Annual Report 2021

INDUS DYEING & MANUFACTURING COMPANY LIMITED

CONTENTS

Company Profile

Board of Directors

1	Mr. Naveed Ahmed	Chairman
2	Mian Shahzad Ahmed	Chief Executive Officer
3	Mian Riaz Ahmed	(Resigned June 30, 2021)
4	Mr. Kashif Riaz	
5	Mian Imran Ahmed	
6	Mr. Irfan Ahmed	
7	Mr. Sheikh Shafqat Masood	
8	Mrs. Fadia Kashif	(Appointed July 01, 2021)
9	Mr. Faisal Hanif	
10	Mr. Aamir Amin (NIT)	
11	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 Yousuf Adil
Chartered Accountants

Registrar & Share Transfer Office

JWAFFS Registrar (Pvt) Ltd.		
407-408, Al - Ameera Centre,	Tel.	35662023 - 24
Shahrah-e-Iraq, Saddar, Karachi.	Fax.	35221192

Factory Location

1	P 1 S.I.T.E.	Tel.	0223 - 886281 & 84
	Hyderabad, Sindh.		
2	Plot # 3 & 7, Sector - 25,	Tel.	021- 35061577 - 9
	Korangi Industrial Area, Karachi.		
3	Muzaffergarh, Bagga Sher,	Tel.	0662 - 490202 - 205
	District Multan.		
4	Indus Lyallpur Limited.	Tel.	041 - 4689235 - 6
	38th Kilometer, Shaikhupura Road,		
	District Faisalabad.		
5	Indus Home Limited.	UAN	111 - 404 - 405
	2.5 Kilometer,	Tel.	042 - 35385021 - 7
	Off Manga Raiwind Road,		
	Manga Mandi, Lahore.		
6	Indus Wind Energy Limited.	UAN	111 - 404 - 405
	Deh Kohistan 7/3 & 7/4	Tel.	021 - 35693654 (Ext - 177)
	Tapo Jangshahi,		
	Taluka & District Thatta.		

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, 2021

It is my privilege and pleasure in presenting to the members of Indus Dyeing and Manufacturing Company Limited, review on the performance of the Company for the financial year ended June 30, 2021. I would take this opportunity to invite you for the 64th Annual General Meeting of the company.

Review of the Boards Performance

During the pandemic, the Board remained engaged with the management which helped it to face the difficult circumstances that prevailed during the past year. The continuous monitoring by the Board throughout the period and the hard work put up by the management has helped in achieving all the targets and overcoming the pandemic shocks. The Board and the management have performed remarkably well even though the impacts of the pandemic have been devastating. The Company successfully steered through the uncertain times with emphasis on health and safety, yet ensuring business continuity on the back of guidance from the Board of Directors.

IDYM has a ten-member Board of Directors, which comprises individuals with diverse backgrounds, having core competencies, knowledge, and expertise relevant to the business of the Company. All Board Members and the Leadership team of the Company are humbled by your overwhelming response and are determined to deliver as per your expectations. The Board provides strategic direction to the management and fulfills its fiduciary responsibilities with a sense of commitment.

The Board has constituted the Boards' Audit Committee, Human Resource & Remuneration Committee, Nomination Committee, and Risk Management Committee. These committees provided valuable input and assistance to the Board. The Audit Committee particularly focuses on the detailed review of financial statements and internal controls. These sub-committees held meetings and reported to the Board as per stipulations of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Best practices of corporate governance having been embedded into the Company's culture to maintain the highest level of professionalism and business conduct. An annual evaluation of performance of the Board, members of the Board, and its committees was carried out with the help of a formal and effective mechanism. Based on the feedback received through this mechanism overall role of the Board has been found to be effective. The Board has fulfilled all its mandatory responsibilities including ensuring compliance with all legal and regulatory requirements for the Company.

I would like to share that all the Directors, including Independent Directors, fully participated and contributed to the decision-making process of the Board. The Board performed its duties and responsibilities diligently, inter alia, by:

- Ensuring that Mission, Vision, and Values of the Company are being followed;
- Effectively guiding the Company in its strategic affairs;
- Setting annual goals and targets for the management;
- Overseeing management's performance and focusing on major risk areas;
- Evaluating significant investments;
- Ensuring high standards of Corporate Governance to preserve stakeholders' value;

Furthermore, throughout the year, all significant issues were presented to the Board or its committees, particularly, all related party transactions of the Company were approved by the Board on the recommendation of the Audit Committee. The Audit Committee and Human Resource & Remuneration Committee met regularly to strengthen the functions of the Board. The Board carried out its self-evaluation and identified potential areas for further improvement, in line with the global best practices.

Review of Company's Performance

The profitability during the first half was moderate, as the operation and market were recovering from the shocks of the covid pandemic. But there after sales started to grow substantially during the last six months, and the same is depicted in the profit & loss account. There is an increase in sales of 31.42% over the last year, whereas the gross profit margins improved from 9.22% to 13.53% as compared to previous year. The net profit after tax has also increased from 1,319 million in the year 2020 to 3,944 million in the year under review.

On behalf of the Board, I would like to say a big thank to all our customers for their continued confidence on the Company. I would like to express my appreciation for the contribution of the Board, excellent efforts put in by our management and employees and finally I would like to thank all the financial institutions who have cooperated with us and supported us through very difficult times. I hope and pray to God that the Company maintains the momentum of growth in the future years.

Chairman

Naveed Ahmed

September 30, 2021

Directors' Review
FOR THE YEAR ENDED JUNE 30, 2021

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 ending June 30th, 2021 before the Sixty-Fourth Annual General Meeting of the Company.

The consolidated financial highlights of the Company are as under:

	For the year ended June 30	
	2021	2020
	(Rupees in 000)	
Sales	**48,883,997**	37,195,618
Gross profit	**6,617,839**	3,432,323
Other operating income	**1,063,293**	626,768
Finance cost	**(911,809)**	(624,606)
Provision for taxation	**(878,822)**	(385,352)
Profit for the year after taxation	**3,944,495**	1,319,434
Earnings per shar–e basic and diluted (net)	**72.75**	24.33

DIVIDEND & APPROPRIATIONS

The Board of Directors in their meeting held on March 01, 2021 have declared two (2) ordinary shares for every one (1) ordinary share held as interim dividend in the form of bonus shares for the year ending June 30, 2021. For this purpose, the authorized capital of the Company has been increased from Rs. 450 million to Rs. 1000 million in extra-ordinary general meeting held on February 24, 2021. In addition to this, the Board of Directors in their meeting held on October 29, 2020 declared first interim cash dividend @ 100% i.e. Rs. 10/- per share for the year ended 30th June 2021.

During the year Company has transferred Rs: 2,000 million from un-appropriate profit to general reserve.

CHANGE IN NATURE OF BUSINESS

There is no change accrued in nature of Company's business during the year.

EARNING PER SHARE

The consolidated earnings per share are Rs. 72.75 as compared to Rs. 24.33 per share last year. Earnings per share of the Company on a stand-alone basis are Rs. 60.94 per share as compared to Rs. 17.67 per share last year.

BUSINESS OVERVIEW

During the year under review, group sales of the company have increased by 32.64% over the last year and have resulted in a net profit after tax of Rs. 3,944 million. This is an increase of 198.95% over the last year profits of Rs. 1,319 million.

By the Grace of ALMIGHTY ALLAH, Company performance is excellent with growth in sales and profitability. The stock of older cotton inventories contributed handsome margins and increased profitability.

INDUS HOME LIMITED

The company has performed well in the current year as production and export sales are higher than the previous year. Last year, production suffered due to lock downs imposed in the country to control Covid.

Sales for the year ended 2021 are Rs. 9,147.98 million as against Rs. 7,064.37 million for last year. Sales revenue has jumped by 29.5% on the back of rebound in economic activities and opening of business globally after lifting of Covid related restrictions. Gross Profit for the year is 10.42% as compared to 17.65% last year, which shows a decrease of 7.23%. Profit after tax is Rs. 445.46 million for the current year and Rs.528 million for last year which is decreased by 15.60% from the last year.

This year the company has spent Rs. 3,100 million on setting up a green field Spinning Unit of 2880 Rotors in addition of BMR in our weaving, dyeing, printing and power segments. The company has added 12 new Picanol Looms and 06 Bonas Jacquard Looms to replace old Donier looms, 02 Knitting Warping machines to produce knitted towels, one Loom Steamer, a pentek tumbler dryer, and embroidery machines. This year's additions to operating fixed assets include land worth Rs. 179 million acquired adjacent to the factory's existing location for setting up of said Open end unit and weaving machinery of Rs. 436 million.

INDUS WIND ENERGY LIMITED

Indus Group, through its subsidiary Indus Wind Energy Limited, has ventured into a renewable energy project at Jhampir to augment the Government's efforts for induction of cheap and environmentally friendly power into the National Grid. Alhamdulillah, the project is in its final phase of completion with scheduled operation expected by the first quarter of 2022. The Project's induction in the group is of immense importance in terms of diversification from the group's core textile business as well as in providing clean, green and cheap power for the citizens of Pakistan.

FUTURE OUTLOOK

Pakistan's textile sales have strongly recovered from the shocks caused by the Covid pandemic and are still growing. The external factors that have helped orders increase include our customer's wish to diversify sourcing from China, and the inventory disturbances initiated by the Covid pandemic in India and Bangladesh. These factors have helped Pakistan in grabbing additional orders.

We believe that, given government support, the Pakistani textile industry can expand by leaps and bounds. The government should continue its efforts in providing energy at regionally competitive prices and support the production of local cotton. Textiles are the largest source of both foreign exchange and industrial labor in Pakistan and should be encouraged as such.

CORPORATE SOCIAL RESPONSIBILITY

The management works 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, 2021.

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 2021 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, 2019 applicable on listed entities which is given below:

Total Number of Directors		
1	Male	08
2	Female	02

Composition		
1	Independent Director	03
2	Executive Director	02
3	Non -Executive Director	05

The names of the directors as at June 30, 2021 are as follows:

S.No	Name	Position	Remarks
1	Mr. Naveed Ahmed	Chairman	-
2	Mian Shahzad Ahmed	Chief Executive	-
3	Mian Imran Ahmed	Director	-
4	Mr. Riaz Ahmed	Director	Resign 30-Jun-21
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
11	Mrs. Fadia Kashif	Director	Appoint 01-Jul-21

BOARD OF DIRECTORS

During the period under the review the transfer in shares through Gift of the company by the CEO, Directors, spouses and Minor as follows:

S.No	Name	Shares Transfer
1	Mr. Shahwaiz Ahmed	400,000
2	Mrs. Lozina Shahzad	(400,000)

Board & SUB Committee Meetings

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

Board of Directors 6- Meetings		
S.No	**Name of Directors**	**Attended**
1	Mr. Naveed Ahmed	6/6
2	Mian Shahzad Ahmed	6/6
3	Mr. Riaz Ahmed	4/6
4	Mr. Irfan Ahmed	4/6
5	Mian Imran Ahmed	5/6
6	Mr. Kashif Riaz	6/6
7	Mr. Sheikh Shafqat Masood	6/6
8	Mr. Faisal Hanif	6/6
9	Ms. Azra Yaqub Vawda	6/6
10	Mr. Aamir Amin	6/6

Mr. Riaz Ahmed Resigned from the Board of Directors on June 30, 2021 and Ms. Fadia Kashif appointed as a Director w.e.f July 01, 2021.

HUMAN RESOURCE AND REMENURATION COMMITTEE

Committee constitutes of:

S.No	Name	Position
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 2020 to June 2021. All three members were present in the meeting.

AUDIT COMMITTEE

The Board of Directors constituted a fully functional Audit Committee comprising three members: one being an Independent Director and two being non-executive Directors. 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:

Audit Committee 4-Meetings		
S.No	**Name of Directors**	**Attended**
1	Mr. Faisal Hanif	4/4
2	Mr. Kashif Riaz	4/4
3	Mr. Sheikh Shafqat Masood	4/4

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 Yousaf Adil, Chartered Accountants, (Yousuf Adil) independent correspondent firm of Deloitte Touchř Tohmatsu Limited, a reputable Chartered Accountants Firm completed its tenure of appointment with the company and has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the board, have proposed Yousuf Adil for reappointment as auditors of the company for the ensuring year.

ENVIRONMENT, HEALTH AND SAFETY

Your Company is committed towards protecting a sound climate for everyone by complying with all environmental policies at the production facilities.

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, 2021 is annexed.

STATEMENT OF COMPLIANCE AND AUDIT REVIEW.

The statement of compliance and audit review as on June 30th, 2021 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
Chief Executive Officer

Mian Imran Ahmed
Director

Dated: September 30, 2021
Karachi.

Key operating and financial results

	Rupees in "000"					
	2016	2017	2018	2019	2020	2021
Operating data						
Turn over	18,269,007	19,932,316	22,263,855	25,131,061	27,342,812	33,179,116
Less : commission	(165,230)	(175,252)	(173,428)	(204,775)	(241,507)	(272,251)
Sales (net)	18,103,777	19,757,064	22,090,427	24,926,286	27,101,305	32,906,865
Gross profit	1,128,954	1,723,694	2,334,642	2,701,831	2,255,671	5,042,495
Profit before tax	268,893	962,934	1,561,596	2,047,663	1,244,989	3,926,758
Profit after tax	91,871	685,835	1,378,581	1,724,254	957,865	3,304,499
Financial data						
Gross assets	16,782,496	17,229,879	19,691,466	22,716,984	21,860,759	26,225,053
Return on equity	0.98%	6.91%	12.45%	13.79%	7.68%	21.21%
Current assets	6,599,848	7,256,217	9,666,805	12,289,316	11,310,997	13,060,113
Shareholders equity	9,418,035	9,923,532	11,070,683	12,503,105	12,467,500	15,581,790
Long term debts and deferred liabilities	1,478,333	1,401,927	1,703,529	2,315,636	3,470,559	4,360,130
Current liabilities	5,886,128	5,904,420	6,917,254	7,898,243	5,922,700	6,283,133
Key ratios						
Gross profit ratio	6.24%	8.72%	10.57%	10.84%	8.32%	15.32%
Net profit	0.51%	3.47%	6.24%	6.92%	3.53%	10.04%
Debt / equity ratio	14 : 86	12 : 88	13 : 87	16 : 84	22 : 78	23 : 77
Current ratio	1.12	1.23	1.40	1.56	1.91	2.08
Earning per share (basic and diluted)	5.08	37.95	76.28	95.40	53.00	60.94
Dividend (percentage)						
- Cash	50% Final	180% Final	160% Final	250% Final	300% Interim	100% Interim
- Bonus	-	-	-	-	-	200%
Statistics						
Production (tons)	52,684	51,886	50,292	52,690	47,285	48,452

PATTERN OF HOLDING OF THE SHARES HELD BY THE SHAREHOLDERS OF INDUS DYEING & MANUFACTURING CO. LIMITED JUNE 30, 2021

No. of Shareholders	Shareholding From	Shareholding To	Total Shares Held	PERCENTAGE OF TOTAL CAPITAL
904	1	100	31,693	0.06
677	101	500	163,845	0.30
166	501	1,000	125,845	0.23
169	1,001	5,000	367,733	0.68
30	5,001	15,000	245,672	0.45
15	15,001	50,000	418,524	0.77
4	50,001	100,000	251,259	0.46
5	100,001	500,000	1,438,754	2.65
3	500,001	1,300,000	3,659,263	6.75
5	1,300,001	4,000,000	10,072,608	18.58
4	4,000,001	6,500,000	19,739,505	36.41
2	6,500,001	10,771,000	17,706,495	32.66
1,984			**54,221,196**	**100.00**

Categories of shareholding

Shareholders	No. of Share Holders	SHARES HELD	Percentage
Individuals	1,957	10,249,034	18.90
Joint Stock Companies	9	32,515	0.06
Financial Institutions	3	1,659,216	3.06
Insurance Companies	1	1,339,815	2.47
Mutual Fund	1	1,575,885	2.91
Directors, CEO their Spouses & Minor Children	13	39,364,731	72.60
	1,984	**54,221,196**	100

INDIVIDUALS	1,957		10,249,034
JOINT STOCK COMPANIES	9		
S.H. BUKHARI SECURITIES (PVT) LIMITED		1,575	
NH CAPITAL (PRIVATE) LIMITED		30	
KAMAL FACTORY (PVT) LTD		4200	
UNITED CAPITAL SECURITIES PVT. LTD.		51	
MRA SECURITIES LIMITED - MF		24,300	
BLACK STONE EQUITIES PVT.LTD.		318	
N. U. A. SECURITIES (PRIVATE) LIMITED - MF		1,000	
HABIB & SONS LIMITED.		255	
M/S FIRST CAPITAL EQUITIES LTD		786	
			32,515
FINANCIAL INSTITUTIONS	3		
National Bank of Pakistan		445,535	
National Investment Trust		33,681	
United Bank Limited Trading Port Folio		1,180,000	
			1,659,216

INSURANCE COMPANIES	1		
State Life Insurance Corp. of Pakistan		1,339,815	
			1,339,815
MUTUAL FUND	1		
CDC-Trustee National Investmet (UNIT) Trust		1,575,885	
			1,575,885
Directors and their spouses	13		
Mian Riaz Ahmed		3	
Mian Shahzad Ahmed		4,049,370	
Mr. Naveed Ahmed		4,825,074	
Mr. Kashif Riaz		10,770,516	
Mian Imran Ahmed		4,460,877	
Mr. Irfan Ahmed		6,441,678	
Mr. Shafqat Masood		121,755	
Mr. Faisal Hanif		12	
Ms. Azra Yaqub Vawda		30	
Mrs. Lozina Shahzad		1,189,848	
Mrs. Shazia Naveed		9,417	
Mrs. Fadia Kashif		7,000,401	
Mrs. Tahia Imran		495,750	
			39,364,731
			54,221,196

Shareholders holding 10% or more voting interest in the company as at June 30, 2021

Name	Holding	Percentage
Mr. Kashif Riaz	10,770,516	19.86
Mrs. Fadia Kashif	7,000,401	12.91
Mr. Irfan Ahmed	6,441,678	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 2020-2021

Name	Purchase	Sold	Gift
Mr. Shahwaiz Ahmed			400,000
Mrs. Lozina Shahzad			(400,000)

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019
Indus Dyeing and Manufacturing Company Limited
For the year ended June 30, 2021

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	Mian 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.

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
Members	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

Four Quarterly meetings were held during the financial year ended 30/06/2021.

b) HR and Remuneration Committee

One meeting was held during the financial year ended 30/06/2021.

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 27.4% of total shareholders.

On behalf of the Board of Directors

Karachi:

Mr. Naveed Ahmad
Chairman

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 64th Annual General Meeting of Indus Dyeing & Manufacturing. Co. Limited (the Company) will be held at Indus Dyeing & Manufacturing Company Limited. Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Thursday, October 28, 2021 at 03:00 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the Extra Ordinary General Meeting held on February 24, 2021.

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, 2021, 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, 2022 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;

4. To approve interim cash dividend of Rs. 10/- per share i.e. 100% already paid by the Company (declared on October 31, 2020) and 200% bonus share already paid/credited (declared on March 31, 2021) as a final dividend for the year ended June 30, 2021.

SPECIAL BUSINESS:

5. To consider and approve of enhancement in monthly remuneration of the Chief Executive and two full time working Directors namely Mian Imran Ahmed and Mr. Kashif Riaz.

6. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2021 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, 2021 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 2021-2022 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 2021-22.

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

Karachi
Date; October 05, 2021

Ahmed Faheem Niazi
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2021 to October 28, 2021 (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, 2021 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2021 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, 2021 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 64th 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 2.45 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 64th Annual General Meeting of the Company.

____
Signature of Member

13. Deposit of Physical Shares into Central Depository

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Act i.e. May 30, 2017. Further SECP vide Letter dated March 26, 2021 has advised to comply Section 72 of the Act and encourage shareholders to convert their shares in book –entry form.

In light of above, shareholders holding physical share certificates are requested to deposit their shares in Central Depository by opening CDC sub-accounts with any of the brokers or Investor Accounts maintained directly with CDC to convert their physical shares into scrip less form. This will facilitate the shareholders to streamline their information in member's Register enabling the Company to effectively communicate with the shareholders and timely disburse any entitlements. Further, shares held shall remain secure and maintaining shares in scrip less form allows for swift sale / purchase.

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 64th 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.

Agenda Item no 5

Due to increase in the cost of living, the enhancement in the monthly remuneration from Rs. 1.8 (M) per month up to Rs. 2.5 (M) tax free is being proposed for Mian Shahzad Ahmed, Chief Executive Officer, Mian Imran Ahmed and Mr. Kashif Riaz, Director. Therefore approval of the shareholders of the Company is being sought by passing an ordinary resolution. 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.

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 Regulation 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 2020-2021 to be ratified as disclosed in Note No 38 of the Financial Statements of the Company for the year ended June 30, 2021

Likewise, 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 2021-22.

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

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

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

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 I**ndus Dyeing & Manufacturing Company Limited** (the Company) for the year ended June 30, 2021 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, 2021.

Yousuf Adil

Chartered Accountants

Place: Karachi
Date: September 30, 2021

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE INDUS DYEING & MANUFACTURING COMPANY LIMITED

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, 2021, and the unconsolidated statement of profit or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows 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 or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows 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, 2021 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 disclosed in note 26 to the unconsolidated financial statements. The Company generates revenue from sale of goods to domestic and export customers.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • 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;

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition	
Revenue from the local (including indirect exports) and export sales is recognized when performance obligation is satisfied as per the requirements of International Financial Reporting Standards (IFRS) 15 – 'Revenue from Contracts with Customers'. 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.	• assessed appropriateness of the Company's accounting policies for revenue recognition in light of applicable accounting and reporting standards; • checked on a sample basis relevant underlying supporting documents for ensuring the recorded local and export sales transactions were based on satisfaction of performance obligation; 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 19 to the unconsolidated financial statements. Stock-in-trade forms material part of the Company's assets comprising of around 27% of total assets. The valuation of stock-in-trade is carried at amount i.e Cost or Net Realizable Value, whichever is lower. 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 in ordinary course of business 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 sample and compared the net realizable value with the cost to ensure that valuation of stock-in-trade is in line with the accounting policy.

Information other than the unconsolidated financial statements and 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.

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 or loss, the unconsolidated statement of comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flow 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.

