض	(1,784,000)
جناب محمد عظمت احمد	495,000
جناب دانش نوید	536,000
محترمہ فادیہ کاشف	1,784,000

سال 2019-20 کے دوران ہدایت کاروں / بورڈ آف ڈائریکٹرز کے اجلاس اور اس کی حاضری:

ڈائریکٹرز کا نام	اہلیت	حاضری
جناب نوید احمد	6	6
میاں شہزاد احمد	6	6
جناب ریاض احمد صاحب	6	4
جناب عرفان احمد	6	6
عمران احمد صاحب	6	6
کاشف ریاض صاحب	6	5
شاہویز صاحب	6	5
شفقت مسعود	6	5
شیخ نشاط احمد	6	5
فاروق حسن	6	5
دانش نوید	6	2
جناب فیصل حنیف	6	0
محترمہ عذرا یعقوب واوڈا	6	4

جناب شاہ ویز احمد اور جناب شیخ نشاط احمد 15 جون 2020 کو بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں سے ریٹائر ہوئے جناب فیصل حنیف کو آڈٹ کمیٹی کا چیئرمین، جناب کاشف ریاض اور جناب شیخ شفقت مسعود کو (w.e.f) 15 جون 2020 سے آڈٹ کمیٹی کے ممبر کے طور پر مقرر کیا گیا۔

جناب فیصل حنیف کو انسانی وسائل کمیٹی کے چیئرمین، جناب شیخ شفقت مسعود اور جناب عرفان احمد کو 15 جون 2020 سے انسانی وسائل کمیٹی (w.e.f) کا ممبر مقرر کیا گیا۔

جناب دانش نوید نے 30 اکتوبر 2019 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا تھا اور محترمہ عذرا یعقوب واوڈا 01 نومبر 2019 کو ڈائریکٹر کے عہدے پر فائز ہوگئیں۔

انسانی وسائل اور معاوضہ کمیٹی

کمیٹی کی تشکیل۔

۱۔ جناب فیصل حنیف (چیئرمین)

۲۔ جناب عرفان احمد (ممبر)

۳۔ جناب شیخ شفقت مسعود (ممبر)

ایک اجلاس مالی سال کے دوران جولائی 2019 سے جون 2020 تک منعقد ہوا۔اجلاس میں تینوں ممبران شریک 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 2019ء سے جون 2020ء کے درمیان چار میٹنگز منعقد ہوئیں۔تمام Non-Executive ڈائریکٹر بشمول چیئرمین موجود تھے۔

سال کے دوران کمیٹی کی تشکیل اور حاضری کی صورتحال:

ممبران کے نام	میٹنگز	حاضری
جناب کاشف ریاض	4	1
شیخ شفقت مسعود	4	4
جناب شاہویز احمد	4	3
شیخ نشاط احمد	4	3
جناب فیصل حنیف	4	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/شراکتی 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۔

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 2020ء 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

شیخ شفقت مسعود

ڈائریکٹر

شہزاد احمد

چیف ایگزیکیوٹیو آفیسر

بتاریخ 06 اکتوبر 2020ء

کراچی۔

INDUS DYEING & MANUFACTURING COMPANY LIMITED
PROXY FORM
ANNUAL GENERAL MEETING

Shareholder's Folio No. ---------------------Number of shares held ------------------------------I / We. ---

---Of (full address) ---

------------------------------------ being a member of **INDUS DYEING & MANUFACTURING COMPANY LIMITED** hereby appoint.

Mr. / Mrs. / Ms. ---of (full address) ---------------------------------------

---------------------------------------or failing him/her/ Mr. / Ms. ------------------------------of (full address) --

as my / our proxy in my/our absence to attend and vote for me/us on my/our behalf at the **Annual General Meeting** of the Company to be held on 28th day of October, 2020 at 2:15 p.m. plot # 3 &7, Sector-25 Korangi industrial Area, Karachi and at any adjourned meeting thereof.

WITNESSES	
WITNESS # 1	WITNESS # 2
SIGNATURE	SIGNATURE
NAME CNIC #	NAME CNIC#

Signature on Rs. 5/- Revenue Stamp

1. Proxies in order to be effective, must be received at the Company's Registered Office/ Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.

2. CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or passport with this proxy form before submission to the Company.

AFFIX
CORRECT
POSTAGE

The Company Secretary
INDUS DYEING & MANUFACTURING CO. LTD.
5^{th} Floor 508 Beaumont Plaza Beaumont Road
Civil Lines Quarters 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.

www.jamapunji.pk

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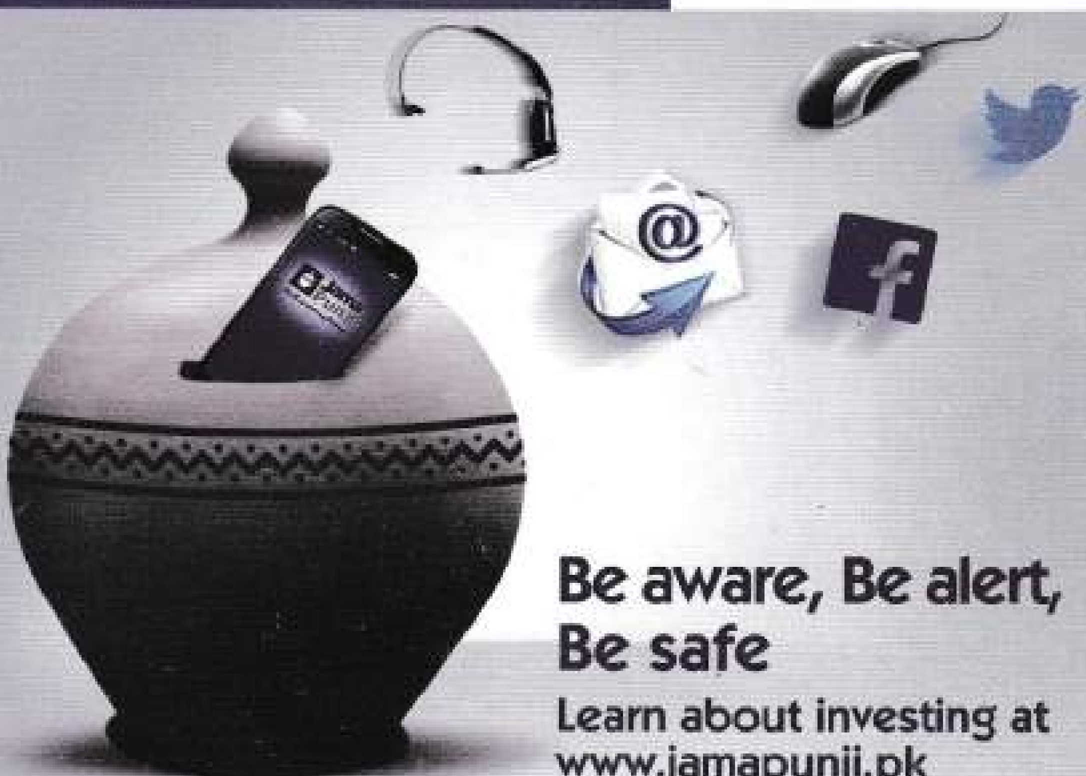
سرمایہ کاری سمجھداری کے ساتھ



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