Yousuf Adil

Chartered Accountants

Place: Karachi
Date: September 30, 2021

Unconsolidated Statement of Financial Position
As at June 30, 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
Equity and liabilities			
Share capital and reserves			
Authorized share capital 100,000,000 ordinary shares of Rs.10 each		**1,000,000**	450,000
Issued, subscribed and paid up capital	5	**542,211**	180,737
Reserves	6	**9,000,000**	7,000,000
Unappropriated profits		**6,039,579**	5,286,763
		15,581,790	12,467,500
Non-current liabilities			
Long-term financing	7	**3,148,845**	2,078,896
Deferred taxation	8	**207,578**	77,993
Deferred liabilities	9	**955,335**	1,313,670
Lease liabilities	10	**48,372**	-
		4,360,130	3,470,559
Current liabilities			
Trade and other payables	11	**2,380,240**	1,849,857
Unclaimed dividends		**3,361**	209,634
Interest / mark-up payable	12	**53,429**	65,715
Short-term borrowings	13	**3,061,800**	3,695,663
Current portion of long term financing	7	**552,755**	90,388
Current portion of other deferred liabilties	9	**216,070**	11,443
Current portion of Lease liabilities	10	**15,478**	-
		6,283,133	5,922,700
Contingencies and commitments		**26,225,053**	21,860,759

	Note	2021	2020
		------- (Rupees in '000) -------	
Assets			
Non-current assets			
Property, plant and equipment	15	**7,201,544**	6,383,628
Intangibles	16	**7,117**	10,167
Long-term investments	17	**5,949,992**	4,149,680
Long-term deposits		**6,287**	6,287
		13,164,940	10,549,762
Current assets			
Stores, spares and loose tools	18	**319,951**	361,256
Stock-in-trade	19	**7,122,920**	6,636,909
Trade debts	20	**4,788,327**	3,389,567
Loans and advances	21	**320,708**	210,033
Short-term prepayments		**6,897**	1,898
Other receivables	22	**88,447**	55,286
Other financial assets	23	**86,628**	191,993
Tax refundable	24	**149,613**	347,623
Cash and bank balances	25	**176,622**	116,432
		13,060,113	11,310,997
		26,225,053	21,860,759

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

Mian Shahzad Ahmed	Mian Imran Ahmed	**Zahid Mahmood**
Chief Executive Officer	**Director**	**Chief Financial Officer**

Unconsolidated Statement of Profit and Loss
For the year ended June 30, 2021

	Note	2021	2020
		-------- (Rupees in '000) -----------	
Revenue	26	**32,906,865**	27,101,305
Cost of goods sold	27	**(27,864,370)**	(24,845,634)
Gross profit		**5,042,495**	2,255,671
Other income	28	**476,572**	195,982
Distribution cost	29	**(451,191)**	(353,616)
Administrative expenses	30	**(316,728)**	(297,704)
Other operating expenses	31	**(233,383)**	(146,988)
Finance cost	32	**(591,007)**	(408,356)
		(1,592,309)	(1,206,664)
Profit before tax		**3,926,758**	1,244,989
Taxation	33	**(622,259)**	(287,124)
Profit for the year		**3,304,499**	957,865
		-------- (Rupees in '000) -----------	**Restated**
Earnings per share - basic and diluted	34	**60.94**	17.67

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

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Unconsolidated Statement of Comprehensive Income
For the year ended June 30, 2021

	Note	2021	2020
		-------- (Rupees in '000) -----------	
Profit for the year		**3,304,499**	957,865
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability	9.2	**(10,602)**	657
Less: tax thereon		**1,130**	(72)
Total other comprehensive income for the year		**(9,472)**	585
Total comprehensive income for the year		**3,295,027**	958,450

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

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Unconsolidated Cash Flow Statement
For the year ended June 30, 2021

	Note	2021	2020
		-------- (Rupees in '000) -----------	
A. Cash flows from operating activities			
Cash generated from operations	35	**3,968,177**	2,645,636
Taxes paid - net		**(214,649)**	(265,385)
Finance cost paid		**(460,705)**	(434,203)
GIDC paid	9.4	**(20,664)**	-
Gratuity paid	9.2.4	**(93,055)**	(51,852)
Net cash generated from operating activities		**3,179,104**	1,894,196
B. Cash flows from investing activities			
Payment for purchase of property, plant and equipment		**(1,412,843)**	(371,306)
Proceeds from disposal of property, plant and equipment		**15,205**	144,941
Purchase of investments in other financial assets		**(1,234)**	(105,778)
Investment in subsidiary	17.2.3	**(1,800,312)**	(420,000)
Proceeds from redemption of investments in other financial assets		**143,933**	56,100
Dividends received		**55,323**	5,263
Net cash used in investing activities		**(2,999,928)**	(690,780)
C. Cash flows from financing activities			
Receipts from long-term finance	7.1	**3,202,702**	306,789
Repayment of long-term finance	7.1	**(1,624,664)**	(213,575)
Repayment of lease liabilities		**(15,889)**	-
Dividends paid		**(387,010)**	(796,165)
Net cash generated from / (used in) financing activities		**1,175,139**	(702,951)
Net increase in cash and cash equivalents (A+B+C)		**1,354,315**	500,465
Cash and cash equivalents at beginning of the year		**(2,934,766)**	(3,435,231)
Cash and cash equivalents at end of the year	36	**(1,580,451)**	(2,934,766)

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

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Unconsolidated Statement Of Changes in Equity
For the year ended June 30, 2021

	Issued, subscribed and paid-up capital	Reserves: Capital: Share Premium	Reserves: Capital: Merger Reserve	Reserves: Revenue: General Reserve	Reserves: Revenue: Un-appropriated Profits	Total
	------------- (Rupees in '000) -------------					
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 30, 2020						
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						
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)
Second 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
Comprehensive income for the year ended June 30, 2021						
Profit for the year	-	-	-	-	3,304,499	3,304,499
Other comprehensive income for the year - net of tax	-	-	-	-	(9,472)	(9,472)
Total comprehensive income for the year					3,295,027	3,295,027
Transfer to revenue reserves	-	-	-	2,000,000	(2,000,000)	-
Transactions with owners recognized directly in equity						
First interim cash dividend @ Rs.10 per share	-	-	-	-	(180,737)	(180,737)
Bonus shares issued for the year @ 200%	361,474	-	-	-	(361,474)	-
Balance at June 30, 2021	542,211	10,920	11,512	8,977,568	6,039,579	15,581,790

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

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Notes to the Unconsolidated Financial Statements
For the year ended June 30, 2021

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

These unconsolidated 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 Functional and presentation currency

Items included in the unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pakistani Rupees which is the Company's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand unless otherwise indicated.

2.3 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.

2.4 Amendments to IFRS interpretations that are effective for the year ended June 30, 2021

The amendments are effective for the year ended June 30, 2021. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

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 IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01,2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 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

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

2.5 Amendments to IFRS that are not yet effective

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

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
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
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

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

Other than the said 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

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 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 9.1)

- Depreciation rates and useful life of property, plant and equipment (note 15.1)

- Classification and impairment of investment (note 4.7, 17 and 23)

- Net realizable value of stock-in-trade (note 4.9 and 19)

- Provision for impairment of trade debts and other receivables (note 4.10, 20 and 23)

- Useful lives of intangibles (note 4.6, and 16)

- Incremental borrowing rate use in discounting of future cashflows of right of use asset (note 4.5.3, and 15)

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 base 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 asset 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 statement of profit or loss, 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 gratuity is charged to statement of profit or loss 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 statement of profit or loss 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

Trade and other payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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

4.4 Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized 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.

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 statement of profit or loss using the reducing balance method whereby cost of an asset is written-off over its estimated useful life at the rates given in note 15.1.

An item of property, plant 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 statement of profit or loss 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 method, 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 Right of use assets and lease liabilities

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company has elected to apply the practical expedient not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4.6 Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment loss if any. Amortization is charged to statement of profit or loss using the reducing balance method at the rates given in note 16. The estimated useful life and amortization 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 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 statement of profit or loss. 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, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in statement of profit or loss.

4.8 Stores, spares and loose tools

These are valued at cost determined on moving average cost method less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

4.9 Stock-in-trade

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

Basis of valuation

Raw material	Weighted average cost
Work-in-progress	Weighted average cost of material and share of applicable overheads
Finished goods	Weighted average cost of material and share of applicable overheads
	Basis of valuation
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 loss (ECL).

The expected credit loss on trade debts is 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.

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 statement of profit or loss. 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 statement of profit or loss 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 statement of profit or loss in the period in which these are incurred.

4.13 Foreign currency transactions and translation

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 statement of profit or loss.

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 recognized in the period when these are sold.

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost / amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash, balances with banks on current, savings and deposit accounts and short-term borrowings under running finance, having maturity of upto three months.

4.17 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.

4.18 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.

4.19 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 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.

4.20 Financial Instruments

4.2.1 Initial recognition

All financial assets and financial liabilities are initially measured at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability.

These are subsequently measured at fair value or amortized cost as the case may be. The Company recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instruments.

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

4.2.2 Classification of financial assets

The Company classifies its financial instruments in the following categories:

- At fairvalue through profit and loss ("FTVPL")
- At fairvalue through other comprehensive income ("FVTOCI")
- At amortized cost ("AC")

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows; and

- 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 assets that meet the following conditions are subsequently measured at FVTOCI:

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

- 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.

By default, all other financial assets are subsequently measured at FVTPL.

4.2.3 Classification of financial liabilities

The Company classifies its financial instruments in the following categories:

- At fairvalue through profit and loss ("FTVPL")

- At amortized cost ("AC")

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

4.2.4 Subsequent measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost using the effective interest method, and in the case of financial assets, less any impairment.

Gains or losses are recognized in the statement of profit or loss when financial instrument are derecognized or impaired or through the amortization process.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive (loss) income.

4.2.5 Impairment of financial assets at amortized cost

For financial assets measured at amortized cost, recognition of impairment based on expected credit loss (ECL) model. The Company measures 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 recognizes lifetime ECL for trade receivables. 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.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

4.2.6 Derecognition

- **Financial assets**

  The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity

- **Financial liabilities**

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability discharged, cancelled or expired. The difference between the carrying amount of the financial liability assumed, is recognized in the statement of profit or loss.

4.2.7 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 statement of profit or loss.

Basis of valuation of instruments at amortized cost

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

Gains or losses are also recognized in the statement of profit or loss when financial assets carried at amortized cost are derecognized or impaired, and through the amortization 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 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and net amount is reported in the statement of financial position 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.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020			2021	2020
Number of shares			Note	------- (Rupees in '000) -------	
		Ordinary shares of Rs.10 each			
9,637,116	9,637,116	fully paid in cash		**96,371**	96,371
		Other than cash			
5,282,097	5,282,097	Issued to the shareholders of YTML	5.1	**52,821**	52,821
39,301,983	3,154,519	Issued as bonus shares		**393,019**	31,545
54,221,196	18,073,732			**542,211**	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 The issued, subscribed and paid up capital of the company is increased as the Company has declared 200% bonus 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	2021	2020
		------- (Rupees in '000) -------	
6 RESERVES			
Capital reserves			
Share premium	6.1	**10,920**	10,920
Merger reserve	6.2	**11,512**	11,512
		22,432	22,432
Revenue reserves			
General reserve	6.3	**8,977,568**	6,977,568
		9,000,000	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	2021	2020
		------- (Rupees in '000) -------	

7 LONG-TERM FINANCING

	Note	2021	2020
Secured			
From banking companies	7.1	**3,701,600**	2,169,284
Less: Payable within one year		**(552,755)**	(90,388)
		3,148,845	2,078,896

7.1 Details and movement are as follows:

Name of banks	Note	As at July 01, 2020	Acquired during the year	Repaid during the year	Transferred	As at June 30, 2021	Current maturity
				Cash flows		Non-Cash flows	
		------ (Rupees in '000) ------					
Allied Bank Limited	**7.4.1**	899,211	800,000	(815,275)	-	883,936	108,490
Soneri Bank Limited	**7.4.2**	-	122,745	-	-	122,745	-
MCB Bank Limited	**7.4.3**	399,280	358,430	(17,136)	-	740,574	68,975
United Bank Limited	**7.4.4**	283,524	307,540	(3,946)	-	587,118	39,395
Habib Bank Limited	**7.4.5**	338,464	1,204,094	(710,355)	-	832,203	51,912
Askari Bank Limited	**7.4.6**	90,091	-	(7,375)	-	82,716	29,870
Salaries Re-Finance HBL	**7.4.7**	158,624	93,402	(49,551)	(12,450)	190,025	124,520
Salaries Re-Finance Bank of Punjab	**7.4.8**	-	287,628	(20,936)	(33,272)	233,420	129,593
Habib Metro Bank Limited	**7.4.9**	-	28,863	-	-	28,863	-
Bank Al-Habib Limited		90	-	(90)	-	-	-
Grand Total		**2,169,284**	**3,202,702**	**(1,624,664)**	**(45,722)**	**3,701,600**	**552,755**

7.2 Particulars of long-term financing

Type and nature of loan	2021 Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Long term finance facility (LTFF)	**2,396,080**	**2.50% to 4.0%**	**Quarterly and half yearly**
Temporary Economic Refinancing Facility	**853,213**	**1.75% to 2.25%**	**Quarterly**
SBP Renewable Energy	**233,420**	**3%**	**Quarterly**
Salaries Re-Finance	**28,863**	**0.5% to 1%**	**Quarterly**
	3,511,576		

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	-	1%	Quarterly
	2,010,660		

7.3 These finances are secured by charge over Land and Building of Hyderabad unit and Plant and Machinery of all units of the Company.

7.4 Demand finances

	Name of institution	Limit	Outstanding amount	Details of financing, security and repayment terms
7.4.1	Allied Bank Limited	1700	883.936	The facility is secured against first/Joint pari passu hypothecation charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 2.5% on this facility and repayable in quarterly basis.
7.4.2	Soneri Bank Limited	250	122.745	The facility is secured against existing Joint pari passu charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made 32 equal quarterly installments. Mark up rate is 2% on this facility and repayable in quarterly basis.
7.4.3	MCB Bank Limited	827	740.359	The facility is secured against existing Joint pari passu charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 1.75% on temporary Economic Refinancing Facility and 2.80% on Long Term Financing Facility and repayable in quarterly basis.

	Name of institution	Limit	Outstanding amount	Details of financing, security and repayment terms
7.4.4	United Bank Limited	1100	587.118	The facility is secured against existing Joint pari passu charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 2.25% on temporary Economic Refinancing Facility and 4% on Long Term Financing Facility and repayable in quarterly basis.
7.4.5	Habib Bank Limited	2997	832.2	The facility is secured against 1st Joint pari passu charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made 32 equal quarterly installments of Temporary Economic Refinancing Falicilty & Half Yearly Installment on Long term Financing Facility. Mark up rate is 1.75% on temporary Economic Refinancing Facility & 2.8% on Long Term Financing Facility and repayable in quarterly basis.
7.4.6	Askari Bank Limited	250	82.716	The facility is against 1st Joint pari passu charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin.. The repayment of loan (principal amount) will be made equal quarterly installments. Mark up rate is 2.5% on this facility and repayable in quarterly basis.
7.4.7	Habib Bank Limited - Refinance Scheme	339.96	190.025	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 338.96 million. The facility is secured against existing first pari passu charge over Land and Building of Hyderabad unit and Plant and Machinery installed at Hyderabad, Karachi, and Muzaffargarh Units. The repayment of loan (principal amount) will be made in 8 equal quarterly installments. Mark up rate is 1% on this facility and repayable in quarterly basis.
7.4.8	Bank of Punjab - Refinance Scheme	1500	233.42	During the year, the Company has entered into an arrangement with Bank of Punjab 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 254 million. The facility is secured against existing first pari passu charge over Company's

	Name of institution	Limit	Outstanding amount	Details of financing, security and repayment terms
				fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all Company units) duly registered with the Securities and Exchange Commission of Pakistan inclusive of 25% margin. The repayment of loan (principal amount) will be made in 8 equal quarterly installments commencing from July 2021. Mark up rate is 0.5% on this facility and repayable in quarterly basis.
7.4.9	Habib Metropolitan Bank Limited	956	28.863	During the year, the Company has entered into an arrangement with Habib Metro Limited for obtaining Renewable Energy Financing Facility under State Bank of Pakistan (SBP) to facilitate Solar Panel installation at Hyderabad Unit maximum of Rs 100 million. The facility is secured against existing first pari passu charge over Company's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all Company units) duly registered with the Securities and Exchange Commission of Pakistan inclusive of 25% margin. The repayment of loan (principal amount) will be made in 40 equal quarterly installments. Mark up rate is SBP rate + 1% on this facility and repayable in quarterly basis.

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 TAXATION

	Opening balance	Recognized in statement of profit or loss	Recognized in statement of comprehensive income	Closing balance
	(Rupees in '000)			
Movement for the year ended June 30, 2021				
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	(33,096)	4,237	(1,130)	(29,989)
- provision of stores and spare parts	(4,565)	(4,403)	-	(8,968)
- provision of trade debts	(4,832)	3,158	-	(1,674)
- other financial assets	(79)	1,259	-	1,180
- short term borrowings	(4,800)	2,880	-	(1,920)
- lease liability	-	(6,804)	-	(6,804)
- liabilities outstanding more than 3 years	(68,038)	68,038	-	-
- minimum tax credits	(59,695)	59,695	-	-
Others	10,328	6,307	-	16,635
	(164,777)	134,367	(1,130)	(31,540)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	242,706	(9,881)	-	232,825
- Right of use asset	-	6,250	-	6,250
- unclaimed amortisation on intangibles	64	(21)	-	43
	242,770	(3,652)	-	239,118
Deferred tax liability	77,993	130,715	(1,130)	207,578

	Opening balance	Recognized in statement of profit or loss	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	(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)
- liabilities outstanding more than 3 years	(65,430)	(2,608)	-	(68,038)
- minimum tax credits	(54,967)	(4,728)	-	(59,695)
Others	27,365	(17,037)	-	10,328
	(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

	Note	**2021**	2020
		Rupees in '000	
Statement of profit or loss		**130,715**	(117,040)
Other comprehensive income		**(1,130)**	72
		129,585	(116,968)

9 DEFERRED LIABILITIES

	Note	2021	2020
Provision for gratuity	9.2	**281,411**	301,281
Deferred government grant	9.3	**2,631**	8,139
Gas Infrastructure Development Cess (GIDC)	9.4	**671,293**	1,004,250
		955,335	1,313,670

9.1 Current portion of deferred liabilities

	Note	2021	2020
Deferred government grant	9.3	**29,306**	11,443
Gas Infrastructure Development Cess (GIDC)	9.4	**186,764**	-
		216,070	11,443

9.2 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, 2021 using Projected Unit Credit Method. Details of assumptions used and the amounts recognized in these financial statements are as follows:

9.2.1 Significant actuarial assumptions and methods	**2021**	2020
Discount rate	**10.00%**	8.50%
Expected rate of increase in salary level	**9%**	8%
Weighted average duration of defined benefit obligation	**6 years**	7 years
Average duration of liability	**5 years**	6 years

The critical gap between the discount rate and salary growth rate is one percentage point (i.e. 1%). This gap was 0.5% in previous year's valuation.

9.2.2 Assumption

Discount rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. The discount rate used for the valuation is 10.00% per annum. This rate is consistent with the guidelines of the Pakistan Society of Actuaries on setting discount rates.

Rate of growth in salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increases will be 9.00% per annum.

Mortality, Withdrawal and Disability Retirement Rates

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.

Withdrawal rates used in this valuation are heavier than those used in the previous valuation.

The expected maturity analysis of undiscounted retirement benefit obligation is:

	Note	2021	2020
		Undiscounted payments	
		-----------Rs. '000------------	
Year 1		53,122	40,267
Year 2		63,396	48,504
Year 3		78,311	59,916
Year 4		87,418	67,583
Year 5		96,421	80,154
Year 6 and above		233,978	225,716

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

		Note	**2021**	2020
			Rupees in '000	
9.2.3	**Present value of defined benefit obligation**		**281,411**	301,281
9.2.4	**Movement in net defined benefit liability**			
	Balance at the beginning of the year		**301,281**	266,815
	Recognized in statement of profit or loss			
	Current service cost		**40,929**	56,864
	Interest cost		**21,654**	30,111
			62,583	86,975
	Recognized in other comprehensive income			
	Actuarial loss/ (gains) - net (refer below)	9.2.6	**10,602**	(657)
	Benefits paid		**(93,055)**	(51,852)
	Balance at the end of the year		**281,411**	301,281
9.2.5	**Expense recognise in profit or loss**			
	Current service cost		**40,929**	56,864
	Net interest cost		**21,654**	30,111
	Expense recognise in profit or loss		**62,583**	86,975
9.2.6	**Remeasurement recognised in Other Comprehensive Income**			
	Gain from change in financial assumption		**(11,031)**	-
	Experience loss / (gain)		**21,633**	(657)
	Net re-measurements		**10,602**	(657)

	Note	2021	2020
		Rupees in '000	
9.2.7 Net recognised liability			
Net liability at the beginning of year		**301,281**	266,815
Expense recognised in profit or loss		**62,583**	86,975
Contribution made to the plan during the year		**(93,055)**	(51,852)
Remeasurements recognised in other comprehensive income		**10,602**	(657)
		281,411	301,281

9.2.8 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%	267,756	295,768
Salary growth rate	1%	295,762	267,752

9.2.9 The expected gratuity expense for the next year amounted to Rs.76.989 (2020: Rs. 62.582 million). This is the amount by which defined benefit liability is expected to increase.

9.2.10 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.

9.3 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 1 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 attached to this grant.

	Note	2021	2020
		Rupees in '000	
Opening		**19,582**	-
Government grant recognised		**45,724**	20,015
Less: Amortization of government grant	**28**	**(33,369)**	(433)
		31,937	19,582
Less: Current portion of deferred government grant		**(29,306)**	(11,443)
		2,631	8,139

9.4 Gas Infrastructure Development Cess

	2021	2020
Balance at the beginning of the year	**1,004,250**	863,407
Expense for the year	**15,121**	140,843
Discounting of GIDC	**(198,420)**	-
Unwinding of interest	**57,770**	-
Payment made during the year	**(20,664)**	-
GIDC payable	**858,057**	1,004,250
Less: Payable within one year	**(186,764)**	-
	671,293	1,004,250

Gas Infrastructure Development Cess (GIDC) was levied through GIDC Act, 2011 with effect from December 15, 2011 and was chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification.

On June 13, 2013, the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the “Cess” so far collected. Honorable Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count the “Cess” could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which was applicable to the whole of Pakistan and has to be complied by all parties.

On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order dated September 25, 2014.

On May 22, 2015, the GID Cess Act, 2015 was passed by Parliament applicable on all consumers. 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 High Court of Sindh held that enactment of GIDC Act, 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. On August 13, 2020, GIDC matter is decided by the

Supreme Court of Pakistan and the Court has ordered gas consumers to pay outstanding amount of GIDC upto July 31, 2020 in twenty four equal monthly installments, starting from August 2020.

The Supreme Court, in its judgement dated November 03, 2020 allowed the recovery of the amount in 48 equal installments with one year grace period as oppose to 24 equal installments and 6 months grace period mentioned in the original decision dated August 13, 2020.

Further, The Institute of Chartered Accountants of Pakistan (ICAP) issued guidelines in January 2021 on accounting of gas infrastructure development cess as per latest judgment of the Supreme Court. As per the guidelines the provision for GIDC should be accounted in accordance with IFRS 9 “Financial Instruments”. In compliance with the guidelines issued by ICAP, the liability for GIDC has been remeasured at fair value in accordance with IFRS 9. The difference amounting to Rs. 198.42 million between the fair value of GIDC liability (i.e.present value of amount required to be paid to settle the GIDC liability) and transaction price of GIDC liability (i.e. undiscounted amount of GIDC liability) has been recognised as a gain on discounting of liability for GIDC in statement of profit or loss.

	Note	**2021**	2020
		Rupees in '000	
10 LEASE LIABILITIES			
Balance at the beginning of the year		**-**	-
Amount recognized during the year		**59,241**	-
Interest accrued		**4,609**	-
	10.1	**63,850**	-
Current portion of lease liabilities		**(15,478)**	-
Balance at year end		**48,372**	-

10.1 The future payments of lease liabilities are as follows:

This represents lease contract for head office Karachi having an estimated lease term of 5 years. The contract is discounted using incremental borrowing rate of the Company.

The future minimum lease payments to which the Company is committed under the agreement will be due as follows:

	June 30, 2021			June 30, 2020		
	Minimum lease payment	**Finance cost allocated to future lease payment**	**Present value of minimum lease payment**	**Minimum lease payment**	**Finance cost allocated to future lease payment**	**Present value of minimum lease payment**
	(Rupees in '000)			**(Rupees in '000)**		
Not later than one year	15,478	3,763	11,715	-	-	-
later than one year but not later than five years	56,354	4,219	52,135	-	-	-
	71,832	7,982	63,850	-	-	-

		Note	2021	2020
			Rupees in '000	
11	**TRADE AND OTHER PAYABLES**			
	Creditors		**250,803**	229,803
	Accrued liabilities		**1,358,293**	947,779
	Infrastructure cess		**548,246**	441,119
	Workers' Profits Participation Fund	21.4	**-**	19,525
	Workers Welfare Fund	14.1.3	**22,250**	10,121
	Contract liabilities		**49,924**	49,296
	Withholding tax payable		**10,635**	45,020
	Income tax payable		**27,291**	-
	Sales tax payable		**66,153**	21,993
	Others	11.1	**46,645**	85,201
			2,380,240	1,849,857

11.1 This includes 0.470 million (2020: Rs. 2.66 million) due to related parties (refer note 38 for details).

		Note	2021	2020
			Rupees in '000	
12	**INTEREST / MARK-UP PAYABLE**			
	On secured loans from banking companies:			
	- Long-term financing		**23,068**	14,622
	- Short-term borrowings		**30,361**	51,093
			53,429	65,715
13	**SHORT-TERM BORROWINGS**			
	From banking companies - secured			
	Running finance	13.1	**1,757,073**	3,051,198
	Foreign currency financing against export / import	13.2	**1,304,727**	644,465
		13.3	**3,061,800**	3,695,663

13.1 These carry mark-up ranging from 1 week,1 month and 3 months KIBOR + 0% to 1% (2020: 1 week,1 month and 3 month KIBOR + 0.05% to 1%). These are secured against charge over current assets of the Company except subordinated loan given to Indus Wind Energy Limited and securities of subsidiaries with upto 25% margin.

13.2 These carry mark-up ranging from 0.9% to 1.2% (2020: 1.8% to 4.5%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Company except subordinated loan given to Indus Wind Energy Limited and securities of subsidiaries with upto 25% margin.

13.3 The Company has aggregated short-term borrowing facilities amounting to Rs.11,724 million (2020:Rs.11,124 million) from various commercial banks.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Company has recognised GIDC payable amounting to Rs.858.056 million in these financial statements on the basis of GIDC rate applicable to industrial consumers. However, SSGC and SNGPL has charged GIDC on the basis of GIDC tariff applicable to captive consumers resulting in differential of Rs. 887 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.

14.1.2 The Company is defendant in certain sales tax related matters with aggregate demand of Rs. 1.357 million (2020. Rs. 10.411 million). 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.

14.1.3 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 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	**2021**	2020
		Rupees in '000	
14.1.4 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

		2021	2020
		Rupees in '000	
14.1.5	Guarantees issued by banks in favour of custom authorities on behalf of the Company	**3,817**	3,817
14.1.6	Guarantees issued by banks in favor of gas / electric / oil companies	**129,869**	105,144
14.1.7	Bank guarantees against payment of infrastructure cess	**538,542**	432,542
14.2	Commitments		
	Letters of credit for raw material and stores and spares	**4,239,001**	1,701,395
	Letters of credit for property, plant and equipment	**2,526,097**	437,949
	Stand by letter of credit (Indus Wind)	**1,476,559**	-
	Sales contracts to be executed	**5,623,299**	4,153,879
	Commitment under forward contract	**392,822**	707,036

14.3 The Company has total unutilised facility limit against letter of credits aggregating to Rs. 3.986 billion (2020: 5.139 billion) as of reporting date.

		Note	2021	2020
			Rupees in '000	
15	**PROPERTY, PLANT AND EQUIPMENT**			
	Operating fixed assets	15.1	**6,479,846**	6,316,371
	Capital work-in-progress	15.4	**663,049**	67,257
	Right-of-use assets	15.5	**58,649**	-
			7,201,544	6,383,628

15.1 Operating fixed assets

Particulars	2021							
	Cost at July 01, 2020	Additions / (disposal) during the year	Cost at June 30, 2021	Accumulated depreciation at July 01, 2020	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2021	Carrying value at June 30, 2021	Depreciation rate
	Rupees in '000'							%
Owned								
Freehold land	9,808	(1,664)	8,144	-	-	-	8,144	-
Leasehold land	137,799	-	137,799	-	-	-	137,799	-
Factory buildings on leasehold land	1,464,340	151,390	1,615,730	600,636	46,369	647,005	968,725	5%
Non-factory buildings on on leasehold land	177,606	4,012	181,618	123,239	5,585	128,824	52,794	10%
Office building	98,415	-	98,415	25,868	3,627	29,495	68,920	5%
Plant and machinery	9,773,364	498,191 (97,213)	10,174,342	5,463,555	467,675 (82,651)	5,848,579	4,325,763	10%
Electric installations	260,729	13,104	273,833	139,464	12,556	152,020	121,813	10%
Solar panel	-	23,846	23,846	-	994	994	22,852	10%
Power generators	991,769	112,634 (16,084)	1,088,319	401,870	66,132 (13,524)	454,478	633,841	10%
Office equipment	17,069	2,001	19,070	7,049	1,112	8,161	10,909	10%
Furniture and fixtures	28,172	4,189	32,361	10,655	1,964	12,619	19,742	10%
Vehicles	280,336	7,685 (5,483)	282,538	150,700	26,593 (3,299)	173,994	108,544	20%
June 30, 2021	13,239,407	817,052 (120,444)	13,936,015	6,923,036	632,607 (99,474)	7,456,169	6,479,846	

Particulars	2020 Cost at July 01, 2019	Additions / (disposal) during the year	Cost at June 30, 2020	Accumulated depreciation at July 01, 2019	Depreciation/ (adjustment) for 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 on leasehold land	1,414,444	49,896	1,464,340	557,384	43,252	600,636	863,704	5%
Non-factory buildings on on leasehold land	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	

15.1.1 Allocation of depreciation

	Note	2021	2020
		Rupees in '000	
Cost of goods sold	27	**599,310**	588,675
Administrative expenses	30	**33,296**	33,655
		632,606	622,330

15.2 Disposals of operating fixed assets

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers	Relationship of purchaser with the company
	-----------	-----------	Rupees in '000'	-----------	-----------			
Freehold Land								
Shujabad	1,664	-	1,664	1,664	-	Negotiation	Mr. Khawja Rafeeq Ahmed	None
Plant and machinery								
Fork Lifter TCM	3,639	(580)	3,059	250	(2,809)	Negotiation	Mr. Muhammad Iftikhar	None
Simplex Frame	6,246	(3,370)	2,876	800	(2,076)	Negotiation	Mr. Muhammad Iftikhar	None
Carding Machine	21,860	(19,310)	2,550	2,245	(305)	Negotiation	Mr. Muhammad Iftikhar	None
Drawing Machine	7,170	(5,727)	1,443	650	(793)	Negotiation	Mr. Shahid Abbas	None
Fork Lifter With Bale Clamp	2,021	(918)	1,103	824	(279)	Negotiation	Mr. Aleem Ejaz	None
Drawing Machine	3,746	(3,058)	688	870	182	Negotiation	Mr. Faryad Ali	None
Drawing Machine	3,746	(3,058)	688	870	182	Negotiation	Mr. Faryad Ali	None
	48,428	(36,021)	12,407	6,509	(5,898)			
Vehicles								
Suzuki Cultus VXR	1,285	(537)	748	750	2	Negotiation	Mr. Tariq Javed	Employee
Toyota Corolla GLI	1,828	(1,324)	504	525	21	Negotiation	Mr. Arif Abdul Majeed	Employee
	3,113	(1,861)	1,252	1,275	23			
Power generators								
Gas Generator JGS-320	**14,867**	(12,513)	2,354	2,500	146	Negotiation	Power Suppliers	None
Assets having carrying value less than Rs. 500,000	**52,372**	(49,079)	3,293	3,257	(36)	Negotiation	Various	None
2021	**120,444**	(99,474)	20,970	15,205	(5,765)			
2020	173,283	(130,196)	43,087	144,941	101,854			

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

Location	Usage of immovable property	Total Area (In acres)	Total area (In sq.ft)
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
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

		Note	2021	2020
			Rupees in '000	
15.4	**Capital work-in-progress**			
	Civil works		**18,470**	64,752
	Plant and machinery		**615,602**	2,505
	Solar panel		**28,977**	-
		15.4.1	**663,049**	67,257

15.4.1 Capital work-in-progress

	Solar panel	Civil works	Plant and machinery	Total
	...Rupees '000'...			
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
Additions during the year	52,882	83,840	936,514	1,073,236
Transferred to operating fixed assets	(23,905)	(130,122)	(323,417)	(477,444)
As at June 30, 2021	28,977	18,470	615,602	663,049

		Note	2021	2020
			Rupees in '000	
15.5	**Right-of-use assets**			
	Balance at the beginning of the year		**-**	-
	Additions during the year		**75,130**	-
	Depreciation for the year		**(16,481)**	-
	Net book value at end of the year	15.5.1	**58,649**	-

15.5.1 Depreciation is charged on a useful life of 5 years and expense relating to right of use asset of Rs.16.481 million (2020: Nil) has been charged in 'Administrative expenses'.

		Note	2021	2020
			Rupees in '000	
16	**INTANGIBLES**			
	Intangibles under use - software			
	Net book value as at July 1		**10,167**	14,524
	Amortization for the year	16.1	**(3,050)**	(4,357)
	Net book value as at June 30		**7,117**	10,167
	At June 30			
	Cost		**26,341**	26,341
	Accumulated amortization		**(19,224)**	(16,174)
	Net book value		**7,117**	10,167
	Annual amortization rate		**30%**	30%

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

		Note	2021	2020
			Rupees in '000	
17	**LONG-TERM INVESTMENTS**			
	Investment in associate at cost	17.1	**13,476**	13,476
	Investment in subsidiaries at cost	17.2.1, 17.2.2 & 17.2.3	**5,936,516**	4,136,204
			5,949,992	4,149,680

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

		2021	2020
		Rupees in '000	
17.2	**Investment in subsidiaries at cost**		
17.2.1	**Indus Home Limited (IHL)**	**2,491,204**	2,491,204

IHL is a wholly owned subsidiary of the Company, 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.

		2021	2020
		Rupees in '000	
17.2.2	**Indus Lyallpur Limited (ILP)**	**1,185,000**	1,185,000

ILP is a subsidiary of the Company. The shares of ILP are owned by the Company and the Indus Home Limited in the ratio of 75.82% and 24.18% (2020: 100% and Nil) respectively. ILP 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.

	2021	2020
	Rupees in '000	
17.2.3 Indus Wind Energy Limited (IWE)		
Opening	**460,000**	40,000
Additions	**1,800,312**	420,000
Closing	**2,260,312**	460,000

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.

	Note	**2021**	2020
		Rupees in '000	
18 STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools	18.1	**404,103**	402,812
Less: Provision for slow moving and obsolete stock	18.2	**(84,152)**	(41,556)
		319,951	361,256

18.1 It includes stores and spares in transit amounting to Rs.47.67 million (2020: Rs.44.61 million).

	Note	**2021**	2020
		Rupees in '000	
18.2 Movement of provision for slow moving inventories			
Balance at beginning of the year	18.1	**41,556**	1,000
Provision made during the year	18.2	**42,596**	40,556
Balance at end of the year		**84,152**	41,556

		Note	2021	2020
			Rupees in '000	
19	**STOCK-IN-TRADE**			
	Raw material			
	- in hand		**4,726,981**	4,788,194
	- in transit		**1,303,065**	915,743
			6,030,046	5,703,937
	Work-in-process		**296,296**	268,040
	Finished goods		**640,934**	529,497
	Packing material		**68,444**	57,173
	Waste		**87,200**	78,262
			7,122,920	6,636,909

19.1 Finished goods include items costing Nil (2020: Rs.448 million) valued at net realisable value of Nil (2020: 381 million). Raw materials have been lowered by Nil (2020:Rs. 226 million) and WIP has been lowered by Nil (2020: Rs. 11 million) respectively to recognise them at net realizable value.

		Note	2021	2020
			Rupees in '000	
20	**TRADE DEBTS**			
	Considered good			
	Secured			
	Foreign debtors	20.2	**448,113**	1,032,743
			448,113	1,032,743
	Unsecured			
	Local debtors	20.1 & 20.2	**4,355,926**	2,373,488
			4,804,039	3,406,231
	Less: Provision for doubtful debts	20.3	**(15,712)**	(16,664)
		20.4	**4,788,327**	3,389,567

20.1 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 2021	Total 2020
	---Rs in '000'---				
Subsidiaries:					
Indus Home Limited	110,628	-	-	110,628	43,881
Indus Lyallpur limited	266,986	-	-	266,986	914,738

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

		2021	2020
		------- (Rupees in '000) -------	
20.3	**Movement of provision for doubtful debts**		
	Balance at beginning of the year	**16,664**	-
	(Reversal) / provision made during the year	**(952)**	16,664
	Balance at end of the year	**15,712**	16,664
20.4	**Aging of trade debts**		
	Not yet due	**3,720,415**	2,561,619
	Past due within 30 days	**763,243**	348,133
	Past due within 30 to 60 days	**210,064**	340,746
	Past due within 60 to 90 days	**77,038**	95,723
	Past due within 90 to 180 days	**1,325**	33,074
	Past due beyond 180 days	**16,242**	10,272
		4,788,327	3,389,567

			2021	2020
21	**LOANS AND ADVANCES**	**Note**	------- (Rupees in '000) -------	
	Considered good			
	Loans / advances to staff	21.1	**31,489**	33,858
	Advance income tax - net	21.2	**49,454**	128,337
	Subordinated loan to subsidiary	21.3	**157,435**	28,413
	Advance against workers profit participation fund	21.4	**24,632**	-
	Advances to:			
	- Suppliers		**27,087**	-
	- Others		**30,611**	19,425
			57,698	19,425
			320,708	210,033

21.1 These are interest free, secured against gratuity entitlements and granted of an amount not more than Rs. 1,000,000 (2020: Rs. 500,000).

		Note	2021	2020
			------- (Rupees in '000) -------	
21.2	**Advance income tax - net**			
	Advance income tax		**507,138**	464,016
	Provision for taxation	33	**(457,684)**	(335,679)
			49,454	128,337

21.3 The Indus Dyeing and Manufacturing Company Limited being the sponsor of Indus Wind Energy Limited has paid the amount as per financial agreements with the lenders to finance sales tax payments of EPC construction contractor. This amount is reflected as sub-ordinate loan in the project company's annual statements.

		Note	2021	2020
			------- (Rupees in '000) -------	
21.4	**Workers' Profits Participation Fund**			
	Balance at beginning of the year		**19,525**	19,525
		33		
	Allocation for the year		**205,368**	205,368
			224,893	224,893
	Payments made during the year		**(249,525)**	(249,525)
	Balance at end of the year		**(24,632)**	(24,632)
22	**OTHER RECEIVABLES**			
	Considered good			
		33		
	Cotton claims against short deliveries		**15,023**	39,595
	Others		**73,424**	15,691
			88,447	55,286
23	**OTHER FINANCIAL ASSETS**			
	At amortised cost			
	Investment in Term Finance Certificates		**-**	100,000
	At fair value through profit or loss			
	Investment in ordinary shares of listed companies	23.1.1	**53,440**	54,160
	Investment in units of mutual funds	23.1.2	**33,188**	37,833
			86,628	191,993

23.1 Particulars of other financial assets

23.1.1 Investment in ordinary shares of listed companies

2021	2020		Note	2021	2020
Number of shares				------- (Rupees in '000) -------	
42,000	42,000	Bestway Cement Limited		**6,783**	4,567
30,000	30,000	Fauji Fertilizer Company Limited		**3,183**	3,300
15,000	15,000	Habib Bank Limited		**1,836**	1,453
2,350,000	2,350,000	K-Electric Limited		**9,823**	7,073
19,156	19,156	Pakistan State Oil Company Limited		**4,296**	3,030
10,000	10,000	Pak Elektron Limited		**351**	229
99,500	100,000	PIAA Corporation Limited		**572**	427
900	193,900	Pioneer Cement Limited		**122**	12,223
25,950	25,950	Sitara Chemical Industries Limited		**9,134**	7,191
141,900	141,900	United Bank Limited		**17,340**	14,667
				53,440	54,160

23.1.2 Investment in units of mutual funds

2021	2020		Note	2021	2020
Number of units				------- (Rupees in '000) -------	
315	315	Meezan Sovereign Fund		**16**	28
520,039	520,039	Meezan Islamic Fund		**32,958**	24,903
-	110,637	NAFA Islamic Active Allocation Plan-V		**-**	9,204
-	252,524	ABL Cash Fund		**-**	2,566
-	114,714	NBP Money Market Fund		**-**	1,132
20,308	-	NBP Financial Sector Income Fund		**214**	-
				33,188	37,833

	Note	2021	2020
		------- (Rupees in '000) -------	
24 TAX REFUNDABLE			
Sales tax refundable		**74,420**	150,645
Income tax refundable		**75,193**	196,978
		149,613	347,623

		Note	2021	2020
			------- (Rupees in '000) -------	
25	**CASH AND BANK BALANCES**			
	With banks			
	- in deposit accounts	25.1	**13,903**	13,844
	- in current accounts	25.2	**149,942**	88,238
			163,845	102,082
	Cash in hand		**12,777**	14,350
			176,622	116,432

25.1 Markup rates on these accounts range between 4.5% - 7 % per annum (2020: 8% - 13.5% per annum.

25.2 These include balance in foreign currency accounts aggregating to Rs.54.46 million (USD 0.347 million) at year end (2020: Rs.30.94 million (USD 0.184 million).

		Note	2021	2020
26	**REVENUE**		------- (Rupees in '000) -------	
26.1	**Revenue from contract with customers - net**			
	Export sales	26.4 & 26.5	**23,196,297**	18,586,592
	Less:			
	Commission		**(97,015)**	(142,226)
	Sales tax on indirect exports		**(1,538,550)**	(653,106)
			21,560,732	17,791,260
	Local sales			
	Yarn		**11,355,274**	9,656,620
	Processed yarn		**854,481**	224,134
	Waste		**1,245,240**	1,019,125
			13,454,995	10,899,879
	Less:			
	Brokerage on local sales		**(175,236)**	(99,281)
	Sales discount		**(16,629)**	(72,700)
	Sales tax on local sales:			
	-Yarn		**(1,649,912)**	(1,403,098)
	-Processed yarn sale		**(124,155)**	(32,567)
	-Waste		**(180,932)**	(148,078)
			(1,954,999)	(1,583,743)
			32,868,863	26,935,415

		Note	2021	2020
			------- (Rupees in '000) -------	
26.2	**Other revenue**	26.3	**38,002**	165,890
			32,906,865	27,101,305

26.3 This represents realised exchange gain on export sales

26.4 This includes indirect exports of Rs. 9,050.3 million (2020: Rs. 3,550.86 million)

26.5 This includes indirect exports to related undertakings of Rs. 334.782 million (2020: 91.914 million) (refer note 38 for details).

		Note	2021	2020
			------- (Rupees in '000) -------	
26.6	**Disaggregation of export sales into geographical area:**			
	- Bangladesh		**28,448**	-
	- Brazil		**118,325**	120,994
	- Belgium		**77,030**	13,923
	- China		**10,687,366**	10,964,805
	- Egypt		**-**	29,312
	- Germany		**95,509**	99,065
	- France		**53,466**	63,195
	- Italy		**41,903**	121,958
	- Hong Kong		**63,588**	297,205
	- Japan		**105,701**	119,853
	- Koprovince Czech		**4,697**	10,986
	- Korea		**316,164**	412,839
	- Mauritius		**494**	3,404
	- Philippines		**-**	29,658
	- Poland		**-**	22,892
	- Portugal		**239,763**	179,877
	- Singapore		**-**	20,951
	- South Africa		**-**	8,227
	- Sweden		**29,130**	-
	- Switzerland		**9,707**	53,454
	- Taiwan		**93,501**	126,418
	- Turkey		**593,132**	1,305,669
	- UAE		**-**	3,498
	- UK		**18,998**	10,199
	- US		**30,528**	34,135
	- Vietnam		**-**	39,172
	- Indirect exports		**10,588,846**	4,494,904
	'Less: Sales tax on indirect exports		**(1,538,550)**	(653,106)
			9,050,296	3,841,798
			21,657,747	17,933,486

		Note	2021	2020
			------- (Rupees in '000) -------	
27	**COST OF GOODS SOLD**			
	Raw material consumed	27.1	**22,020,778**	19,544,973
	Manufacturing expenses	27.2	**5,274,207**	4,942,095
	Outside purchases - yarn for processing including conversion cost		**718,016**	190,213
			28,013,001	24,677,281
	Work in process			
	- Opening		**268,040**	269,740
	- Closing		**(296,296)**	(268,040)
			(28,256)	1,700
			27,984,745	24,678,981
	Cost of goods manufactured			
	Finished goods			
	- Opening		**607,759**	774,412
	- Closing		**(728,134)**	(607,759)
			(120,375)	166,653
			27,864,370	24,845,634
27.1	**Raw material consumed**			
	Opening stock		**4,788,194**	4,936,072
	Purchases		**22,112,736**	19,485,665
			26,900,930	24,421,737
	Cost of raw cotton sold	31.1	**(153,171)**	(88,570)
	Closing stock	19	**(4,726,981)**	(4,788,194)
			22,020,778	19,544,973
27.2	**Manufacturing expenses**			
	Salaries, wages and benefits	27.2.1	**1,494,460**	1,284,439
	Utilities		**2,051,662**	2,128,301
	Packing material consumed		**378,756**	321,085
	Stores and spares consumed		**585,249**	461,728
	Repairs and maintenance		**37,502**	47,144
	Insurance		**14,085**	17,804
	Rates and taxes		**4,096**	2,779
	Depreciation on operating fixed assets	15.1.1	**599,310**	588,675
	Other		**145,909**	90,140
	Less: conversion cost of processed yarn		**(36,822)**	-
			5,274,207	4,942,095

27.2.1 It includes staff retirement benefits Rs. 34.64 million (2020: Rs. 89.85 million).

		Note	2021	2020
			------- (Rupees in '000) -------	
28	**OTHER INCOME**			
	Scrap sale		**23,856**	17,171
	Gain on disposal of operating fixed assets		**-**	101,853
	Profit on trading of raw cotton / fiber	31.1	**5,323**	-
	Duty drawback		**-**	23,580
	Exchange gain on forward contract booking		**97,772**	1,912
	Amortization of deferred Government Grants		**33,369**	433
	Discounting of GIDC	9.4	**198,420**	-
	Unrealized gain on revaluation of foreign currency debtors	28.1	**1,634**	21,557
	Realised exchange gain on foreign currency		**4,186**	-
	Unrealised exchange gain on foreign currency		**18,014**	-
	Capital gain on sale of other financial assets		**15,930**	-
	Unrealized gain on other financial assets		**21,404**	-
	Dividend income		**55,323**	5,263
	Profit on term finance certificates		**-**	14,583
	Profit on term deposit receipts		**1,341**	9,600
	Other operating income		**-**	30
			476,572	195,982

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.

		Note	2021	2020
			------- (Rupees in '000) -------	
29	**DISTRIBUTION COST**			
	Export			
	Ocean freight		**190,804**	100,883
	Export development surcharge		**32,605**	39,616
	Export charges		**100,731**	150,345
	Local			
	Freight and other		**121,756**	55,650
	Insurance		**5,295**	7,122
			451,191	353,616

		Note	2021	2020
			------- (Rupees in '000) -------	
30	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	30.1	**140,034**	119,052
	Directors' remuneration other than meeting fees	37	**24,631**	27,045
	Meeting fees	37	**794**	793
	Repairs and maintenance		**3,032**	2,311
	Postage and telephone		**7,718**	9,483
	Traveling and conveyance		**1,714**	7,065
	Vehicles running		**20,638**	18,458
	Printing and stationery		**4,603**	3,441
	Rent, rates and taxes		**667**	14,094
	Utilities		**5,964**	5,444
	Entertainment		**3,272**	2,839
	Fees and subscription		**33,707**	14,798
	Insurance		**4,557**	5,397
	Legal and professional		**3,365**	4,138
	Charity and donations	30.2	**708**	1,356
	Auditors' remuneration	30.3	**2,235**	2,075
	Depreciation on operating fixed assets	15.1.1	**33,296**	33,655
	Depreciation on right of use asset	15.5	**16,481**	-
	Amortization on intangible assets	16	**3,050**	4,357
	Advertisement		**33**	100
	Others		**6,229**	21,803
			316,728	297,704

30.1 It includes staff retirement benefits of Rs. 11.303 million (2020: Rs. 6.009 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.

		2021	2020
		------- (Rupees in '000) -------	
30.3	**Auditors' remuneration**		
	Audit fee	**1,630**	1,475
	Half year review fee	**375**	375
	Fee for certifications	**30**	25
	Out of pocket expenses	**200**	200
		2,235	2,075

		Note	2021	2020
			------- (Rupees in '000) -------	
31	**OTHER OPERATING EXPENSES**			
	Loss on trading of raw cotton / fiber	31.1	**-**	7,113
	Workers' Profits Participation Fund	21.4	**205,368**	64,774
	Realised exchange loss on foreign currency		**-**	18,083
	Unrealized loss on revaluation of foreign currency loans		**-**	45,231
	Unrealised capital loss on mutual funds		**-**	264
	Unrealized loss on other financial assets		**-**	1,402
	Workers' Welfare Fund		**22,250**	10,121
	Loss on disposal of operating fixed assets - net		**5,765**	-
			233,383	146,988
31.1	**Profit / (loss) on trading of raw cotton / fiber**			
	Sale of raw cotton / fiber		**158,494**	81,457
	Less: Cost of goods sold		**(153,171)**	(88,570)
	Profit / (loss) on trading of raw cotton / fiber		**5,323**	(7,113)
32	**FINANCE COST**			
	Mark-up on:			
	- long-term finance		**182,494**	64,359
	- short-term borrowings		**265,925**	299,348
	- lease liability		**4,609**	-
	Bank charges and commission		**21,451**	19,606
	Discounting charges on letters of credit		**58,758**	25,043
	Unwinding of GIDC		**57,770**	-
			591,007	408,356
33	**TAXATION**			
	Current			
	- For the year		**457,684**	335,679
	Prior Year Tax		**33,861**	68,485
	Deferred		**130,714**	(117,040)
			622,259	287,124

		2021	2020
		------- (Rupees in '000) -------	

33.1 Relationship between tax expense and accounting profit

	2021	2020
Accounting profit before tax	**3,926,758**	1,244,989
Tax rate	**29%**	29%
Tax on accounting profit	**1,138,760**	361,047
Effect of:		
Income chargeable to tax at reduced rates	**(2,975)**	(737)
Tax impact of tax credit	**(59,695)**	-
Income chargeable to tax under final tax regime	**(573,346)**	(63,161)
Due to change in tax rate	**(1,243)**	(73,576)
Impact of permanent differences	**10,647**	(60,647)
Prior year tax charge	**33,861**	68,485
Others	**76,250**	55,713
Tax charge as per accounts	**622,259**	287,124

34 EARNINGS PER SHARE - BASIC AND DILUTED

34.1 Basic earnings per share

	2021	2020
Profit for the year	**3,304,499**	957,865
	Number of shares	
		Restated
Weighted average number of ordinary shares outstanding during the year	**54,221,196**	54,221,196
	------- (Rupees in '000) -------	
		Restated
Earnings per share - Basic and diluted	**60.94**	17.67

34.2 During the year the Company issued 200% bonus shares to the existing shareholders resulting in the increase of weighted average number of ordinary shares outstanding at year end to 54,221,196 (2020: 18,073,732). The issuance of bonus shares shall have a retrospective impact thereby restating the shares outstanding at June 30, 2020.

34.3 No figures for diluted earnings per share have been presented as the Company has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

	Note	2021	2020
		------- (Rupees in '000) -------	
35 CASH GENERATED FROM OPERATIONS			
Profit before taxation		**3,926,758**	1,244,989
Adjustments for:			
Depreciation	15.1.1	**632,606**	622,330
Depreciation on right of use assets	15.5	**16,481**	-
Amortization	16.1	**3,050**	4,357
Provision for gratuity	9.2	**62,583**	86,975
(Reversal) / provision against doubtful debts		**(952)**	16,664
Provision for slow moving and obsolete stores		**42,596**	40,556
Realized gain on disposal of other financial assets	28	**(15,930)**	-
Unrealized (gain) / loss on other financial assets	28	**(21,404)**	1,402
Realised exchange loss on foreign currency debtors	31	**-**	18,083
Unrealized gain on revaluation of foreign currency debtors	28	**(1,634)**	(21,557)
Loss / (gain) on disposal of operating fixed assets	31	**5,765**	(101,853)
Dividend income	28	**(55,323)**	(5,263)
Unwinding of deferred government grant	28	**(33,369)**	(433)
Discounting of GIDC	28	**(198,420)**	-
Finance cost	32	**453,028**	383,313
Unwinding of GIDC	32	**57,770**	-
GIDC charge for the year		**15,121**	-
Cash generated before working capital changes		**4,888,726**	2,289,563
Working capital changes:			
(Increase) / decrease in current assets			
Stores, spares and loose tools		**(1,291)**	(86,923)
Stock-in-trade		**(486,011)**	(252,746)
Trade debts		**(1,396,174)**	1,060,695
Loans and advances		**(189,558)**	74,231
Trade deposits and short term prepayments		**(4,999)**	5,829
Other receivables		**(33,161)**	(15,973)
Long term deposits		**-**	(562)
		(2,111,194)	784,551
Increase / (decrease) in current liabilities			
Trade and other payables		**530,383**	456,815
Short term borrowings		**660,262**	(885,293)
Cash generated from operations		**3,968,177**	2,645,636

	Note	2021	2020
		------- (Rupees in '000) -------	

36 CASH AND CASH EQUIVALENTS

	Note	2021	2020
Cash and bank balances	25	**176,622**	116,432
Short-term borrowings	13	**(1,757,073)**	(3,051,198)
		(1,580,451)	(2,934,766)

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	**2021**				
	Chief Executive Officer	**Director**		**Executives**	**Total**
		Executive	**Non-Executive**		
	---Rupees in '000---				
Remuneration	**-**	**21,073**	**-**	**61,408**	**82,481**
Medical	**-**	**989**	**227**	**1,950**	**3,166**
Utilities	**-**	**1,279**	**1,063**	**1,529**	**3,871**
Meeting fees	**-**	**-**	**794**	**-**	**794**
Retirement benefits	**-**	**-**	**-**	**5,152**	**5,152**
Total	**-**	**23,341**	**2,084**	**70,039**	**95,464**
Number of persons	**1**	**1**	**8**	**33**	**43**

Particulars	2020				
	Chief Executive Officer	Director		Executives	Total
		Executive	Non-Executive		
	---Rupees in '000---				
Remuneration	-	18,078	-	66,982	85,060
Medical	-	121	540	2,830	3,491
Utilities	-	2,080	6,226	1,817	10,123
Meeting fees	-	-	568	225	793
Retirement benefits	-	-	-	5,642	5,642
Total	-	20,279	7,334	77,496	105,109
Number of persons	1	1	8	38	48

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	2021	2020
			Rupees in '000	
Indus Lyallpur Limited	Subsidiary	Conversion cost paid	**129,345**	79,811
		Conversion cost received	**13,849**	-
		Doubling cost received	**2,663**	-
		Doubling cost paid	**-**	1,513
Indus Home Limited	100% owned subsidiary	Yarn sale	**418,963**	91,914
		Conversion cost received	**317,689**	427,806
		Doubling cost received	**1,391**	3,936
		Sale of land	**-**	90,956
		Dividend received	**50,000**	-
Sunrays Textile Mills Limited	Associate on directorship	Purchase of yarn	**407**	19,469
Indus Wind Energy Limited	100% owned subsidiary	Sale of car	**-**	537
		Subordinated loan given during the year	**157,435**	-
Directors	Directors	Dividend paid	**101,891**	152,854
	Spouse and sons of the Directors	Rentals paid	**14,071**	12,792

Name of related party	Basis of relationship	Nature of balances	2021	2020
			Rupees in '000	
Indus Wind Energy Limited	100% owned subsidiary	Receivable from related party	**157,435**	28,413
Indus Home Limited	100% owned subsidiary	Receivable from related party	**76,766**	20,985
Indus Lyallpur Limited	Subsidiary	(Payable) / receivable to related party	**(470)**	244,014

Name of related party	Basis of relationship	Nature of balances	2021	2020
			Rupees in '000	
Sunrays Textile Mills Limited	Associate on directorship	(Payable) / receivable from related party	**(193)**	12
Indus Heartland Limited	Associate on common directorship	Payable to related party	**-**	746
Riaz Cotton Factory	Associate on common directorship	Payable to related party	**-**	1,917

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 receivables 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:

	Note	2021	2020
		------- (Rupees in '000) -------	
Long-term deposits		**6,287**	6,287
Trade debts		**4,788,327**	3,389,567
Loans to staff	25	**31,489**	33,858
Other receivables	13	**88,447**	55,286
Other financial assets		**-**	100,000
Bank balances		**163,845**	102,082
		5,078,395	3,687,080

The credit quality of receivable can be assessed with reference to their historical performance with negligible defaults in recent history.

The trade debts are due from foreign and local customers for export and local sales. 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.

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	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	VIS	AA	A-1+
United Bank Limited	VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Meezan Bank Limited	VIS	AAA	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	AAA	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+

39.2 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**	**Upto 1 years**	**1 to 5 years**	**More than 5 years**
	(Rupees in '000)				
Trade and other payables	**1,755,206**	**1,755,206**	**1,755,206**	**-**	**-**
Long-term financing	**3,701,600**	**3,991,482**	**567,176**	**2,524,982**	**899,324**
Short-term borrowings	**3,061,800**	**3,061,800**	**3,061,800**	**-**	**-**
Unclaimed dividends	**3,361**	**3,361**	**3,361**	**-**	**-**
Interest / mark-up payable	**53,429**	**53,429**	**53,429**	**-**	**-**
Lease liabilities	**63,850**	**71,832**	**15,478**	**56,354**	**-**
2021	**8,639,246**	**8,937,110**	**5,456,450**	**2,581,336**	**899,324**

	Carrying Values	Contractual Cash Flows	Upto 1 years	1 to 5 years	More than 5 years
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	3,695,663	3,695,663	-	-
Unclaimed dividends	209,634	209,634	209,634	-	-
Interest / mark-up payable	65,715	65,715	65,715	-	-
2020	8,456,625	8,379,899	6,377,729	2,245,208	-

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

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 reporting date the interest rate risk profile of the Company's interest-bearing financial instruments is:

	Carrying amount	
	2021	**2020**
	------- (Rupees in '000) -------	
Fixed rate instruments		
Financial assets	**13,903**	13,844
Financial liabilities	**2,396,080**	1,946,553
Variable rate instruments		
Financial liabilities		
- KIBOR based	**2,872,569**	3,273,929
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, therefore, a change in interest rate at the reporting date would not affect statement of profit or loss.

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, these financials would decrease / increase by Rs. 15.92 million (2020: Rs. 15.86 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	2021		2020	
	Rupees	US Dollar	Rupees	US Dollar
	---------------------- (Rupees in '000)		-------------------------	
Trade debts	**448,113**	**2,852**	1,032,743	6,185
Bank Balances	**54,457**	**345**	30,940	185
	502,570	**3,197**	1,063,683	6,370

	2021	2020
	------- (Rupees in '000)	-------
Average rate	**156.37**	158.68
Reporting date rate	**157.13**	166.98

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, 2021, 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. 25.13 million (2020: higher / lower by Rs. 53.18 million) determined on the outstanding balance at year end. Profit / (loss) is sensitive to movement in Rupee / foreign currency exchange rates in 2021 than 2020 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 reporting date, the exposure to listed equity securities at fair value was Rs. 86.628 million (2020: Rs. 91.993 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 4.33 million (2020: Rs. 4.6 million) on profit 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 or loss	Total
	(Rupees in '000)			
Financial assets - June 30, 2021				
Long-term deposits	**6,287**	**-**	**-**	**6,287**
Trade debts	**4,788,327**	**-**	**-**	**4,788,327**
Loans	**31,489**	**-**	**-**	**31,489**
Other receivables	**88,447**	**-**	**-**	**88,447**
Other financial assets	**-**	**-**	**86,628**	**86,628**
Bank balances	**163,845**	**-**	**-**	**163,845**
Cash in hand	**12,777**	**-**	**-**	**12,777**
	5,091,172	**-**	**86,628**	**5,177,800**

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or 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

	Financial liabilities measured at amortized cost	Total
	------- (Rupees in '000) -------	
Financial liabilities - June 30, 2021		
Long-term financing	**3,701,600**	3,701,600
Deferred liabilities	**1,171,405**	1,171,405
Trade and other payables	**1,755,206**	1,755,206
Unclaimed dividends	**3,361**	3,361
Short-term borrowings	**3,061,800**	3,061,800
Interest / mark-up payable	**53,429**	53,429
Lease liabilities	**63,850**	63,850
	9,810,651	9,810,651

Financial liabilities - 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

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).

June 30, 2021

	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
	---------- As at June 30, 2021 ----------							
	---------- (Rupees in '000) ----------							
Financial assets measured at fair value								
Other financial assets	**86,628**	**-**	**-**	**86,628**	**85,476**	**-**	**-**	**85,476**

Financial assets	---------- As at June 30, 2021 ----------			
	---------- (Rupees in '000) ----------			
Long-term deposits	**-**	**-**	**6,287**	**6,287**
Trade debts	**-**	**-**	**4,788,327**	**4,788,327**
Loans	**-**	**-**	**31,489**	**31,489**
Other receivables	**-**	**-**	**88,447**	**88,447**
Bank balances	**-**	**-**	**163,845**	**163,845**
Cash in hand	**-**	**-**	**12,777**	**12,777**
	-	**-**	**5,091,172**	**5,091,172**

Financial liabilities	---------- As at June 30, 2021 ----------			
	---------- (Rupees in '000) ----------			
Long-term financing	-	-	3,701,600	3,701,600
GIDC	-	-	1,171,405	1,171,405
Trade and other payables	-	-	1,755,206	1,755,206
Unclaimed dividends	-	-	3,361	3,361
Short-term borrowings	-	-	3,061,800	3,061,800
Interest / mark-up payable	-	-	53,429	53,429
Lease liabilities	-	-	63,850	63,850
	-	-	9,810,651	9,810,651

June 30, 2020

	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
	---------- As at 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	---------- As at June 30, 2020 ----------			
	---------- (Rupees in '000) ----------			
Long-term deposits	-	-	6,287	-
Trade debts	-	-	3,389,567	-
Loans	-	-	33,858	-
Other receivables	-	-	55,286	-
Other financial assets	-	-	100,000	-
Bank balances	-	-	102,082	-
Cash in hand	-	-	14,350	-
	-	-	3,701,430	-

Financial liabilities	---------- As at 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

There were no transfers amongst the levels during the current and preceding year. The Company's policy is to recognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

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 sheres.

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 statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at June 30, 2021 and 2020 were as follows:

	2021	2020
	------- (Rupees in '000) -------	
Total borrowings (note 7 & 13)	**6,763,400**	5,864,947
Less: cash and bank balances (note 25)	**(176,622)**	(116,432)
Net debt	**6,586,778**	5,748,515
Total equity	**15,581,790**	12,207,718
Total capital	**22,168,568**	17,956,233
Gearing ratio	**30%**	32%

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

41 CAPACITY AND PRODUCTION

Spinning units	2021	2020
	------- (Rupees in '000) -------	
Total number of spindles installed	**186,552**	184,050
Total number of spindles worked per annum (average)	**182,974**	175,150
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**134,055,108**	130,903,511
Actual production for the year after conversion into 20 counts (lbs.)	**106,817,735**	104,245,482

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 decision 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.Currently the Company has not made sales to customers amouting to 10 percent of the total sales.

43 NUMBER OF EMPLOYEES	Number of employees 2021	2020
Average number of employees during the year	**2,594**	2,515
Number of employees as at June 30	**2,475**	2,473

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

44 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long term financing	Dividend	Lease liabilities
	Rupees '000'		
Balance as at July 1	2,169,284	209,634	-
Non cash item	(45,722)	180,737	79,738
Financing cash inflows	3,202,702	-	-
Financing cash outflows	(1,624,664)	(387,010)	(15,889)
2021	**3,701,600**	**3,361**	**63,849**

45 CORRESPONDING FIGURES

Corresponding figures have been reclassified in these financial statements, wherever necessary to facilitate the comparison and to conform with changes and presentation in the current year. However, no significant reclassifications were made in the financial statements.

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

Note	Transferred from	Amount	Transferred to
8	Other deferred liabilities	77,993	Deferred taxation
9	Trade and other payables	1,004,250	Other deferred liabilities
11	Loans and advances	10,121	Trade and other payables
32	Sales discount	25,043	Finance cost

46 SUBSEQUENT EVENTS

The Board of Directors in its meeting has not proposed final cash dividend (2020: Rs. 30 per share) amounting to Rs. 540 million.

47 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements have been authorised for issue on September 30, 2021 by the Board of Directors of the Company.

48 GENERAL

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

Mian Shahzad Ahmed	Mian Imran Ahmed	**Zahid Mahmood**
Chief Executive Officer	**Director**	**Chief Financial Officer**

Annual Report 2021

INDUS DYEING & MANUFACTURING COMPANY LIMITED

condensed Interim Financial Information
Annual Report June 30, 2021
(Un-Audited)

CONTENTS

Consolidated key operating and financial results

	Rupees in "000"					
	2016	2017	2018	2019	2020	**2021**
Operating data						
Turn over	25,111,229	27,818,111	30,877,734	35,671,070	37,531,458	**49,288,732**
Less : commission	(180,566)	(244,919)	(247,448)	(298,492)	(335,840)	**(404,755)**
Sales (net)	24,930,663	27,573,192	30,630,286	35,372,578	37,195,618	**48,883,977**
Gross profit	1,937,179	2,641,910	3,013,451	3,696,349	3,432,323	**6,617,839**
Profit before tax	666,821	1,352,727	2,008,520	2,689,111	1,704,786	**4,823,317**
Profit after tax	449,069	1,035,345	1,781,697	2,331,497	1,319,434	**3,944,495**
Financial data						
Gross assets	20,984,661	21,984,382	25,641,644	30,628,666	33,019,788	**49,502,361**
Return on equity	4.04%	8.65%	13.19%	15.00%	8.32%	**20.11%**
Current assets	10,025,542	11,487,926	14,938,598	18,831,882	18,614,988	**24,022,825**
Shareholders equity	11,115,770	11,966,431	13,509,269	15,544,391	15,860,370	**19,614,036**
Long term debts and deferred liabilities	1,737,544	1,694,447	2,385,371	3,509,206	7,012,451	**15,289,270**
Current liabilities	8,131,347	8,323,504	9,747,004	11,575,069	10,146,967	**14,599,054**
Key ratios						
Gross profit ratio	7.77%	9.58%	9.84%	10.45%	9.23%	**13.54%**
Net profit	1.80%	3.75%	5.82%	6.59%	3.55%	**8.07%**
Debt / equity ratio	12 : 88	11 : 89	12 : 88	16 : 84	23 : 77	**30 : 70**
Current ratio	1.23	1.38	1.23	1.63	1.05	**1.83**
Earning per share (basic and diluted)	24.85	57.28	98.58	129.00	24.33	**72.75**
Dividend (percentage)						
- Cash	50% Final	180% Final	160% Final	250% Final	300% Interim	**100% Interim**
- Bonus	-	-	-	-	-	**200%**
Statistics						
Spinning Production (tons)	52,684	51,886	50,292	52,690	55,320	**60,955**
Weaving Production (tons)	9,406	10,798	10,891	9,985	8,938	**11,315**

INDEPENDENT AUDITOR'S 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 subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows 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, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the consolidated 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 the 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	
The Company is engaged in manufacturing and sale of yarn. Revenue recognition policy has been explained in notes 4.15, and the related amounts of revenue recognized during the year are disclosed in note 28 to the consolidated financial statements. The Group generates revenue from sale of goods to domestic and export customers.	Our audit procedures to assess the recognition of revenue, amongst others, included the following: • 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;

Key audit matter	How our audit addressed the key audit matter
1. Revenue recognition	
Revenue from the local (including indirect exports) and export sales is recognized when performance obligation is satisfied as per the requirements of International Financial Reporting Standards (IFRS) 15 – 'Revenue from Contracts with Customers'. We identified revenue recognition as key audit matter since it is one of the key performance indicators of the Group and because of the potential risk that revenue transactions may not have been recognized on point in time basis i.e. when control of goods is transferred to the customer, in line with the accounting policy adopted and may not have been recognized in the appropriate period.	• assessed appropriateness of the Group's accounting policies for revenue recognition in light of applicable accounting and reporting standards; • checked on a sample basis relevant underlying supporting documents for ensuring the recorded local and export sales transactions were based on satisfaction of performance obligation; 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 20 to the consolidated financial statements. Stock-in-trade forms material part of the Company's assets comprising of around 24% of total assets. The valuation of stock-in-trade is carried at amount i.e Cost or Net Realizable Value, whichever is lower. 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 in ordinary course of business 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 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 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 financial statements and our auditors' reports thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

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 accounting and reporting standards as applicable in Pakistan and Companies Act, 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.

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

Auditors' responsibilities for the audit of the unconsolidated financial statements

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

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

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

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

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

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Nadeem Yousuf Adil.

Yousuf Adil

Chartered Accountants

Place: Karachi
Date: September 30, 2021

Consolidated Statement of Financial Position
As at June 30, 2021

	Note	2021	2020
		------- (Rupees in '000) -------	
Equity and liabilities			
Share capital and reserves			
Authorized share capital 100,000,000 ordinary shares of Rs.10 each		**1,000,000**	450,000
Issued, subscribed and paid up capital	5	**542,211**	180,737
Reserves	6	**9,000,677**	7,000,732
Unappropriated profits		**10,071,148**	8,678,901
		19,614,036	15,860,370
Non-current liabilities			
Long-term financing	7	**13,229,662**	5,422,907
Deferred taxation	8	**205,230**	24,897
Deferred liabilities	9	**1,767,276**	1,525,653
Lease liabilities	10	**87,102**	38,994
		15,289,270	7,012,451
Current liabilities			
Trade and other payables	11	**4,406,394**	2,919,088
Unclaimed dividends		**3,361**	209,634
Interest / mark-up payable	12	**180,744**	108,828
Short-term borrowings	13	**8,577,090**	6,743,684
Current portion of long term financing	7	**1,162,370**	140,364
Current portion of other deferred liabilities	9	**249,234**	21,473
Current portion of Lease liabilities	10	**19,861**	3,896
		14,599,054	10,146,967
Contingencies and commitments	14		
		49,502,361	33,019,788

	Note	2021	2020
		------- (Rupees in '000) -------	
Assets			
Non-current assets			
Property, plant and equipment	15	**25,306,603**	14,237,986
Intangibles	16	**7,895**	11,279
Long-term investments	17	**143,637**	133,431
Long-term deposits	18	**19,245**	18,240
Long-term advances		**2,156**	3,864
		25,479,536	14,404,800
Current assets			
Stores, spares and loose tools	19	**696,015**	692,603
Stock-in-trade	20	**11,664,302**	10,104,798
Trade debts	21	**7,311,031**	4,365,615
Loans and advances	22	**391,065**	358,507
Trade deposits and short-term prepayments	23	**16,921**	34,263
Other receivables	24	**250,673**	140,134
Other financial assets	25	**1,194,475**	1,219,465
Tax refundable	26	**1,272,881**	1,174,646
Cash and bank balances	27	**1,225,462**	524,957
		24,022,825	18,614,988
		49,502,361	33,019,788

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Consolidated Statement of Profit and Loss
For the year ended June 30, 2021

	Note	2021	2020
		------- (Rupees in '000) ----------	
Revenue	28	**48,883,977**	37,195,618
Cost of goods sold	29	**(42,266,138)**	(33,763,295)
Gross profit		**6,617,839**	3,432,323
Other income	30	**1,063,293**	626,768
Distribution cost	31	**(979,942)**	(757,597)
Administrative expenses	32	**(665,219)**	(597,779)
Other operating expenses	33	**(312,417)**	(379,869)
Finance cost	34	**(911,809)**	(624,606)
		(2,869,387)	(2,359,851)
Share of profit from associate - net of tax		**11,572**	5,546
Profit before tax		**4,823,317**	1,704,786
Taxation	35	**(878,822)**	(385,352)
Profit for the year		**3,944,495**	1,319,434
		------- (Rupees in '000) ----------	
			Restated
Earnings per share - basic and diluted	36	**72.75**	24.33

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Mian Shahzad Ahmed	Mian Imran Ahmed	**Zahid Mahmood**
Chief Executive Officer	**Director**	**Chief Financial Officer**

Consolidated Statement of Comprehensive Income
For the year ended June 30, 2021

	Note	2021	2020
		------- (Rupees in '000) ----------	
Profit for the year		**3,944,495**	1,319,434
Items that may be reclassified subsequently to profit and loss			
Exchange (gain) / loss on translation of balances of foreign subsidiary		**(55)**	41
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of defined benefit liability - net of tax	9.2	**(11,226)**	(9,642)
Less: tax thereon		**1,189**	201
		-	
Total other comprehensive income for the year		**(10,037)**	(9,441)
Total comprehensive income for the year		**3,934,403**	1,310,034

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Consolidated Cash Flow Statement
For the year ended June 30, 2021

	Note	2021	2020
		------- (Rupees in '000) ----------	
A. Cash flows from operating activities			
Cash generated from operations	37	**6,514,859**	5,807,882
Taxes paid - net		**(972,672)**	(902,602)
Finance cost paid		**(637,878)**	(660,923)
GIDC paid	9.8	**(34,326)**	-
Gratuity paid	9.2.4	**(133,129)**	(185,919)
Net cash generated from operating activities		**4,736,854**	4,058,438
B. Cash flows from investing activities			
Payment for purchase of property, plant and equipment		**(12,380,451)**	(3,666,313)
Proceeds from disposal of property, plant and equipment		**61,448**	87,372
Payment for purchase of other financial assets		**(196,260)**	(775,904)
Proceeds from redemption of investments in other financial assets		**258,584**	-
Dividends received		**6,300**	9,923
Net cash used in investing activities		**(12,250,379)**	(4,344,922)
C. Cash flows from financing activities			
Receipts from long-term finance	7.1	**11,484,440**	2,422,205
Repayment of long-term finance	7.1	**(1,760,653)**	-
Long term advances		**1,708**	(3,864)
Repayment of lease liabilities		**(20,582)**	(2,454)
Dividends paid		**(387,010)**	(796,165)
Net cash generated from / (used in) financing activities		**9,317,903**	1,619,722
Net increase in cash and cash equivalents (A+B+C)		**1,804,378**	1,333,238
Cash and cash equivalents at beginning of the year		**(2,713,760)**	(4,046,998)
Cash and cash equivalents at end of the year	38	**(909,382)**	(2,713,760)

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Consolidated Statement Of Changes in Equity
For the year ended June 30, 2021

		Reserves					
		Capital			Revenue		
	Issued, subscribed and paid-up capital	Share Premium	Merger Reserve	Exchange translation reserve	General Reserve	Un-appropriated Profits	Total
	(Rupees in '000)						
Balance at June 30, 2019	180,737	10,920	11,512	691	6,977,568	8,362,963	15,544,391
Comprehensive income for the year ended June 30, 2020							
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							
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)
Second interim cash dividend @ Rs.15 per share	-	-	-	-	-	(271,106)	(271,106)
Balance at June 30, 2020	**180,737**	**10,920**	**11,512**	**732**	**6,977,568**	**8,678,901**	**15,860,370**
Comprehensive income for the year ended June 30, 2021							
Profit for the year	-	-	-	-	-	3,944,495	3,944,495
Exchange gain on translation of balances of foreign subsidiary				(55)	-	-	(55)
Other comprehensive income for the year - net of tax	-	-	-	-	-	(10,037)	(10,037)
Total comprehensive income for the year	-	-	-	(55)	-	3,934,458	3,934,403
Transfer to revenue reserves					2,000,000	(2,000,000)	-
Transactions with owners recognized directly in equity							
	-	-	-	-	-	(180,737)	(180,737)
First interim cash dividend @ Rs.10 per share	361,474	-	-	-	-	(361,474)	-
Bonus shares issued for the year @ 200%							
Balance at June 30, 2021	**542,211**	**10,920**	**11,512**	**677**	**8,977,568**	**10,071,148**	**19,614,036**

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

Notes to the Consolidated Financial Statements
For the year ended June 30, 2021

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

1.1.2 Subsidiary companies

Indus Lyallpur Limited - 75.82% owned

Indus Lyallpur Limited (ILL) is an unlisted public company limited by shares, incorporated in Pakistan on April 25, 1992 under the Companies Ordinance, 1984 (now Companies Act 2017). Principal business of the ILL is manufacturing and sale of yarn. Its manufacturing facility is located at 38th Kilometer, Shaikhupura road, District Faisalabad in the province of Punjab. Registered office of the ILL is situated at Office No. 508, 5th floor, Beaumont Plaza, Civil Lines, Karachi.

Indus Home Limited - 100% owned

Indus Home Limited (IHL) was incorporated in Pakistan as a public limited company on May 18, 2006 under the Companies Ordinance 1984 (now Companies Act, 2017). The registered office of the company is located at 174 Abu Bakar Block, New Garden Town, Lahore. The principal activities of the IHL are to manufacture and export the greige and finished terry cloth and other textile products. The manufacturing facility of the Company is located at Manga Mandi, Lahore.

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

Indus Home USA Inc. was established during the year ended June 30, 2014. Its principal business activity is to act as commission agent to generate sales order in textile sector of USA. The Subsidiary is located at 3500 South Dupont Highway Dover Delaware 19901.

Indus Wind Energy Limited - 100% owned

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

1.1.3 Sunrays Textile Mills Limited - Associate

Sunrays Textile Mills Limited was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 (now Companies Act, 2017). Its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in trade, manufacture and sale of yarn. The Company is also operating a ginning unit and an ice factory on leasing arrangements. The registered office of the Company is situated at Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab. The Holding Company has 0.99% shareholding and voting rights in the Company and it is regarded as an associate due to common directorship.

1.2 Basis of Consolidation

- The consolidated financial statements include the financial statements of the Holding Company, its subsidiaries and share of profit/loss from an associate company collectively referred to as "the Group" in these consolidated financial statements.

- Subsidiary companies are fully consolidated from the date on which more than 50% of voting rights are transferred to the Group or power to control them is established and excluded from consolidation from the date of disposal or when the control is lost.

- The financial statements of the subsidiaries are prepared for the same reporting year as of the Holding Company for the purpose of consolidation, using consistent accounting policies.

- The assets, liabilities, income and expenses of subsidiary companies are consolidated on a line by line basis.

- Material inter-group balances and transactions have been eliminated.

- Non-controlling Interest in equity of the subsidiary companies are measured at fair value as of the acquisition date of the subsidiaries.

1.3 Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Holding Company, liabilities incurred by the Holding Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are recognized in profit and loss account as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognized at their fair value at the acquisition date.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, net amounts at the acquisition-date of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit and loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the subsidiaries' net assets in the event of liquidation is measured at fair value at the date of the acquisition.

2. STATEMENT OF COMPLIANCE

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 has been followed.

2.2 Functional and presentation currency

Items included in the consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates. These financial statements are presented in Pakistani Rupees which is the Group's functional and presentation currency. All financial information presented in Pakistani Rupees has been rounded off to the nearest thousand unless otherwise indicated.

2.3 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

2.4 Amendments to IFRS interpretations that are effective for the year ended June 30, 2021

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

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 IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01,2020
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions	June 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

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

2.5 Amendments to IFRS that are not yet effective

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

Standards / Amendments / Interpretation	Effective date (accounting periods beginning on or after)
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

Standards / Amendments / Interpretation	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 1 'Presentation of Financial Statements' - Disclosure of accounting policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates	January 01, 2023
Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions extended beyond June 30, 2021	April 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction.	January 01, 2023

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

Other than the said 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

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, 8 and 35)
- Provision for staff retirement benefits (Notes 4.2, 9.2-9.6)
- Depreciation rates of property, plant and equipment (Note 15.1)
- Classification of investments (Notes 4.11, 4.20, 17 and 25)
- Net realizable value of stock-in-trade (Notes 4.9 and 20)
- Provision for impairment of trade debts and other receivables (Notes 4.10, 21 and 24)
- Provision for slow moving stores and spares (Notes 4.8 and 19.1)
- Useful lives of intangibles (note 4.6, and 16)

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.

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 statement of profit or loss, 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 Holding Company

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 gratuity is charged to statement of profit or loss 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 statement of profit or loss and actuarial gains and losses are recognized immediately in other comprehensive income.

Indus Lyallpur Limited

The Company operates 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 gratuity is charged to statement of profit or loss 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 statement of profit or loss and actuarial gains and losses are recognized immediately in other comprehensive income.

Indus Home Limited

The Company operates a recognized provident fund scheme that is a defined contribution plan for all of its employees. Equal monthly contributions are made both by the Company and the employees to the fund at the rate of 8.35% of basic salary.

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

Trade and other payables are obligations to pay for goods that have been acquired in the ordinary course of business from suppliers. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. Trade and other payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

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.

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 land which is stated at cost. Depreciation is charged to statement of profit or loss using the reducing balance method whereby cost of an asset is written-off over its estimated useful life at the rates given in note 15.1.

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 or 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.

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 Right of use assets and lease liabilities

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses if any, and adjusted for certain re-measurements of the lease liability. The right-of-use asset is depreciated using the straight line method over the shorter of the lease term and the asset's useful life. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to statement of profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Group has elected to apply the practical expedient not to recognize right-of-use asset and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

4.6 Intangible assets

Intangible assets of the Group are stated at cost less accumulated amortisation and impairment loss if any. Amortisation is charged to profit or loss account using the reducing balance method at the rates given in note 16.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 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 or 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

These are valued at cost determined on moving average cost method less allowance for obsolete and slow moving items. Items in transit are valued at invoice values plus other charges incurred thereon.

4.9 Stock in trade

These are valued at lower of cost and net realizable value. Cost is determined by applying the following basis:

	Basis of valuation
Raw material	Weighted average cost
Work in progress	Weighted average cost of material and share of applicable overheads
Finished goods	Weighted average cost of material and share of applicable overheads
Packing material	Moving average cost
Waste 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.

4.10 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 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.

4.11 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.

Subsidiary is an entity which is controlled by the Holding 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 consolidated 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 statement of profit or loss. 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 statement of profit or loss 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 as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in statement of profit or loss account in the period in which they are incurred.

4.13 Foreign currency transactions and translation

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 statement of profit or loss account.

4.13.1 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.

4.14 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.

4.15 Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group 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.

4.16 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost / amortised cost. For the purpose of the cash flow statement, cash and cash equivalents comprise of cash, balances with banks on current, savings and deposit accounts and short-term borrowings under running finance, having maturity of upto three months.

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.

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.

4.20 Financial Instruments

4.20.1 Initial recognition

All financial assets and financial liabilities are initially measured at their fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset and financial liability.

These are subsequently measured at fair value or amortized cost as the case may be. The Group recognizes financial assets and financial liabilities on the date it becomes party to the contractual provisions of the instruments.

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

4.20.2 Classification of financial assets

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

- At fairvalue through profit and loss ("FTVPL")
- At fairvalue through other comprehensive income ("FVTOCI")
- At amortized cost ("AC")

The Group determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Group's business model for managing the financial assets and their contractual cash flow characteristics.

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cashflows; and

- 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 assets that meet the following conditions are subsequently measured at FVTOCI:

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

- 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.

By default, all other financial assets are subsequently measured at FVTPL.

4.20.3 Classification of financial liabilities

The Group classifies its financial instruments in the following categories:

- At fairvalue through profit and loss ("FTVPL")
- At amortized cost ("AC")

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Group has opted to measure them at FVTPL.

4.20.4 Subsequent measurement

Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income / (loss).

Financial assets and liabilities at amortized cost

Financial assets and liabilities at amortized cost are initially recognized at fair value plus transaction costs, and subsequently carried at amortized cost using the effective interest method, and in the case of financial assets, less any impairment.

Gains or losses are recognized in the statement of profit or loss when financial instrument are derecognized or impaired or through the amortization process.

Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss in the period in which they arise.

Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Group's own credit risk will be recognized in other comprehensive (loss) income.

4.20.5 Impairment of financial assets at amortized cost

For financial assets measured at amortized cost, recognition of impairment based on expected credit loss (ECL) model. The Group measures loss allowance of an amount equal to lifetime ECL or 12 months ECL based on credit risk.

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

The Group recognizes lifetime ECL for trade receivables. 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.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

4.20.6 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.

- Financial assets

The Group derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire, or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in the statement of profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity

- Financial liabilities

The Group derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability discharged, cancelled or expired. The difference between the carrying amount of the financial liability assumed, is recognized in the statement of profit or loss.

4.20.7 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 statement of profit or loss.

Basis of valuation of instruments at amortized cost

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

Gains or losses are also recognized in the statement of profit or loss when financial assets carried at amortized cost are derecognized or impaired, and through the amortization 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 Offsetting of financial assets and financial liabilities

A financial asset and a financial liability is offset and net amount is reported in the statement of financial position 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.

5 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

2021	2020			2021	2020
Number of shares			Note	------- (Rupees in '000) -------	
		Ordinary shares of Rs.10 each			
9,637,116	9,637,116	fully paid in cash		**96,371**	96,371
		Other than cash			
5,282,097	5,282,097	Issued to the shareholders of YTML	5.1	**52,821**	52,821
39,301,983	3,154,519	Issued as bonus shares		**393,019**	31,545
54,221,196	18,073,732			**542,211**	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 The issued, subscribed and paid up capital of the Holding Company is increased as the Holding Company has issued 200% bonus shares during the year.

5.3 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.

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

	Note	2021	2020
		------- (Rupees in '000)	-------
6 RESERVES			
Capital reserves			
Share premium	6.1	**10,920**	10,920
Merger reserve	6.2	**11,512**	11,512
Exchange translation reserve	6.3	**677**	732
		23,109	23,164
Revenue reserves			
General reserve	6.4	**8,977,568**	6,977,568
		9,000,677	7,000,732

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 Holding Company over (b) consideration to shareholders of YTML as per the Scheme of Amalgamation. (Refer note 5.1)

6.3 This represents exchange translation reserve on translation of foreign subsidiary Indus Home USA Inc. (subsidiary of Indus Home Limited).

6.4 This represents reserves created out of profits of the Group.

	Note	2021	2020
		------- (Rupees in '000)	-------
7 LONG-TERM FINANCING			
Secured			
Foreign currency debt		**1,930,961**	-
From banking companies	7.1	**12,568,736**	5,563,271
		14,499,697	5,563,271
Less: Payable within one year		**(1,162,370)**	(140,364)
		13,337,327	5,422,907
Transaction cost		**(119,628)**	-
Amortization		**11,963**	-
		(107,665)	
		13,229,662	5,422,907

7.1 Details and movement are as follows:

Name of banks / institution	Note	Cash flows: As at July 01, 2020	Cash flows: Acquired during the year	Cash flows: Repaid during the year	Non-Cash flows: Transferred	As at June 30, 2021	Current maturity
		------- (Rupees in '000) -------					
Allied Bank Limited	7.4.1	1,630,760	1,297,080	(815,275)	-	2,112,565	167,822
Soneri Bank Limited	7.4.2	-	583,387	-	(69,019)	514,367	4,818
MCB Bank Limited	7.4.3	1,596,156	358,430	(19,098)	-	1,935,488	169,157
United Bank Limited	7.4.4	283,524	307,540	(3,946)	-	587,118	39,395
Habib Bank Limited	7.4.5	1,236,912	3,780,010	(715,844)	(368,584)	3,932,494	166,903
Askari Bank Limited	7.4.6	257,311	1,303,537	(7,375)	(206,220)	1,347,253	58,275
Salaries Re-Finance HBL	7.4.7	195,410	116,892	(62,087)	(14,227)	235,988	154,720
Salaries Re-Finance Bank of Punjab	7.4.8	-	357,628	(27,042)	(39,487)	291,099	161,765
Habib Metro Bank Limited	7.4.9	-	225,429	-	-	225,429	-
Bank Al-Habib Limited	7.4.10	259,658	455,900	(12,552)	-	703,006	55,967
SBP rozgar refinance scheme	7.4.11	103,541	265,562	(97,434)	(1,337)	270,332	177,371
Pakistan Kuwait Investment Company Private Limited	7.4.12	-	502,084	-	(88,486)	413,598	6,177
CDC Group UK - Foreign loan	7.4.13	-	1,930,961	-	-	1,930,961	-
Grand total		5,563,272	11,484,440	(1,760,653)	(787,361)	14,499,697	1,162,370

7.2 Particulars of long-term financing

Type and nature of loan	2021 Amount outstanding	Mark up rate per annum	Terms of repayments
	Rupees in '000		
Long term finance facility (LTFF)	7,205,847	1.75% to 5.0%	Quarterly and half yearly
Term finances	132,008	3 months Kibor + 0.5% to 0.75%	Quarterly
Temporary Economic Refinancing Facility	1,060,514	1.75% to 2.25%	Quarterly
SBP Renewable Energy	3,372,949	3% to 4.75%	Quarterly
Foreign debt	1,930,961	USD LIBOR + 4.25%	Quarterly
Salaries Re-Finance	797,418	0.5% to 1%	Quarterly
	14,499,697		

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)	5,303,754	2.50% to 5.0%	Quarterly and half yearly
Salaries Re-Finance HBL	195,410	1%	Quarterly
	5,563,271		

7.3 These finances are secured by charge over Land and Building of Hyderabad unit and Plant and Machinery of all units of the Group.

	Name of institution	Limit sanctioned	Outstanding amount	Details of financing, security and repayment terms
		---------Rs. in million---------		
7.4.1	Allied Bank Limited	**680 to 1,700**	2,112.56	"The facility is secured against first/Joint pari passu hypothecation charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 2.5% to 3% on this facility and repayable in quarterly basis.
7.4.2	Soneri Bank Limited	**250**	514.37	"The facility is secured against existing Joint pari passu charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made 32 equal quarterly installments. Mark up rate is 2% on this facility and repayable in quarterly basis.
7.4.3	MCB Bank Limited	**400 to 827**	1,935.49	The facility is secured against existing Joint pari passu charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 1.75% to 2.5% on temporary Economic Refinancing Facility and 2.80% on Long Term Financing Facility and repayable in quarterly basis.

	Name of institution	Limit sanctioned	Outstanding amount	Details of financing, security and repayment terms
		---------Rs. in million---------		
7.4.4	United Bank Limited	**1,100**	587.118	The facility is secured against existing Joint pari passu charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 2.25% on temporary Economic Refinancing Facility and 4% on Long Term Financing Facility and repayable in quarterly basis.
7.4.5	Habib Bank Limited	**2,997**	3,932.49	The facility is secured against 1st Joint pari passu charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin. The repayment of loan (principal amount) will be made 32 equal quarterly installments of Temporary Economic Refinancing Falicilty & Half Yearly Installment on Long term Financing Facility. Mark up rate is 1.75% on temporary Economic Refinancing Facility & 2.8% on Long Term Financing Facility and repayable in quarterly basis.
7.4.6	Askari Bank Limited	**250**	1,347.25	The facility is against 1st Joint pari passu charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all units) with 25% margin.. The repayment of loan (principal amount) will be made equal quarterly installments. Mark up rate is 2.5% on this facility and repayable in quarterly basis.
7.4.7	Habib Bank Limited - Refinance Scheme	**100 to 338.96**	235.99	During the year, the Group 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 338.96 million. The facility is secured against existing first pari passu charge over Land, Building and Plant and Machinery installed at Hyderabad, Karachi, and Muzaffargarh Units. The repayment of loan (principal amount) will be made in 8 equal quarterly installments. Mark up rate is 1% on this facility and repayable in quarterly basis.

	Name of institution	Limit sanctioned	Outstanding amount	Details of financing, security and repayment terms
		---------Rs. in million---------		
7.4.8	Bank of Punjab - Refinance Scheme	75 to 1,500	291.09	During the year, the Group has entered into an arrangement with Bank of Punjab 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 254 million. The facility is secured against existing first pari passu charge over Group's fixed assets (Land, Building and Plant and Machinery of all Group units) duly registered with the Securities and Exchange Commission of Pakistan inclusive of 25% margin. The repayment of loan (principal amount) will be made in 8 equal quarterly installments commencing from July 2021. Mark up rate is 0.5% on this facility and repayable in quarterly basis.
7.4.9	Habib Metropolitan Bank Limited	350 to 956	225.429	During the year, the Group has entered into an arrangement with Habib Metropolitan Bank Limited for obtaining Renewable Energy Financing Facility under State Bank of Pakistan (SBP) to facilitate Solar Panel installation at Hyderabad Unit maximum of Rs 100 million. The facility is secured against existing first pari passu charge over Group's fixed assets (Land and Building of Hyderabad unit and Plant and Machinery of all Group units) duly registered with the Securities and Exchange Commission of Pakistan inclusive of 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is SBP rate + 1% to 3% on this facility and repayable in quarterly basis.
7.4.10	Bank Al Habib Limited	250 to 1,206	703.01	The facility is secured against existing Joint pari passu charge over Group's fixed assets (Land and Building ,Plant and Machinery) with 25% margin. The repayment of loan (principal amount) will be made in equal quarterly installments. Mark up rate is 2.5% to 5% on Long Term Financing Facility and repayable in quarterly basis.

7.4.11 This represents loan under Refinance Scheme for Payment of Wages and Salaries to Workers and Employees of Business Concerns (the SBP rozgar refinance scheme) offered by State Bank of Pakistan to mitigate the effect of COVID-19 on employment in Pakistan. The facility has an aggregate sanctioned limit of Rs. 400 million and is availed to finance wages and salaries (excluding bonuses, sales incentives, employee benefit plans, staff retirement benefits, gratuity etc.) of permanent, contractual, daily wagers as well as outsourced employees (collectively the "Employees" for months of April to September, 2020. It carries mark-up at SBP rate plus 0.5% to 0.9% per annum and is secured against First Pari Passu Hypothecation Charge of Rs. 534 million over fixed assets of the Group. The loan has been measured at its fair value in accordance with IFRS 9 (Financial

Instruments) using effective interest rate of 3 months KIBOR at respective draw down dates. The difference between fair value of loan and loan proceeds has been recognized as deferred grant as per requirements of IAS 20 (Accounting for Government grants and disclosure of Government assistance) and as per Circular 11/2020 issued by the Institute of Chartered Accountants of Pakistan.

7.4.12 This represents long term syndicated local debt financing from commercial banks up to Rs. 4,968 million. Initially, the loan is obtained under a mark-up arrangement @ 3 months KIBOR + 1.75%, repayable over 13 years starting from June 30, 2022. However subsequently, a conversion is applied with SBP for a subsidized rate arrangement of 4.75% (3% + 1.75%) as per the SBP Renewable Energy Refinance Scheme, repayable over 10 years from June 30, 2022. The loan is secured by way of first pari-passu hypothecation charge against the project assets.

7.4.13 The Group has arranged long term foreign debt financing from CDC Group Plc up to USD 27.6 million (2020: Nil) under mark-up arrangement. The facility is subject to mark-up @ 3 month USD LIBOR + 4.25% (2020: Nil) which is determined at the start of each quarter and is payable on quarterly basis in arrears.

The loan is repayable over a period of 13 years starting from June 30, 22. The facility is secured by way of first pari-passu hypothecation charge over project assets.

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

8 DEFERRED TAXATION

	Opening balance	Recognized in statement of profit or loss	Recognized in statement of comprehensive income	Closing balance
	(Rupees in '000)			
Movement for the year ended June 30, 2021				
Deductible temporary differences in respect of:				
Provision for:	(38,312)	4,126	(1,189)	(35,375)
- retirement benefits	(4,565)	(6,133)	-	(10,698)
- provision of stores and spare parts	(6,081)	2,873	-	(3,208)
- provision of trade debts	(79)	1,259	-	1,180
- other financial assets	(4,800)	2,880	-	(1,920)
- short term borrowings	-	(6,804)	-	(6,804)
- lease liabilities	(244,125)	202,394	-	(41,731)
Others				
	(297,962)	200,595	(1,189)	(98,556)
Taxable temporary differences in respect of:				
- accelerated tax depreciation	315,731	(18,257)	-	297,474
- Right of use asset	-	6,250	-	6,250
- unrealized export debtors	7,128	(7,066)		62
	322,859	(19,073)	-	303,786
Deferred tax liability	24,897	181,522	(1,189)	205,230

Movement for the year ended June 30, 2020	Opening balance	Recognized in statement of profit or loss	Recognized in statement of comprehensive income	Closing balance
	(Rupees in '000)			
Deductible temporary differences in respect of:				
Provision for:				
- retirement benefits	(45,194)	6,681	201	(38,312)
- provision of 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
- unclaimed amortisation on intangibles	124	(124)	-	-
	432,661	(109,802)	-	322,859
Deferred tax liability	172,703	(148,007)	201	24,897

	Note	2021	2020
		Rupees in '000	
Statement of profit or loss		**181,522**	(148,007)
Other comprehensive income		**(1,189)**	201
		180,333	(147,806)

9 DEFERRED LIABILITIES

	Note	2021	2020
Staff retirement gratuity:			
- the Holding Company	9.2	**281,411**	301,280
- Indus Lyallpur Limited	9.3	**56,698**	43,351
- Indus Home Limited	9.4	**-**	122,150
- Indus Wind Energy Limited	9.5	**3,219**	2,854
Deferred government grant	9.7	**798,685**	14,324
Gas Infrastructure Development Cess (GIDC)	9.8	**876,497**	1,041,694
		2,016,510	1,525,653
Less: current portion of deferred liabilities			
	9.7	**(46,764)**	21,473
Deferred government grant	9.8	**(202,470)**	-
Gas Infrastructure Development Cess (GIDC)		**(249,234)**	21,473
		1,767,276	1,547,126

9.2 Staff retirement gratuity - the Holding Company

The Holding 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, 2021 using Projected Unit Credit Method. Details of assumptions used and the amounts recognized in these financial statements are as follows:

9.2.1 Significant actuarial assumptions and methods	2021	2020
Discount rate	**10.00%**	8.50%
Expected rate of increase in salary level	**9%**	8%
Weighted average duration of defined benefit obligation	**6 years**	7 years
Average duration of liability	**5 years**	6 years

The critical gap between the discount rate and salary growth rate is one percentage point (i.e. 1%). This gap was 0.5% in previous year's valuation.

9.2.2 Assumption

Discount rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. The discount rate used for the valuation is 10.00% per annum. This rate is consistent with the guidelines of the Pakistan Society of Actuaries on setting discount rates.

Rate of growth in salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increases will be 9.00% per annum.

Mortality, Withdrawal and Disability Retirement Rates

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

Withdrawal rates used in this valuation are heavier than those used in the previous valuation.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

	Note	2021	2020
		Rupees in '000	
9.2.3 Present value of defined benefit obligation		**281,411**	301,281

		Note	2021	2020
			Rupees in '000	
9.2.4	**Movement in net defined benefit liability**			
	Balance at the beginning of the year		**301,281**	266,815
	Recognized in statement of profit or loss			
	Current service cost		**40,929**	56,864
	Interest cost		**21,654**	30,111
			62,583	86,975
	Recognized in other comprehensive income			
	Actuarial loss/ (gains) - net (refer below)	**9.2.6**	**10,602**	(657)
	Benefits paid		**(93,055)**	(51,852)
	Balance at the end of the year		**281,411**	301,281
9.2.5	**Expense recognise in profit or loss**			
	Current service cost		**40,929**	56,864
	Net interest cost		**21,654**	30,111
	Expense recognise in profit or loss		**62,583**	86,975
9.2.6	**Remeasurement recognised in Other Comprehensive Income**			
	Actuarial (gain) / losses from changes in demographic assumptions		**-**	-
	Gain from change in financial assumption		**(11,031)**	-
	Experience loss / (gain)		**21,633**	(657)
	Net re-measurements		**10,602**	(657)
9.2.7	**Net recognised liability**			
	Net liability at the beginning of year		**301,281**	266,815
	Expense recognised in profit or loss		**62,583**	86,975
	Contribution made to the plan during the year		**(93,055)**	(51,852)
	Remeasurements recognised in other comprehensive income		**10,602**	(657)
			281,411	301,281

9.2.8 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%	267,756	295,768
Salary growth rate	1%	295,762	267,752

9.2.9 The expected gratuity expense for the next year amounted to Rs.76.989 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, 2021 using Project Unit Credit Method

9.3.1 Significant actuarial assumptions and methods	2021	2020
Discount rate	**10.00%**	8.50%
Expected rate of increase in salary level	**9%**	8%
Average duration of liability	**9 years**	9 years

The critical gap between the discount rate and salary growth rate is one percentage point (i.e. 1%). This gap was 0.5% in previous year’s valuation.

9.3.2 Assumption

Discount rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. The discount rate used for the valuation is 10.00% per annum. This rate is consistent with the guidelines of the Pakistan Society of Actuaries on setting discount rates.

Rate of growth in salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increases will be 9.00% per annum.

Mortality, Withdrawal and Disability Retirement Rates

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

Withdrawal rates used in this valuation are heavier than those used in the previous valuation.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

		Note	2021	2020
			Rupees in '000	
9.3.3	**Present value of defined benefit obligation**		56,698	43,351
9.3.4	**Movement in net defined benefit liability**			
	Balance at the beginning of the year		**43,351**	36,777
	Recognized in statement of profit or loss			
	Current service cost		**18,412**	14,201
	Interest cost		**4,765**	4,024
			23,177	18,225
	Recognized in other comprehensive income			
	Actuarial loss/ (gains) - net (refer below)	9.3.6	**624**	(2,487)
	Benefits paid		**(10,454)**	(9,164)
	Balance at the end of the year		**56,698**	43,351
9.3.5	**Expense recognise in profit or loss**			
	Current service cost		**18,412**	14,201
	Net interest cost		**4,765**	4,024
	Expense recognise in profit or loss		**23,177**	18,225
9.3.6	**Remeasurement recognised in Other Comprehensive Income**			
	Experience loss / (gain)		**624**	(2,487)
	Net re-measurements		**624**	(2,487)
9.3.7	**Net recognised liability**			
	Net liability at the beginning of year		**43,351**	36,777
	Expense recognised in profit or loss		**23,177**	18,225
	Contribution made to the plan during the year		**(10,454)**	(9,164)
	Remeasurements recognised in other comprehensive income		**624**	(2,487)
			56,698	43,351

9.3.8 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%	51,842	62,010
Salary growth rate	1%	62,009	51,841

9.3.9 The expected gratuity expense for the next year amounted to Rs. 28.519 million. This is the amount by which defined benefit liability is expected to increase.

9.4 Staff retirement gratuity - Indus Home Limited

The actuarial valuation was carried out as at June 30, 2021 using Project Unit Credit Method

9.4.1 Significant actuarial assumptions and methods	2021	2020
Discount rate	**10.00%**	8.50%
Expected rate of increase in salary level	**9%**	8%
Average duration of liability	**9 years**	9 years

The critical gap between the discount rate and salary growth rate is one percentage point (i.e. 1%). This gap was 0.5% in previous year's valuation.

9.4.2 Assumption

Discount rate

The market of high quality corporate bonds is not deep enough in Pakistan. Therefore, discount rate is based on market yields on government bonds as at the valuation date. The discount rate used for the valuation is 10.00% per annum. This rate is consistent with the guidelines of the Pakistan Society of Actuaries on setting discount rates.

Rate of growth in salary

The Gratuity benefits are calculated using the Gross Salary. In view of the market expectations and long-term monetary policy of the State Bank regarding inflation, it has been assumed that the average rate of long-term future Salary increases will be 9.00% per annum.

Mortality, Withdrawal and Disability Retirement Rates

Mortality rates assumed were based on the SLIC 2001-2005 mortality table.

Withdrawal rates used in this valuation are heavier than those used in the previous valuation.

The rates for withdrawal from service and retirement on ill-health grounds are based on industry / country experience.

		Note	2021	2020
			Rupees in '000	
9.4.3	**Present value of defined benefit obligation**		-	122,150

9.4.4 Movement in net defined benefit liability

	Note	2021	2020
Balance at the beginning of the year		**122,150**	177,937
Recognized in statement of profit or loss			
Current service cost		**41,662**	40,181
Interest cost		**-**	16,460
		41,662	56,641
Recognized in other comprehensive income			
Actuarial loss/ (gains) - net (refer below)	9.4.6	**-**	12,430
Benefits paid		**(28,345)**	(124,857)
Transferred to trade and other payables		**(135,467)**	-
Balance at the end of the year		**-**	122,150

9.4.5 Expense recognise in profit or loss

	2021	2020
Current service cost	**41,662**	40,181
Net interest cost	**-**	16,460
Expense recognise in profit or loss	**41,662**	56,641

9.4.6 Remeasurement recognised in Other Comprehensive Income

	2021	2020
Experience loss / (gain)	**-**	12,430
Net re-measurements	**-**	12,430

9.4.7 Net recognised liability

	2021	2020
Net liability at the beginning of year	**122,150**	177,937
Expense recognised in profit or loss	**41,662**	56,641
Contribution made to the plan during the year	**(28,345)**	(124,857)
Remeasurements recognised in other comprehensive income	**-**	12,430
Transferred to trade and other payables	**(135,467)**	-
	-	122,150

9.4.8 During the year, the Company has discontinued its unfunded gratuity scheme as at December 31, 2020 and this current service cost is recognised to reflect the difference between carrying value of gratuity payable and the terminal value. The terminal value is calculated by multiplying last drawn gross salary with number of years of employment. The Company has incorporated a recognised provident fund trust for its employees starting from January 01, 2021.

		Note	2021	2020
			Rupees in '000	
9.5	**Staff retirement gratuity - Indus Wind Energy Limited**			
9.5.1	**Present value of defined benefit obligation**		**3,219**	2,854

9.5.2 Movement in net defined benefit liability

	2021	2020
Opening balance	**2,854**	1,008
Charge for the year	**1,640**	676
Transferred from the Parent Company	**-**	1,215
	4,494	2,899
Paid during the year	**(1,275)**	(45)
Closing balance	**3,219**	2,854

Management has assessed that had an actuarial valuation been carried out, the resulting provision calculated as at June 30, 2021 would not have been materially different than calculated above.

9.6 Risks to which the scheme 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 1 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 attached to this grant.

	Note	2021	2020
		Rupees in '000	
Opening		**35,797**	-
Government grant recognised		**802,591**	36,367
Less: Amortization of government grant	30	**(39,703)**	(570)
		798,685	35,797
Less: Current portion of deferred government grant		**(46,764)**	(21,473)
		751,921	14,324

9.8 Gas Infrastructure Development Cess

	Note	2021	2020
		Rupees in '000	
Balance at the beginning of the year		**1,041,694**	898,319
Expense for the year		**16,395**	143,375
Discounting of GIDC		**(206,788)**	-
Unwinding of interest		**59,522**	-
Payment made during the year		**(34,326)**	-
GIDC payable		**876,497**	1,041,694
Less: Payable within one year		**(202,470)**	-
		674,027	1,041,694

Gas Infrastructure Development Cess (GIDC) was levied through GIDC Act, 2011 with effect from December 15, 2011 and was chargeable from industrial gas customers at different rates as prescribed by the Federal Government through OGRA notification.

On June 13, 2013, the Honorable Peshawar High Court declared the levy, imposition and recovery of the Cess unconstitutional with the direction to refund the "Cess" so far collected. Honorable Supreme Court of Pakistan examined the case and vide its findings dated August 22, 2014, concluded that GID Cess is a fee and not a tax and on either count the "Cess" could not have been introduced through a money bill under Article 73 of the Constitution and the same was, therefore, not validly levied in accordance with the Constitution. However, on September 25, 2014, the President of Pakistan had promulgated GID Cess Ordinance 2014, which was applicable to the whole of Pakistan and has to be complied by all parties.

On September 29, 2014, the Honorable Sindh High Court gave a stay order to various parties against the promulgation of Presidential order dated September 25, 2014.

On May 22, 2015, the GID Cess Act, 2015 was passed by Parliament applicable on all consumers. 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 High Court of Sindh held that enactment of GIDC Act, 2015 is ultra-vires to the Constitution of Pakistan. Sui Southern Gas Company Limited has filed an intra-court appeal before the Divisional Bench of High Court of Sindh. On August 13, 2020, GIDC matter is decided by the Supreme Court of Pakistan and the Court has ordered gas consumers to pay outstanding amount of GIDC upto July 31, 2020 in twenty four equal monthly installments, starting from August 2020.

The Supreme Court, in its judgement dated November 03, 2020 allowed the recovery of the amount in 48 equal installments with one year grace period as oppose to 24 equal installments and 6 months grace period mentioned in the original decision dated August 13, 2020.

Further, The Institute of Chartered Accountants of Pakistan (ICAP) issued guidelines in January 2021 on accounting of gas infrastructure development cess as per latest judgment of the Supreme Court.

As per the guidelines the provision for GIDC should be accounted in accordance with IFRS 9 “Financial Instruments”.In compliance with the guidelines issued by ICAP, the liability for GIDC has been remeasured at fair value in accordance with IFRS 9. The difference amounting to Rs. 206.788 million between the fair value of GIDC liability (i.e.present value of amount required to be paid to settle the GIDC liability) and transaction price of GIDC liability (i.e. undiscounted amount of GIDC liability) has been recognised as a gain on discounting of liability for GIDC in statement of profit or loss.

	Note	2021	2020
		Rupees in '000	
10 LEASE LIABILITIES			
Balance at the beginning of the year		**42,890**	-
Amount recognized during the year		**59,241**	41,465
Interest accrued		**9,332**	3,879
Lease rentals paid during the year		**(4,500)**	(2,454)
	10.1	**106,963**	42,890
Current portion of lease liabilities		**(19,861)**	(3,896)
Balance at year end		**87,102**	38,994

10.1 The future payments of lease liabilities are as follows:

This represents lease contract for head office Karachi having an estimated lease term of 5 years. The contract is discounted using incremental borrowing rate of the Group.

The future minimum lease payments to which the Group is committed under the agreement will be due as follows:

	June 30, 2021			June 30, 2020		
	Minimum lease payment	**Finance cost allocated to future lease payment**	**Present value of minimum lease payment**	Minimum lease payment	Finance cost allocated to future lease payment	Present value of minimum lease payment
	-------------------Rupees in 000 -------------------			-------------------Rupees in 000 -------------------		
Not later than one year	**25,301**	**5,440**	**19,861**	5,436	1,540	3,896
later than one year but not later than five years	**137,714**	**50,612**	**87,102**	69,165	30,171	38,994
	163,015	**56,052**	**106,963**	74,601	31,711	42,890

		Note	2021	2020
			Rupees in '000	
11	**TRADE AND OTHER PAYABLES**			
	Creditors		**559,828**	527,573
	Accrued liabilities		**1,834,340**	1,455,463
	Foreign bills payable		**794,923**	22,394
	Bills against gratuity scheme		**135,467**	-
	Infrastructure cess		**707,510**	552,218
	Workers' Profits Participation Fund	11.1	**31,867**	62,796
	Workers Welfare Fund	14.1.6	**36,413**	14,252
	Contract liabilities		**115,085**	94,240
	Withholding tax payable		**11,889**	91,331
	Income tax payable		**27,291**	-
	Sales tax payable		**100,554**	2,029
	Derivative financial liability		**4,544**	-
	Others		**46,683**	96,792
			4,406,394	2,919,088

		Note	2021	2020
			Rupees in '000	
11.1	**Workers' Profits Participation Fund**			
	Balance at beginning of the year		**62,796**	39,272
	Allocation for the year	33	**261,794**	108,060
	Interest charged during the year on the funds utilized by the Group		**866**	1,316
			325,456	148,648
	Payments made during the year		**(293,589)**	(85,852)
	Balance at end of the year		**31,867**	62,796

		2021	2020
12	**INTEREST / MARK-UP PAYABLE**		
	On secured loans from banking companies:		
	- Long-term financing	**112,214**	4,827
	- Short-term borrowings	**68,530**	104,001
		180,744	108,828

	Note	2021	2020
		Rupees in '000	
13 SHORT-TERM BORROWINGS			
From banking companies - secured			
Running finance	13.1	**2,134,844**	3,238,717
Foreign currency financing against export / import	13.2	**5,250,513**	2,229,967
Foreign bill discounting	13.3	**546,733**	-
Money market loan	13.4	**645,000**	1,275,000
	13.5	**8,577,090**	6,743,684

13.1 These carry mark-up ranging from 1 week,1 month and 3 months KIBOR + 0% to 1% (2020: 1 week,1 month and 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 0.9% to 4% (2020: 1.8% to 4.5%) on foreign currency borrowing amount. These arrangements are secured against charge over current assets of the Group, lien on export documents and registered hypothecation charge over current assets. These have original maturity period exceeding three months.

13.3 Foreign bill discounting facility amounting to Rs. 1,165 million at pricing of 1% to 2.5% per annum. The mark-up is payable at a source.

13.4 These carry mark-up rate ranging from 1 month KIBOR plus 0.10% to 0.25% (2020: 2 week KIBOR plus 0.20% to 1 month KIBOR + 0.50%). These are secured against registered hypothecation charge over current assets of the Group.

13.5 The Group has aggregated short-term borrowing facilities amounting to Rs. 21,428 million (2020: Rs. 6,774 million) from various commercial banks.

14 CONTINGENCIES AND COMMITMENTS

14.1 Contingencies

14.1.1 The Group has recognised GIDC payable amounting to Rs. 876.497 million in these financial statements on the basis of GIDC rate applicable to industrial consumers. However, SSGC and SNGPL has charged GIDC on the basis of GIDC tariff applicable to captive consumers resulting in differential of Rs. 887 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 sales tax related matters with aggregate demand of Rs. 1.357 million (2020. Rs. 58.792 million). 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.

14.1.3 The Group has filed an application under section 170 of the Income tax Ordinance (the Ordinance) for issuance of refunds amounting to Rs. 21.89 million which were already assessed by assessing officer under section 122(5A). However, the Deputy Commissioner Inland Revenue (“DCIR”) issued order under section 170(4) of the Ordinance whereby he rejected the refund balance aggregating to Rs. 10.30 million

Being aggrieved by the order of the DCIR, the Group has preferred an appeal before the learned CIR(A), Lahore, which is pending adjudication. The management expects favourable outcome and accordingly no provision has been recorded.

14.1.4 The Group has filed income tax return for the tax year 2013 declaring tax losses amounting to Rs. 7.31 million and claiming refund amounting to Rs. 35.99 million. The said return is a deemed assessment order treated to be issued by the Commissioner by considering the provisions of section 120(1)(b) of the Ordinance. The Additional Deputy Commissioner Inland Revenue ("ADCIR") amended the deemed assessment order under section 122(5A) of the Ordinance; thereby assessing income at Rs. 10.187 million and refund at Rs. 33.77 million.

Being aggrieved by the order of the ADCIR, the Group preferred an appeal before the learned CIR(A), Lahore, whereby the case has been decided in favour of the Group.

Being aggrieved by the order of the learned CIR(A), Lahore, the tax department has preferred an appeal before the learned ATIR. The said appeal had been fixed / attended; however, no order has been received yet. The management expects favourable outcome and accordingly no provision has been recorded.

14.1.5 The Additional Commissioner Inland Revenue ("ACIR") issued show cause notice bearing No. Unit-11/ST/90 dated 30 November 2020; whereby, it was confronted that certain discrepancies have been observed during the post refund audit of claims filed by the Group for the tax periods July 2019 to October 2019. Resultantly, Group has wrongly obtained excess refund of Rs. 161.822 million in violation of section 3,6,7,10,2 & 26 of the Sale Tax Act, 1990 read with refund rules provided in Chapter-V of Sales Tax Rules, 2006 (The Sale Tax Rules).

In response to the aforesaid notice, the Group submitted the reply vide letter bearing No.039/20-21 dated 30 March 2021. Afterwards, the ACIR issued the Assessment Order No. ST/U-7/02/2021 dated 30 March 2021, whereby the Sales Tax demand (inclusive of penalty) of Rs. 108.148 million was created.

Being aggrieved with the aforesaid order, the Group filed an appeal before the learned Commissioner Inland Revenue (Appeal) ("CIR(A)"), which is pending adjudication. The management expects favourable outcome and accordingly no provision has been recorded.

14.1.6 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 Group together with other stakeholders filed the petition in the Sindh High Court which, in 2013, decided the petition against the Group 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	2021	2020
			Rupees in '000	
14.1.7	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
14.1.8	Guarantees issued by banks in favour of custom authorities on behalf of the Group		**26,467**	26,467
14.1.9	Guarantees issued by banks in favor of gas / electric distribution companies		**345,740**	300,827
14.1.10	Bank guarantees against payment of infrastructure cess		**630,542**	499,542
14.1.11	Bank guarantees against in favor of Government of Sindh		**113,154**	58,154
14.1.12	Bank guarantees against in favor 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		**8,488,881**	3,776,370
	Civil work contracts		**213,801**	31,512
	Foreign currency forward contracts - Sale		**2,150,850**	459,142
	Guarantee for Central Power Purchase Authority for completion Wind Power Project		**276,063**	294,088
	Processing fee for long term financing for Wind Power Project		**-**	110,118
	Post dated cheques, Revenue Department - Government of Pakistan		**1,662,462**	1,254,173
	Sales contract to be executed		**6,690,449**	808,178
	Stand by letter of credit (Indus Wind)		**1,476,559**	-

14.3 The Group has total unutilised facility limit against letter of credits aggregating to Rs. 5.967 billion (2020: 5.513 billion) as of reporting date.

	Note	2021	2020
		Rupees in '000	
15 PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	**14,878,753**	13,191,102
Capital work-in-progress	15.4	**10,324,790**	997,740
Right-of-use assets	15.5	**103,060**	49,144
		25,306,603	14,237,986

15.1 **Operating fixed assets**

	2021							
Particulars	**Cost at July 01, 2020**	**Additions / (disposal) during the year**	**Cost at June 30, 2021**	**Accumulated depreciation at July 01, 2020**	**Depreciation/ (adjustment) for the year**	**Accumulated depreciation at June 30, 2021**	**Carrying value at June 30, 2021**	**Depreciation rate**
	----------	----------	----------	Rupees in '000'	----------	----------	----------	**%**
Owned								
Freehold land	**492,124**	**379,312** **(1,664)**	**869,772**	**-**	**-**	**-**	**869,772**	**-**
Leasehold land	**142,647**	**-**	**142,647**	**(1,627)**	**-**	**(1,627)**	**144,274**	**-**
Factory buildings on leasehold land	**3,063,370**	**209,687**	**3,273,057**	**1,192,334**	**198,454**	**1,390,788**	**1,882,269**	**5%**
Non-factory buildings on on leasehold land	**177,606**	**4,012**	**181,618**	**123,239**	**5,585**	**128,824**	**52,794**	**10%**
Office building	**158,148**	**-**	**158,148**	**47,053**	**3,627**	**50,680**	**107,468**	**5%**
Plant and machinery	**16,543,870**	**2,008,149** **(290,382)**	**18,261,637**	**7,317,944**	**966,249** **(224,421)**	**8,059,772**	**10,201,865**	**10%**
Electric installations	**285,156**	**36,949**	**322,105**	**150,657**	**14,893**	**165,550**	**156,555**	**10%**
Solar panel	**-**		**-**	**-**		**-**	**-**	**10%**
Power generators	**1,250,141**	**228,704** **(16,084)**	**1,462,761**	**448,848**	**85,830** **(13,524)**	**521,154**	**941,607**	**10%**
Factory equipment	**178,009**	**179,038**	**357,047**	**82,687**	**12,671**	**95,358**	**261,689**	**10%**
Office equipment	**41,806**	**4,102** **(698)**	**45,210**	**13,052**	**3,829** **(1,501)**	**15,380**	**29,830**	**10%**
Furniture and fixtures	**59,704**	**8,859** **(1,377)**	**67,186**	**22,363**	**4,160**	**26,523**	**40,663**	**10%**
Vehicles	**396,583**	**43,733** **(16,964)**	**423,352**	**201,512**	**42,800** **(10,927)**	**233,385**	**189,967**	**20%**
June 30, 2021	**22,789,164**	**3,102,545** **(327,169)**	**25,564,540**	**9,598,062**	**1,338,098** **(250,373)**	**10,685,787** **(76,796)**	**14,878,753**	

Particulars	Cost at July 01, 2019	Additions / (disposal) during the year	Cost at June 30, 2020	Accumulated depreciation at July 01, 2019	Depreciation/ (adjustment) for the year	Accumulated depreciation at June 30, 2020	Carrying value at June 30, 2020	Depreciation rate
	2020							
	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 on leasehold land	2,579,836	483,534	3,063,370	1,066,357	125,977	1,192,334	1,871,036	5%-10%
Non-factory buildings on on leasehold land	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 17,700 * (62,861)	1,250,141	420,879	65,067 9,800 (37,098)	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%-20%
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	2,988,197 (366,332) (16,265)**	22,789,164	8,770,347	1,107,383 (274,789)* (4,880)	9,598,062	13,191,102	

15.1.1 Allocation of depreciation

	Note	2021	2020
		Rupees in '000	
Cost of goods sold	29	**1,282,310**	1,054,355
Administrative expenses	32	**55,788**	53,028
		1,338,098	1,107,383

15.2 Disposals of operating fixed assets

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers	Relationship of purchaser with the company
	-----	-----	Rupees in '000'	-----	-----			
Freehold Land								
Shujabad	1,664	-	1,664	1,664	-	Negotiation	Mr. Khawja Rafeeq Ahmed	None
Plant and machinery								
Fork Lifter TCM	3,639	(580)	3,059	250	(2,809)	Negotiation	Mr. Muhammad Iftikhar	None
Simplex Frame	6,246	(3,370)	2,876	800	(2,076)	Negotiation	Mr. Muhammad Iftikhar	None
Carding Machine	21,860	(19,310)	2,550	2,245	(305)	Negotiation	Mr. Muhammad Iftikhar	None
Drawing Machine	7,170	(5,727)	1,443	650	(793)	Negotiation	Mr. Shahid Abbas	None
Fork Lifter With Bale Clamp	2,021	(918)	1,103	824	(279)	Negotiation	Mr. Aleem Ejaz	None
Drawing Machine	3,746	(3,058)	688	870	182	Negotiation	Mr. Faryad Ali	None
Drawing Machine	3,746	(3,058)	688	870	182	Negotiation	Mr. Faryad Ali	None
XROLL MK-6 Card	3,808	(2,627)	1,181	41	(1,140)	Negotiation	Sanyo Sajid Chaudry	None
XROLL MK-6 Card	3,808	(2,627)	1,181	41	(1,140)	Negotiation	Sanyo Sajid Chaudry	None
XROLL MK-6 Card	3,808	(2,627)	1,181	41	(1,140)	Negotiation	Sanyo Sajid Chaudry	None
SCHLAFHORST 338	14,970	(10,370)	4,600	833	(3,767)	Negotiation	Shahzad Khan	None
TRUTZSCHLER TD 03	3,007	(1,699)	1,308	684	(624)	Negotiation	Imran Trader	None
TRUTZSCHLER TD 03	3,007	(1,776)	1,231	41	(1,190)	Negotiation	Sanyo Sajid chaudry	None
TRUTZSCHLER TD 03	3,007	(1,776)	1,231	41	(1,190)	Negotiation	Sanyo Sajid chaudry	None
TRUTZSCHLER TD 03	3,007	(1,776)	1,231	41	(1,190)	Negotiation	Sanyo Sajid chaudry	None
TRUTZSCHLER TD 03	2,900	(2,121)	779	2,060	1,281	Negotiation	Sanyo Sajid chaudry	None
Pad Steam Dyeing Range	39,435	(29,120)	10,315	917	(9,398)	Negotiation	Tahir Mehmood	Third party
Dornier (Dobby) 300 cm	11,189	(8,436)	2,753	2,900	147	Negotiation	Terry Master	Third party
Dornier (Dobby) 300 cm	6,196	(4,589)	1,607	1,800	193	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	6,196	(4,589)	1,607	1,800	193	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	6,196	(4,589)	1,607	1,800	193	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	6,196	(4,589)	1,607	1,800	193	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	6,196	(4,646)	1,550	2,775	1,225	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	6,196	(4,646)	1,550	2,775	1,225	Negotiation	Polani Textile	Third party

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers	Relationship of purchaser with the company
	----------	----------	Rupees in '000'	----------	----------			
Freehold Land								
Dornier (Dobby) 300 cm	6,196	(4,646)	1,550	2,775	1,225	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	6,196	(4,646)	1,550	2,775	1,225	Negotiation	Polani Textile	Third party
Dornier (Dobby) 300 cm	11,189	(8,436)	2,753	2,900	147	Negotiation	Terry Master	Third party
Dornier (Dobby) 300 cm	7,889	(6,143)	1,747	1,600	(147)	Negotiation	A.I. Textile	Third party
Dornier (Dobby) 300 cm	7,889	(6,143)	1,747	1,600	(147)	Negotiation	A.I. Textile	Third party
Dornier (Dobby) 300 cm	6,173	(4,806)	1,367	1,600	233	Negotiation	A.I. Textile	Third party
Dornier (Dobby) 300 cm	6,173	(4,806)	1,367	1,600	233	Negotiation	A.I. Textile	Third party
Dornier (Dobby) 300 cm	6,173	(4,806)	1,367	1,600	233	Negotiation	A.I. Textile	Third party
Dornier (Dobby) 300 cm	6,173	(4,806)	1,367	1,600	233	Negotiation	A.I. Textile	Third party
	241,597	(177,862)	63,735	44,947	(18,788)			

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers	Relationship of purchaser with the company
	----------	----------	Rupees in '000'	----------	----------			
Vehicles								
Suzuki Cultus VXR	1,285	(537)	748	750	2	Negotiation	Mr. Tariq Javed	Employee
Toyota Corolla GLI	1,828	(1,324)	504	525	21	Negotiation	Mr. Arif Abdul Majeed	Employee
Suzuki swift car	1,829	(350)	1,479	1,583	104	Negotiation	Muhammad Yousuf	N/A
Others	7,226	(5,501)	1,725	3,982	2,257			
	12,168	(7,712)	4,456	6,840	2,384			
Power generators								
Gas Generator JGS-320	14,867	(12,513)	2,354	2,500	146	Negotiation	Power Suppliers	None
Assets having carrying value less than Rs. 500,000	56,873	(52,286)	4,587	5,497	910	Negotiation	Various	None
2021	327,169	(250,373)	76,796	61,448	(15,348)			
2020	173,283	(130,196)	43,087	144,941	101,854			

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

Location	Usage of immovable property	Total Area (In acres)	Total area (In sq.ft)
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
Naseerpur land - Adda Pira Ghayaib, Mototly Road	Manufacturing facility	8.28	360,677
Muzaffergarh mill - Bagga Sher, Khan pur Shumail, District Multan	Manufacturing facility	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	2021	2020
		Rupees in '000	
15.4 Capital work-in-progress			
Civil works		**593,808**	180,899
Plant and machinery		**9,702,004**	816,841
Solar panel		**28,977**	-
	15.4.1	**10,324,790**	997,740

15.4.1 Capital work-in-progress

	Solar panel	Civil works	Plant and machinery	Total
	...Rupees '000'...			
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
Additions during the year	52,882	636,153	10,803,972	11,493,007
Transferred to operating fixed assets	(23,905)	(223,244)	(1,918,808)	(2,165,957)
As at June 30, 2021	**28,977**	**593,808**	**9,702,004**	**10,324,790**

	Note	2021	2020
		Rupees in '000	
15.5 Right-of-use assets			
Balance at the beginning of the year		**49,144**	-
Right of use asset recorded on initial recognition		**-**	25,904
Additions during the year		**75,322**	26,750
Depreciation for the year	15.5.1	**(21,406)**	(3,510)
Net book value at end of the year		**103,060**	49,144

15.5.1 Depreciation is charged on a useful life of 5 years and expense relating to right of use asset of Rs. 21.406 million (2020: Rs. 3.510 million) has been charged in 'Administrative expenses'.

		Note	2021	2020
			Rupees in '000	
16	**INTANGIBLES**			
	Intangibles under use - software			
	Net book value as at July 1		**11,279**	16,112
	Amortization for the year	16.1	**(3,384)**	(4,833)
	Net book value as at June 30		**7,895**	11,279
	At June 30			
	Cost		**33,694**	33,694
	Accumulated amortization		**(25,799)**	(22,415)
	Net book value		**7,895**	11,279
	Annual amortization rate		**30%**	30%

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

		Note	2021	2020
			Rupees in '000	
17	**LONG-TERM INVESTMENTS**			
	Investment in associate	17.1	**43,637**	33,431
	Investment in Term Finance Certificate	17.2	**100,000**	100,000
			143,637	133,431

17.1 **Investment in associate - Sunrays Textile Mills Limited**

	2021	2020
Cost	**1,716**	1,716
Share of post acquisition profits:		
Opening	**31,715**	29,926
Dividend received	**(1,366)**	(3,757)
Share of profit from associate for the year	**11,572**	5,546
	41,921	31,715
	43,637	33,431
Number of shares held	**68,654**	68,654
Ownership interest	**0.99%**	0.99%
Market value (Rupees in '000)	**21,489**	22,952
Cost of investment (Rupees in '000)	**1,716**	1,716

17.1.1 The existence of significant influence by the Group is evidenced through common directorship in the associate.

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

	Note	**2021**	2020
		Rupees in '000	
Non-current assets		**1,670,443**	1,820,362
Current assets		**4,296,801**	3,091,115
Total assets		**5,967,244**	4,911,477
Non-current liabilities		**1,011,571**	1,117,996
Current liabilities		**547,933**	416,746
Total liabilities		**1,559,504**	1,534,743
Net assets		**4,407,740**	3,376,734
Net assets		**4,407,740**	3,376,734
Percentage holding		**0.99%**	0.99%
Share in net assets		**43,637**	33,431
Revenue		**8,640,883**	6,476,172
Comprehensive income for the year		**1,153,912**	560,106

17.2 These represent 1,000 units (2020: Nil) of Habib Bank Limited - TFCs which will mature in September, 2049 and carry interest at the rate of three-month KIBOR plus 2.54% (2020: Nil), which is receivable quarterly.

	Note	**2021**	2020
		Rupees in '000	
18 LONG-TERM DEPOSITS			
Electricity		**19,232**	18,227
Others		**13**	13
		19,245	18,240

	Note	**2021**	2020
		Rupees in '000	
19 STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		**804,560**	728,937
Stores in transit		**42,457**	53,868
Less: Provision for slow moving and obsolete stock	19.1	**(151,002)**	(90,202)
		696,015	692,603

		Note	2021	2020
			Rupees in '000	
19.1	Movement of provision for slow moving inventories			
	Balance at beginning of the year		**90,202**	43,613
	Provision made during the year		**60,800**	46,589
	Balance at end of the year		**151,002**	90,202
20	**STOCK-IN-TRADE**			
	Raw material			
	- in hand		**7,032,976**	6,253,781
	- in transit		**1,503,596**	1,199,521
	- held by third parties		**72,725**	53,886
			8,609,297	7,507,188
	Work-in-process		**1,173,586**	915,667
	Finished goods		**1,701,095**	1,521,744
	Packing material		**76,731**	64,218
	Waste		**103,593**	95,981
			11,664,302	10,104,798

20.1 The stock-in-trade have been written down to their net realizable values by Rs. NIL (2020: Rs. 329.441).

		Note	2021	2020
			Rupees in '000	
21	**TRADE DEBTS**			
	Considered good			
			1,880,923	1,800,808
	Secured	21.1 & 21.2	**69,597**	44,363
	Foreign debtors			
	Local debtors		**1,950,520**	1,845,171
		21.1 & 21.2	**5,392,373**	2,547,921
	Unsecured			
	Local debtors		**7,342,893**	4,393,092
	Less: Provision for doubtful debts	21.3	**(31,862)**	(27,477)
		21.4	**7,311,031**	4,365,615

21.1 These are secured against letters of credit in favour of the Group

21.2 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, to assess their recoverability.

		Note	2021	2020
			Rupees in '000	
21.3	**Movement of provision for doubtful debts**			
	Balance at beginning of the year		**27,477**	-
	Provision made during the year		**4,385**	27,477
	Balance at end of the year		**31,862**	27,477
21.4	**Aging of trade debts**			
	Not yet due		**5,892,368**	2,131,904
	Past due within 30 days		**1,035,394**	1,102,697
	Past due within 30 to 60 days		**270,354**	983,000
	Past due within 60 to 90 days		**78,987**	131,502
	Past due within 90 to 180 days		**3,966**	2,566
	Past due beyond 180 days		**29,962**	13,946
			7,311,031	4,365,615
22	**LOANS AND ADVANCES**			
	Considered good			
	Loans / advances to staff	22.1	**39,169**	41,432
	Advance income tax - net	22.2	**89,274**	164,161
	Margin letter of credit		**27,481**	-
	Advances to:			
	- Suppliers		**204,530**	133,001
	- Employees		**-**	488
	- Others		**30,611**	19,425
			235,141	152,914
			391,065	358,507

22.1 These are interest free, secured against gratuity entitlements and granted of an amount not more than Rs. 1,000,000 (2020: Rs. 500,000).

		Note	2021	2020
			Rupees in '000	
22.2	**Advance income tax - net**			
	Advance income tax		**750,806**	660,435
	Less: Provision for taxation	35	**(661,532)**	(496,274)
			89,274	164,161
23	**TRADE DEPOSITS AND SHORT-TERM PREPAYMENTS**			
	Security deposits		**6,897**	-
	Prepayements		**10,024**	34,263
			16,921	34,263
24	**OTHER RECEIVABLES**			
	Considered good			
	Cotton claims against short deliveries		**48,382**	39,595
	Rebate refundable		**39,349**	53,110
	Interest receivable		**35,349**	-
	Others		**127,593**	47,429
			250,673	140,134
25	**OTHER FINANCIAL ASSETS**			
	At fair value through profit or loss			
	Investment in ordinary shares of listed companies	25.1.1	**53,440**	54,160
	Investment in units of mutual funds	25.1.2	**33,188**	102,484
	At amortised cost			
	Treasury bills - Government of Pakistan	25.2	**1,107,847**	912,821
	Term deposit receipts		**-**	150,000
			1,194,475	1,219,465

25.1 Particulars of other financial assets

25.1.1 Investment in ordinary shares of listed companies

2021	2020			2021	2020
Number of shares			Note	------- (Rupees in '000) -------	
42,000	42,000	Bestway Cement Limited		**6,783**	4,567
30,000	30,000	Fauji Fertilizer Company Limited		**3,183**	3,300
15,000	15,000	Habib Bank Limited		**1,836**	1,453
2,350,000	2,350,000	K-Electric Limited		**9,823**	7,073
19,156	19,156	Pakistan State Oil Company Limited		**4,296**	3,030
10,000	10,000	Pak Elektron Limited		**351**	229
99,500	100,000	PIAA Corporation Limited		**572**	427
900	193,900	Pioneer Cement Limited		**122**	12,223
25,950	25,950	Sitara Chemical Industries Limited		**9,134**	7,191
141,900	141,900	United Bank Limited		**17,340**	14,667
				53,440	54,160

25.1.2 Investment in units of mutual funds

2021	2020			2021	2020
Number of units			Note	------- (Rupees in '000) -------	
315	315	Meezan Sovereign Fund		**16**	28
520,039	520,039	Meezan Islamic Fund		**32,958**	24,903
	525	Meezan Rozana Amadni Fund			26,232
-	110,637	NAFA Islamic Active Allocation Plan-V		**-**	9,204
-	252,524	ABL Cash Fund		**-**	2,566
	3,842	ABL Islamic Cash Fund			38,419
-	114,714	NBP Money Market Fund		**-**	1,132
20,308	-	NBP Financial Sector Income Fund		**214**	-
				33,188	102,484

25.2 The amount pertained to investment in Government of Pakistan Treasury Bills with Muslim Commercial Bank carrying interest ranging from 7.15% to 7.74% (2019: 6.8 to 14%).

	Note	2021	2020
		Rupees in '000	
26 TAX REFUNDABLE			
Sales tax refundable		**1,032,093**	762,590
Income tax refundable		**240,788**	412,056
		1,272,881	1,174,646

		Note	2021	2020
			Rupees in '000	
27	**CASH AND BANK BALANCES**			
	With banks			
	- in deposit accounts	27.1	**538,730**	128,965
	- in current accounts	27.2	**661,533**	381,329
			1,200,263	510,294
	Balance with Electronic Money Institution (EMI)		**12,400**	243
	Cash in hand		**12,799**	14,420
			1,225,462	524,957

27.1 Markup rates on these accounts range between 4.5% - 7 % per annum (2020: 6.64% - 13.5%) per annum.

27.2 These include balance in foreign currency accounts aggregating to Rs.54.46 million (USD 0.347 million) at year end (2020: Rs.30.94 million (USD 0.184 million).

		Note	2021	2020
28	**REVENUE**		**------- (Rupees in '000) -------**	
28.1	**Revenue from contract with customers - net**			
	Export sales	28.4	**39,043,664**	28,233,613
	Less:			
	Commission		**(120,040)**	(230,504)
	Sales tax on indirect exports		**(2,024,819)**	(683,343)
			36,898,805	27,319,766
	Local sales			
	- Yarn			
	- Cotton		**11,742,481**	8,758,553
	- Towel		**14,791**	-
	- Greige Fabric		**250,034**	151,345
	- Processed yarn		**1,949**	3,527
	- Waste		**854,481**	-
			1,697,764	1,074,360
	Less:		**14,561,500**	9,987,785
	Brokerage on local sales			
	Sales discount		**(284,715)**	(105,336)
	Sales tax on local sales:		**(47,015)**	(88,715)
	- Yarn		**(1,857,428)**	(28,823)
	- Cotton		**(1,345)**	-
	- Towel		**(40,921)**	-
	- Greige Fabric		**(283)**	-
	- Processed yarn		**(124,155)**	-
	- Waste		**(245,019)**	-
			(2,269,151)	(28,823)
			48,859,424	37,084,677

		Note	2021	2020
			------- (Rupees in '000) -------	
28.2	**Other revenue**	28.3	**24,553**	110,941
			48,883,977	37,195,618

28.3 This represents realised exchange gain on export sales.

28.4 It includes indirect exports of Rs. 11,911 million (2020: Rs. 4,019 million).

		Note	2021	2020
			------- (Rupees in '000) -------	
28.5	**Disaggregation of export sales into geographical area:**			
	- Albania		**12,682**	7,565
	- Australia		**70,342**	112,750
	- Bangladesh		**28,448**	-
	- Brazil		**118,325**	133,832
	- Belgium		**150,488**	124,654
	- Canada		**3,390**	233
	- China		**13,928,282**	13,295,292
	- Denmark		**470,625**	306,525
	- Europe		**-**	4,983
	- Egypt		**-**	29,312
	- Germany		**1,460,389**	754,159
	- Greece		**34,489**	99,593
	- France		**53,466**	153,906
	- Italy		**129,333**	271,861
	- Indonesia		**-**	8,912
	- Hong Kong		**258,355**	357,144
	- Japan		**453,546**	359,633
	- Koprovince Czech		**4,697**	10,986
	- Korea		**330,504**	428,082
	- Kuwait		**8,127**	17,334
	- Latvia		**-**	20,993
	- Lithuania		**-**	8,176
	- Mexico		**-**	319
	- Mauritius		**494**	3,404
	- Netherlands		**-**	53,209
	- New Zealand		**-**	62,897
	- Philippines		**-**	29,658
	- Poland		**6,284**	32,373
	- Portugal		**327,764**	328,096
	- Russia		**-**	9,962
	- Singapore		**1,232,076**	880,080
	- Saudi Arabia		**21,999**	13,750
	- South Africa		**23,152**	35,185
	- Spain		**229,807**	226,357
	- Sweden		**29,130**	173,949
	- Switzerland		**409,639**	786,231
	- Taiwan		**112,549**	126,418
	- Turkey		**623,237**	1,312,481
	- UAE		**109,958**	342,600
	- UK		**2,013,705**	1,247,178
	- US		**2,452,860**	1,321,359
	- Vietnam		**-**	39,172
	- Indirect exports		**13,935,522**	4,703,010
	'Less: Sales tax on indirect exports		**(2,024,819)**	(683,343)
			11,910,703	4,019,667
			37,018,845	27,550,270

		Note	2021	2020
			------- (Rupees in '000) -------	
29	**COST OF GOODS SOLD**			
	Raw material consumed	29.1	**27,459,244**	25,258,813
	Manufacturing expenses	29.2	**10,496,301**	8,655,016
	Outside purchases - yarn for processing including conversion cost		**4,755,475**	195,653
			42,711,020	34,109,482
	Work in process			
	- Opening		**915,667**	845,788
	- Closing		**(1,173,586)**	(915,667)
			(257,919)	(69,879)
			42,453,101	34,039,603
	Cost of goods manufactured			
	Finished goods			
	- Opening		**1,617,725**	1,341,417
	- Closing		**(1,804,688)**	(1,617,725)
			(186,963)	(276,308)
			42,266,138	33,763,295
29.1	**Raw material consumed**			
	Opening stock		**6,253,781**	6,464,419
	Purchases		**28,391,610**	25,136,745
			34,645,391	31,601,164
	Cost of raw cotton sold	33.1	**(153,171)**	(88,570)
	Closing stock	20	**(7,032,976)**	(6,253,781)
			27,459,244	25,258,813
29.2	**Manufacturing expenses**			
	Salaries, wages and benefits	29.2.1	**2,934,296**	2,452,918
	Utilities		**3,326,266**	2,875,324
	Stores and spares consumed		**1,765,486**	1,074,038
	Packing material consumed		**902,370**	820,316
	Repairs and maintenance		**60,291**	64,423
	Insurance		**44,435**	39,394
	Rates and taxes		**6,393**	4,071
	Depreciation on operating fixed assets	15.1.1	**1,282,310**	1,054,355
	Other		**211,276**	270,177
	Less: conversion cost of processed yarn		**(36,822)**	-
			10,496,301	8,655,016

29.2.1 It includes staff retirement benefits Rs. 144.06 million (2020: Rs. 89.85 million).

	Note	2021	2020
		------- (Rupees in '000) -------	
30 OTHER INCOME			
Income from non-financial assets:			
Scrap sale		**32,737**	23,814
Profit on trading of raw cotton / fiber	33.1	**5,323**	-
Duty drawback, rebates and others		**186,200**	322,826
Income from financial assets:			
Capital gain on sale of other financial assets		**15,930**	87,234
Amortization of deferred Government Grants		**39,703**	570
Discounting of GIDC	9.8	**206,788**	-
Profit on term finance certificates		**-**	14,583
Profit on term deposits receipts		**82,011**	-
Profit on fixed deposits		**31,369**	50,774
Exchange gain on forward contract booking		**93,228**	-
Unrealized gain on revaluation of foreign currency debtors	30.1	**3,578**	16,067
Realised gain on revaluation of foreign debtors debtors		**-**	23,351
Exchange gain - others		**253,695**	81,353
Realised exchange gain on foreign currency loans		**61,320**	-
Unrealised exchange gain on foreign currency loans		**23,707**	-
Unrealized gain on other financial assets		**21,404**	-
Dividend income		**6,300**	6,166
Other operating income		**-**	30
		1,063,293	626,768

30.1 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.

	Note	2021	2020
31 DISTRIBUTION COST		------- (Rupees in '000) -------	
Export			
Ocean freight		**473,505**	306,520
Export development surcharge		**42,337**	45,418
Insurance expense		**1,785**	-
Export charges		**152,580**	167,571
		670,207	519,509
Local			
Freight and other		**145,330**	81,803
Insurance		**5,595**	10,639
Advertising		**63,739**	52,646
Salaries and wages	31.1	**62,548**	48,584
Travelling and conveyance		**2,950**	14,093
Telephone and postage		**22,005**	22,411
Other		**7,568**	7,912
		979,942	757,597

31.1 It includes staff retirement benefits of Rs. 3.67 million (2020 Rs. 2.302 million).

		Note	2021	2020
			------- (Rupees in '000)	-------
32	**ADMINISTRATIVE EXPENSES**			
	Salaries and benefits	32.1	**332,600**	270,620
	Directors' remuneration other than meeting fees	39	**56,917**	70,064
	Meeting fees	39	**794**	793
	Repairs and maintenance		**5,157**	8,537
	Postage and telephone		**12,673**	13,246
	Traveling and conveyance		**2,958**	15,107
	Vehicles running		**29,688**	26,859
	Printing and stationery		**6,543**	4,935
	Rent, rates and taxes		**5,777**	18,613
	Utilities		**12,340**	10,599
	Entertainment		**4,459**	5,136
	Fees and subscription		**63,578**	23,946
	Insurance		**8,059**	7,951
	Legal and professional		**19,166**	22,398
	Charity and donations	32.2	**708**	1,607
	Auditors' remuneration	32.3	**5,356**	4,543
	Depreciation on operating fixed assets	15.1.1	**55,788**	53,028
	Depreciation on right of use asset	15.5	**21,405**	3,510
	Amortization on intangible assets	16	**3,384**	4,833
	Bad debt expense		**5,337**	-
	Advertisement		**33**	100
	Others		**12,500**	31,354
			665,219	597,779

32.1 It includes staff retirement benefits of Rs. 27.652 million (2020: Rs. 12.431 million).

32.2 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 Group's donation or 1 million, whichever is higher.

		Note	2021	2020
			------- (Rupees in '000)	-------
32.3	**Auditors' remuneration**			
	Ernst & Yound Ford Rhodes			
	Audit fee		**1,662**	1,512
	Certifications		**637**	135
	Out of pocket expenses		**197**	196
			2,496	1,843
	Yousuf Adil			
	Audit fee		**2,205**	2,050
	Half year limited review fee		**375**	375
	Fee for certifications		**30**	25
	Out of pocket expenses		**250**	250
			2,860	2,700
			5,356	4,543

		Note	2021	2020
			------- (Rupees in '000) -------	
33	**OTHER OPERATING EXPENSES**			
	Loss on trading of raw cotton / fiber	33.1	**-**	7,113
	Workers' Profits Participation Fund	11.1	**261,794**	108,060
	Workers' Welfare Fund		**35,275**	13,445
	Loss on disposal of operating fixed assets - net		**15,348**	4,171
	Realised exchange loss on foreign currency		**-**	18,083
	Unrealized loss on revaluation of foreign currency loans		**-**	47,449
	Unrealised capital loss on mutual funds		**-**	264
	Unrealized loss on other financial assets		**-**	1,402
	Compensation against license agreement		**-**	11,529
	Unrealised loss on derivative financial instrument		**-**	168,353
			312,417	379,869
33.1	**Profit / (loss) on trading of raw cotton / fiber**			
	Sale of raw cotton / fiber		**158,494**	81,457
	Less: Cost of goods sold		**(153,171)**	(88,570)
	Profit / (loss) on trading of raw cotton / fiber		**5,323**	(7,113)
34	**FINANCE COST**			
	Mark-up on:			
	- long-term finance		**299,523**	98,041
	- short-term borrowings		**410,271**	432,360
	- lease liability		**9,332**	3,879
	Bank charges and commission		**50,500**	33,271
	Discounting charges on letters of credit		**81,795**	55,739
	Unwinding of GIDC		**59,522**	-
	Interest on Workers' Profits Participation Fund		**866**	1,316
			911,809	624,606
35	**TAXATION**			
	Current			
	- For the year		**661,532**	496,274
	Prior Year Tax		**35,768**	37,085
	Deferred		**181,522**	(148,007)
			878,822	385,352

	Note	2021	2020
		------- (Rupees in '000) -------	
35.1 Relationship between tax expense and accounting profit			
Accounting profit before tax		**4,823,317**	1,704,786
Tax rate		**29%**	29%
Tax on accounting profit		**1,398,762**	494,388
Effect of:			
Income chargeable to tax at reduced rates		**(3,303)**	(737)
Tax impact of tax credit		**(51,014)**	-
Income chargeable to tax under final tax regime		**(675,407)**	(134,852)
Due to change in tax rate		**(3,502)**	-
Impact of permanent differences		**10,647**	(60,647)
Prior year tax charge		**77,854**	65,918
Others		**124,786**	21,282
Tax charge as per accounts		**878,822**	385,352

36 EARNINGS PER SHARE - BASIC AND DILUTED

36.1 Basic earnings per share

	2021	2020
Profit for the year	**3,944,495**	1,319,434
	Number of shares	
		Restated
Weighted average number of ordinary shares outstanding during the year	**54,221,196**	54,221,196
	------- (Rupees in '000) -------	
		Restated
Earnings per share - Basic and diluted	**72.75**	24.33

36.2 During the year the Holding Company issued 200% bonus shares to the existing shareholders resulting in the increase of weighted average number of ordinary shares outstanding at year end to 54,221,196 (2020: 18,073,732). The issuance of bonus shares shall have a retrospective impact thereby restating the shares outstanding at June 30, 2020.

36.3 No figures for diluted earnings per share have been presented as the Group has not issued any instruments carrying options which would have an impact on earnings per share when exercised.

		Note	2021	2020
			------- (Rupees in '000) -------	
37	**CASH GENERATED FROM OPERATIONS**			
	Profit before taxation		**4,823,317**	1,704,786
	Adjustments for:			
	Depreciation	15.1.1	**1,338,098**	1,107,383
	Depreciation on right of use assets	15.5	**21,405**	3,510
	Amortization	16.1	**3,384**	4,833
	Provision for gratuity	9.2	**129,062**	162,518
	Provision against doubtful debts		**4,385**	-
	Provision for slow moving and obsolete stores		**60,800**	-
	Realized gain on disposal of other financial assets	30	**(15,930)**	-
	Unrealized (gain) / loss on other financial assets	30	**(21,404)**	1,402
	Unrealized gain on revaluation of foreign currency debtors	30	**(3,578)**	(16,067)
	Loss on disposal of operating fixed assets	33	**15,348**	4,171
	Dividend income	30	**(6,300)**	(6,166)
	Unwinding of deferred government grant	30	**(39,703)**	(570)
	Discounting of GIDC	30	**(206,788)**	-
	Finance cost	34	**719,126**	599,563
	Unwinding of GIDC	34	**59,522**	-
	GIDC charge for the year	9.8	**16,395**	-
	Share of profit from associate	17.1	**(11,572)**	(5,546)
	Unrealised (gain) / loss on foreign currency loans	30	**(23,707)**	47,449
	Cash generated before working capital changes		**6,861,860**	3,607,267
	Working capital changes:			
	(Increase) / decrease in current assets			
	Stores, spares and loose tools		**(64,212)**	(89,978)
	Stock-in-trade		**(1,559,504)**	(925,510)
	Trade debts		**(2,946,223)**	2,132,909
	Loans and advances		**(107,445)**	(56,138)
	Trade deposits and short term prepayments		**17,342**	(3,869)
	Other receivables		**(110,539)**	(22,949)
	Long term deposits		**(1,005)**	5,825
			(4,771,586)	1,040,290
	Increase / (decrease) in current liabilities			
	Trade and other payables		**1,487,306**	572,429
	Short term borrowings		**2,937,279**	587,897
	Cash generated from operations		**6,514,859**	5,807,882

	Note	2021	2020
		------- (Rupees in '000) -------	
38 CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	**1,225,462**	524,957
Short-term borrowings	13	**(2,134,844)**	(3,238,717)
		(909,382)	(2,713,760)

39 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 Group are given below:

	2021				
Particulars	**Chief Executive Officer**	**Director**		**Executives**	**Total**
		Executive	**Non-Executive**		
	---	----------	**Rupees in '000**	----------	-------------------------------------
Remuneration	**64,464**	**48,485**	**-**	**187,803**	**300,752**
Retirement benefits	**-**	**-**	**-**	**17,223**	**17,223**
Medical	**-**	**989**	**227**	**1,950**	**3,166**
Utilities	**1,845**	**1,279**	**1,063**	**1,529**	**5,716**
Travelling	**99**	**-**	**-**	**907**	**1,007**
Vehicle running	**756**	**-**	**-**	**3,463**	**4,219**
Bonus and others	**7,556**	**-**	**-**	**10,521**	**18,077**
Insurance	**808**	**-**	**-**	**441**	**1,249**
Meeting fees	**-**	**-**	**794**	**-**	**794**
Total	**75,528**	**50,753**	**2,084**	**223,837**	**352,203**
Number of persons	**1**	**1**	**8**	**33**	**43**

	2020				
Particulars	Chief Executive Officer	Director		Executives	Total
		Executive	Non-Executive		
	---	----------	Rupees in '000	----------	-------------------------------------
Remuneration	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 fees	-	-	568	225	793
Total	60,674	60,147	11,012	214,106	345,939
Number of persons	3	16	23	74	116

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

40 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:

		2021	2020
Relationship	**Nature of transactions**	**Rupees in '000**	
Associate (shareholding : 0.99 percent), Sunrays Textile Mills Limited	Purchase of goods and services	**295,853**	184,208
	Sales of goods and services	**-**	20,000
	Sale of Land by Holding company	**-**	19,469
	Purchase of Land by Subsidiary (IHL)	**-**	82,814
Indus Home Limited - Employees' Provident Fund	Contribution to fund	**29,557**	-
Directors	Dividend paid	**101,891**	152,854
Spouses and sons of Directors	Rentals paid	**14,071**	12,792

Balances with related parties

Associate - payable, Sunrays Textile Mills Limited	**193**	3,135
Associate - receivable, Sunrays Textile Mills Limited	**-**	12
Balances with other related parties due to common directorship		
Receivable from Indus Heartland Limited	**-**	6
Payable to Indus Heartland Limited	**-**	746
Payable to:		
Riaz Cotton Factory	**-**	1,917

41 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:

41.1 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:

		2021	2020
	Note	------- (Rupees in '000) -------	
Long-term deposits		**19,245**	18,240
Long-term investments		**100,000**	100,000
Trade debts		**7,311,031**	4,365,615
Other financial assets		**-**	150,000
Other receivables		**250,673**	87,024
Loans and advances		**66,650**	41,432
Bank balances		**1,200,263**	510,294
		8,947,862	5,272,605

The credit quality of receivable can be assessed with reference to their historical performance with negligible defaults in recent history.

Trade debts are due from foreign and local customers for export and local sales respectively. Trade debts from foreign customers are secured against letters of credit. Management assesses the credit quality of local and foreign customers, taking into account their financial position, past experience and other factors.Though there are few past due trade debts, however, such are not impaied as per management assessment.

Credit risk related to equity investments and cash deposit

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.

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 Group maintains its bank balances are as follows:

Name of bank	Rating agency	Credit rating	
		Long-term	Short-term
Habib Bank Limited	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	VIS	AA	A-1+
United Bank Limited	VIS	AAA	A-1+
Habib Metropolitan Bank Limited	PACRA	AA+	A1+
Meezan Bank Limited	VIS	AAA	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	AAA	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+

41.2 Liquidity risk management

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 excluding the impact of netting agreements:

41.2.1 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 required to pay.

	Carrying Values	Contractual Cash Flows	Upto 1 years	1 to 5 years	More than 5 years
	----------	----------	(Rupees in '000)	----------	----------
Trade and other payables	**3,684,047**	**3,684,047**	**3,684,047**		
Long-term financing	**14,392,032**	**15,726,022**	**1,295,502**	**12,996,972**	**1,433,548**
Short-term borrowings	**8,577,090**	**8,577,090**	**8,577,090**		
Unclaimed dividends	**3,361**	**3,361**	**3,361**		
Interest / mark-up payable	**180,744**	**180,744**	**148,042**		
Lease liabilities	**106,963**	**89,411**	**17,166**	**67,689**	**4,556**
2021	**26,944,237**	**28,260,675**	**13,725,208**	**13,064,661**	**1,438,104**

	Carrying Values	Contractual Cash Flows	Upto 1 years	1 to 5 years	More than 5 years
	----------	----------	(Rupees in '000)	----------	----------
Trade and other payables	2,210,714	3,240,185	3,240,185	-	-
Long-term financing	5,563,271	5,997,104	140,364	5,856,740	-
Short-term borrowings	6,743,684	5,468,684	5,468,684	-	-
Unclaimed dividends	209,634	209,634	-	-	-
Interest / mark-up payable	108,828	108,828	108,828	-	-
Lease liabilities	42,890	42,890	3,896	38,994	-
2020	14,879,021	15,067,325	8,961,957	5,895,734	-

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

41.3 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.

41.3.1 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 2021	Carrying amount 2020
	------- (Rupees in '000) -------	
Fixed rate instruments		
Financial liabilities	**12,436,728**	5,499,164
Variable rate instruments		
Financial liabilities		
- KIBOR based	**2,911,852**	4,577,824
- LIBOR based	**7,728,207**	2,229,967
Financial assets		
- KIBOR based	**1,746,577**	1,141,786

Fair value sensitivity analysis for fixed rate instruments

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

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, 2021 would decrease / increase by Rs. 53.20 million (2020: Rs. 43.451 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.

41.3.2 Foreign exchange risk management

Exposure to currency risk	2021 Rupees	2021 US Dollar	2020 Rupees	2020 US Dollar
	---------------------- (Rupees in '000) -------------------------			
Trade debts	**1,880,923**	**11,971**	1,800,808	10,785
Bank balances	**54,457**	**347**	30,939	184
Foreign currency loans	**(7,728,207)**	**(49,184)**	(2,229,967)	(13,355)
	(5,792,827)	**(36,866)**	(398,220)	(2,386)

	2021	2020
	------- (Rupees in '000) -------	
Average rate	**156.37**	158.68
Reporting date rate	**157.13**	166.98

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.

At June 30, 2021, 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. 289. 641 million (2020: higher / lower by Rs. 19.911 million) determined on the outstanding balance at year end. Profit / (loss) is sensitive to movement in Rupee / foreign currency exchange rates in 2021 than 2020 because of high fluctuation in foreign currency exchange rates.

41.3.3 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. 86.628 million (2020: Rs. 156.644 million). A decrease / increase of 5% in market prices would have an impact of approximately Rs. 4.33 million (2020: Rs. 7.832 million) on profit for the year determined based on market value of investments at year end.

41.4 Financial instruments by category

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
	---------------------------- (Rupees in '000)			--------------------------------
Financial assets - June 30, 2021				
Long-term deposits	**19,245**	**-**	**-**	**19,245**
Long-term investments	**100,000**	**-**	**-**	**100,000**
Trade debts	**7,311,031**	**-**	**-**	**7,311,031**
Loans and advances	**66,650**	**-**	**-**	**66,650**
Other receivables	**250,673**	**-**	**-**	**250,673**
Other financial assets	**1,107,847**	**-**	**86,628**	**1,194,475**
Bank balances	**1,225,462**	**-**	**-**	**1,225,462**
	10,080,908	**-**	**86,628**	**10,167,536**

	Amortised cost	Fair value through other comprehensive income	Fair value through profit or loss	Total
	---------- (Rupees in '000) ----------			
Financial assets - June 30, 2020				
Long-term deposits	18,240	-	-	18,240
Long-term investments	100,000	-		
Trade debts	4,365,615	-	-	4,365,615
Loans to staff	41,432	-	-	41,432
Other receivables	87,024	-	-	87,024
Other financial assets	1,062,821	-	156,644	1,219,465
Cash and bank balances	524,957	-	-	524,957
	6,200,089	-	156,644	6,256,733

	Financial liabilities measured at amortized cost	Total
	------- (Rupees in '000) -------	
Financial liabilities - June 30, 2021		
Long-term financing	**14,392,032**	**14,392,032**
Deferred liabilities	**876,497**	**876,497**
Trade and other payables	**3,684,047**	**3,684,047**
Unclaimed dividends	**3,361**	**3,361**
Short-term borrowings	**8,577,090**	**8,577,090**
Interest / mark-up payable	**180,744**	**180,744**
Lease liabilities	**106,963**	**106,963**
	27,820,734	**27,820,734**
Financial liabilities - June 30, 2020		
Long-term financing	5,563,271	5,563,271
Deferred liabilities	1,041,694	1,041,694
Trade and other payables	2,210,714	2,210,714
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	42,890
	15,920,715	15,920,715

41.5 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 Group 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 Group 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 Group 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 :

	June 30, 2021							
	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**
	As at June 30, 2021							
	(Rupees in '000)							
Financial assets measured at fair value								
Other financial assets	**86,628**	**-**	**1,107,847**	**1,194,475**	**86,628**	**-**	**-**	**86,628**

Financial assets				
	As at June 30, 2021			
	(Rupees in '000)			
Long-term deposits	**-**	**-**	**19,245**	**19,245**
Long-term investments			**100,000**	**100,000**
Trade debts	**-**	**-**	**7,311,031**	**7,311,031**
Loans to staff	**-**	**-**	**66,650**	**66,650**
Other receivables	**-**	**-**	**250,673**	**250,673**
Other financial assets	**-**	**-**	**1,107,847**	**1,107,847**
Bank balances	**-**	**-**	**1,225,462**	**1,225,462**
	-	**-**	**10,080,908**	**10,080,908**

Financial liabilities				
	As at June 30, 2021			
	(Rupees in '000)			
Long-term financing	**-**	**-**	**14,392,032**	**14,392,032**
Deferred Liabilities	**-**	**-**	**876,497**	**876,497**
Trade and other payables	**-**	**-**	**3,684,047**	**3,684,047**
Unclaimed dividends	**-**	**-**	**3,361**	**3,361**
Short-term borrowings	**-**	**-**	**8,577,090**	**8,577,090**
Interest / mark-up payable	**-**	**-**	**180,744**	**180,744**
Lease liabilities	**-**	**-**	**106,963**	**106,963**
	-	**-**	**27,820,734**	**27,820,734**

	June 30, 2020							
	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
	---------- As at June 30, 2020 ----------							
	---------- (Rupees in '000) ----------							
Financial assets measured at fair value								
Other financial assets	156,644	-	1,062,821	1,219,465	156,644	-	-	156,644

Financial assets	-------- As at June 30, 2020 --------			
	-------- (Rupees in '000) --------			
Long-term deposits	-	-	18,240	18,240
Long-term investments	-	-	100,000	100,000
Trade debts	-	-	4,365,615	4,365,615
Loans to staff	-	-	41,432	41,432
Other receivables	-	-	87,024	87,024
Other financial assets	-	-	1,062,821	1,062,821
Cash and bank balances	-	-	524,957	524,957
	-	-	6,200,089	6,200,089

Financial liabilities	-------- As at June 30, 2020 --------			
	-------- (Rupees in '000) --------			
Long-term financing	-	-	5,563,271	5,563,271
Deferred liabilities			1,041,694	1,041,694
Trade and other payables	-	-	2,210,714	2,210,714
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	42,890
	-	-	15,920,715	15,920,715

There were no transfers amongst the levels during the current and preceding year. The Group's policy is torecognise transfer into and transfers out of fair value hierarchy levels as at the end of the reporting periods.

42. CAPITAL RISK MANAGEMENT

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

Consistent with others in the industry, the Group 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 statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt.

The gearing ratios at June 30, 2021 and 2020 were as follows:

	2021	2020
	------- (Rupees in '000) -------	
Total borrowings (note 7,10 & 13)	**23,076,085**	12,349,845
Less: cash and bank balances (note 26)	**(1,225,462)**	(524,957)
Net debt	**21,850,623**	11,824,888
Total equity	**19,614,036**	15,860,370
Total capital	**41,464,659**	27,685,258
Gearing ratio	**53%**	43%

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

43 CAPACITY AND PRODUCTION

Spinning units	2021	2020
	------- (Rupees in '000) -------	
Total number of spindles installed	**229,922**	222,870
Total number of spindles worked per annum (average)	**222,513**	201,745
Number of shifts worked per day	**3**	3
Installed capacity of yarn converted into 20 counts based on 365 days (lbs.)	**164,288,487**	157,107,146
Actual production for the year after conversion into 20 counts (lbs.)	**134,380,510**	121,960,412
Weaving unit		
Normal capacity (Lbs)	**28,253,465**	28,258,008
Actual production (Lbs)	**24,945,735**	18,706,034

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.

44 SEGMENT REPORTING

The Group's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive Officer who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently the Group has five yarn manufacturing units at Hyderabad, Karachi, Muzafargarh, Faisalabad and

Lahore. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products and the nature of the regulatory environment, all the yarn producing units are aggregated into a single operating segment and the Group's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments. The Group also has two ginning units including one on leasing arrangement in District Multan. The Group also holds investments in equity shares of listed companies, long-term strategic investments in an associated company results of which are disclosed in note 16.1 to these consolidated financial statements.

45 NUMBER OF EMPLOYEES

	Number of employees 2021	2020
Average number of employees during the year	**5,816**	5,661
Number of employees as at June 30	**5,882**	5,629

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

46 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	Long term financing	Dividend	Lease liabilities
	------------------------Rupees '000'----------------------------		
Balance as at July 1	**5,563,271**	**209,634**	**42,890**
Non cash item	**(787,361)**	**180,737**	**84,655**
Financing cash inflows	**11,484,440**	**-**	**-**
Financing cash outflows	**(1,760,653)**	**(387,010)**	**(20,582)**
2021	**14,499,697**	**3,361**	**106,963**

47 CORRESPONDING FIGURES

Corresponding figures have been reclassified in these financial statements, wherever necessary to facilitate the comparison and to conform with changes and presentation in the current year. However, no significant reclassifications were made in the financial statements.

Note	Transferred from	Amount (Rupees '000')	Transferred to
8	Other deferred liabilities	24,897	Deferred taxation
9	Trade and other payables	1,041,694	Other deferred liabilities
11	Loans and advances	14,252	Trade and other payables
34	Sales discount	25,043	Finance cost

48 SUBSEQUENT EVENTS

The Board of Directors in its meeting has not proposed final cash dividend (2020: Rs. 30 per share) amounting to Rs. 540 million.

49 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements have been authorised for issue on September 30, 2021 by the Board of Directors of the Group.

50 GENERAL

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

Mian Shahzad Ahmed
Chief Executive Officer

Mian Imran Ahmed
Director

Zahid Mahmood
Chief Financial Officer

ممبران کی ترتیب

ممبران کی ترتیب کا خاکہ 30 جون 2021ء کی رپورٹ کے ساتھ منسلک کیا گیا ہے۔

تعمیل اور آڈٹ جائزہ کا بیان

تعمیل اور آڈٹ جائزہ کا بیان 30 جون 2021ء 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

میاں عمران احمد
ڈائریکٹر

میاں شہزاد احمد
چیف ایگزیکیوٹو آفیسر

بتاریخ 30، ستمبر 2021ء
کراچی۔

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 2020ء سے جون 2021ء 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 فیصل حنیف	4	4
جناب کاشف ریاض	4	4
شیخ شفقت مسعود	4	4

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 YOUSUF ADIL، چارٹرڈ اکاؤنٹنٹ، (یوسف عادل) (Deloitte Touche Tohmatsu Limited) کی ایک آزاد نامہ نگار فرم، ایک معروف چارٹرڈ اکاؤنٹس فرم نے کمپنی کے ساتھ اپنی تقرری کی مدت پوری کی اور اہل ہونے کی وجہ سے اس نے دوسری مدت کے لیے اپنی خدمات پیش کیں۔ کمپنی کے بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارش کی بنیاد پر یوسف عادل کو یقینی بنانے والے سال کے لیے کمپنی کے آڈیٹر کے طور پر دوبارہ تقرری کی تجویز دی ہے۔

ماحول، صحت اور حفاظت

آپ کی کمپنی پیداواری سہولیات پر تمام ماحولیاتی پالیسیوں کی تعمیل کرتے ہوئے ہر ایک کے لیے مناسب ماحول کی دستیابی کے لیے پرعزم ہے۔

اندورنی 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۔

	حصص
جناب شاہویز احمد	400,000
محترمہ لوزینہ شہزاد	(400,000)

بورڈ اور اس کے اجلاس

سال 21-2020 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
میاں ریاض احمد صاحب	6	4
جناب عرفان احمد	6	4
میاں عمران احمد صاحب	6	5
کاشف ریاض صاحب	6	6
شفقت مسعود	6	6
جناب فیصل حنیف	6	6
محترمہ عذرا یعقوب واوڈا	6	6
عامر امین	6	6

جناب ریاض احمد 30 جون 2021 کو بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیوں سے ریٹائر ہوئے اور محترمہ فادیہ کاشف کو (w.e.f) 01 جولائی 2021 سے ڈائریکٹر کے طور پر مقرر کیا گیا۔

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 2020 سے جون 2021 تک منعقد ہوا۔ اجلاس میں تینوں ممبران شریک تھے۔

بورڈ کی تشکیل

بورڈ کی تشکیل کوڈ آف کارپوریٹ گورننس ریگولیشن، 2019 کے ضابطوں کی ضروریات کے مطابق ہے جو کہ لمیٹیڈ کمپنیوں پر لاگو ہوتے ہیں درج ذیل ہیں۔

ڈائریکٹرز کی کل تعداد

ا۔مرد ڈائریکٹر	08
ب۔خاتون ڈائریکٹر	02

تشکیل

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

30 جون 2021 پر موجود ڈائریکٹرز کے نام درج ذیل ہیں۔

نویداحمد صاحب	چیئرمین	
میاں شہزاداحمد صاحب	چیف ایگزیکیوٹو آفیسر	
میاں عمران احمد صاحب	ڈائریکٹر	
میاں ریاض احمد صاحب	ڈائریکٹر	مستعفی 30 جون 2021
عرفان احمد صاحب	ڈائریکٹر	
کاشف ریاض صاحب	ڈائریکٹر	
شیخ شفقت مسعود	ڈائریکٹر	
فیصل حنیف	ڈائریکٹر	
عذرا یعقوب واوڈا	ڈائریکٹر	
عامرامین	ڈائریکٹر (این۔آئی۔ٹی)	
فادیہ کاشف	ڈائریکٹر	نئے منتخب 01 جولائی 2021

بورڈ آف ڈائریکٹرز

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

سماجی ذمہ داریاں

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

بیلنس شیٹ بنانے کے بعد کے معاملات

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

متعلقہ فریقین سے لین دین

کمپنی نے متعلقہ فریقین کے معاملات کو جائزے اور منظوری کے لئے آڈٹ کمیٹی اور بورڈ کے سامنے پیش کیا۔ ان تمام لین دین کو آڈٹ کمیٹی اور بورڈ نے اپنی میٹنگ میں منظور کر لیا ہے۔ اس سے متعلقہ تمام لین دین کی تفصیلات 30 جون 2021 کی اختتامی سال کے لئے منسلک مالیاتی بیانات کے نوٹ 38 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 جا رہا ہے تا کہ یہ یقینی بنایا جا سکے کہ کمپنی کی پالیسیوں پر عمل پیرا ہیں اور کسی بھی قسم کی عدم استحکام کی صورت میں بروقت اصلاح کی جا سکے۔
- بورڈ پر اعتماد ہے کہ کمپنی مستحکم طور (Going Concern) پر چل رہی ہے، آڈیٹرز نے بھی اپنی رپورٹ میں اس پر زور دیا ہے، تاہم ان مالی شماریات کو مالی بیانات میں وجوہات کو مکمل طور پر واضح کیا ہے اور مستحکم کے مفروضے (Going Concern) پر تیار کیا ہے۔
- پچھلے چھ سالوں کے متعلقہ اعداد و شمار (تفصیلات) بھی منسلک ہے۔
- ٹیکس، ڈیوٹی محصول کے حساب سے کوئی ادائیگی نہیں ہے، جو کہ جون 30، 2021ء سے بقایا ہیں، سوائے اُن کے جن کا مالی بیانات میں انکشاف کیا گیا ہے۔

کاروباری جائزہ

جاری سال کے دوران زیر جائزہ گروپ نے پچھلے سال کے مقابلے میں کمپنی کی فروختگی میں %32.64 اضافہ ہوا ہے بعد از ٹیکس 3,944 ملین روپے خالص منافع حاصل کیا۔ جس میں %198.95 اضافہ ہوا۔ جبکہ گذشتہ سال کا منافع 1,319 ملین روپے تھا۔

اللہ تعالیٰ کے فضل سے کمپنی کی کارکردگی ،فروخت اور منافع میں اضافے کے ساتھ بہترین ہے۔ کپاس کے اسٹاک نے بہترین مارجن اور منافع میں اضافہ کیا۔

اِنڈس ہوم لمیٹیڈ

انڈس ہوم لمیٹیڈ نے موجودہ سال میں اچھی کارکردگی کا مظاہرہ کیا ہے کیونکہ پیداواراور برآمد کی فروخت پچھلے سال سے زیادہ ہے۔ پچھلے سال، کووڈ کو کنٹرول کرنے کے لیے ملک میں لاک ڈاؤن کی وجہ سے کمپنی کی پیداواراورفروخت متاثر ہوئی۔

2021 کو ختم ہونے والے کی فروخت 9,147.98 ملین روپے کے مقابلے میں پچھلے سال کے 7,064.37 ملین روپے ہے۔ کووڈ سے متعلقہ پابندیوں کے خاتمے کے بعد عالمی سطح پر کاروبار کے آغاز اور معاشی سرگرمیوں میں اضافے کے بعد فروخت کی آمدنی میں 29.5 فیصد اضافہ ہوا۔ سال کے لیے مجموعی منافع 10.42 فیصد اور گذشتہ سال 17.65 فیصد تھا جو کہ پچھلے سال کے مقابلے میں 7.23 کی کمی کو ظاہر کرتا ہے۔ ٹیکس کے بعد منافع ختم ہونے والے سال کے لئے 445.46 ملین روپے ہے اور گذشتہ سال کے لئے 528 ملین روپے جو کہ پچھلے سال کے مقابلے میں 15.60 فیصد کم ہے۔

اس سال کمپنی نے BMR پر بُنائی، رنگنے اور پرنٹنگ، پاور اور 2880 روٹرز کے اسپننگ یونٹ کے سیٹ پر 3,100 ملین روپے خرچ کیے۔ کمپنی نے پرانے ڈونیئر لومز کو تبدیل کرنے کے لیے 12 نئے پیکانول لومز اور 06 بوناس جیکو رڈ لومز، 02 بنائی وارپنگ مشین بنائی ہوئی تولیہ، لوم سٹیمر، پیٹیک ٹمبلر ڈرائر، ڈرائر بھاپ، کڑھائی مشین، سیفٹی سلائی مشین وغیرہ شامل کی ہیں۔ آپریٹنگ فکسڈ اثاثوں میں زمین بھی شامل ہے۔ مستقبل میں اوپن اینڈ یونٹ کے قیام کے لیے موجودہ فیکٹری زمین سے ملحقہ 179 ملین اور مشینری روپے 436 ملین روپے پکنول لومز، ایٹن سسٹم، ہیٹ ایکسچینج اور دیگر پر مشتمل ہے۔ مشینری/ڈسپوزل کے تصرف میں پرانے ڈونیئر لومز کی فروخت شامل ہے۔

"اِنڈس ونڈ انرجی لمیٹیڈ"

انڈس گروپ نے اپنے ذیلی ادارے انڈس ونڈ انرجی لمیٹڈ کے ذریعے جھمپیر ٹھٹھہ سندھ میں قابل تجدید توانائی کے منصوبے کا آغاز کیا تاکہ نیشنل گرڈ میں سستی اور ماحول دوست الیٹرک پاور شامل کرنے کے لیے حکومت کی کوششوں کو بڑھایا جاسکے۔ الحمدللہ، پروجیکٹ کی ترقی مستحکم رفتار سے جاری ہے اور 2022 کی پہلی سہ ماہی تک شیڈول آپریشن کی تاریخ کے ساتھ تکمیل کے آخری مرحلے میں ہے۔ گروپ میں پراجیکٹس کی شمولیت خود تنوع کے لحاظ سے بہت اہمیت کی حامل ہوگی جس کی وجہ سے ویلیوایڈیشن ہوگا حصص یافتگان کے وسائل مزید برآں، یہ منصوبہ پاکستان کے شہریوں کے لیے بہتر سماجی ترقی کے ساتھ صاف، سبز اور سستی بجلی کی فراہمی میں ایک قدم آگے بڑھے گا۔

مستقبل کے نقطہ نظر

پاکستان کی ٹیکسٹائل کی فروخت کوویڈ وبائی مرض کی وجہ سے آنے والے جھٹکے سے مضبوطی سے بحال ہوئی ہے اور مزید بہتری کی طرف جا رہی ہے بیرونی عوامل جنھوں نے آرڈرز بڑھانے میں مدد کی ان میں ہمارے کسٹمرز کی چین سے ذرائع کو متنوع بنانے کی خواہش، اور انڈیا اور بنگلہ دیش میں کوویڈ وبائی مرض کی وجہ سے شروع ہونے والی سٹاک میں رکاوٹ شامل ہیں۔ ان عوامل نے اضافی سودے حاصل کرنے میں پاکستان کی مدد کی ہے۔

ہمیں یقین ہے کہ حکومتی تعاون کے پیش نظر پاکستانی ٹیکسٹائل انڈسٹری زیادہ ترقی کرسکتی ہے حکومت علاقائی مسابقتی قیمتوں پر توانائی کی فراہمی کے لیے اپنی کوششیں جاری رکھے اور مقامی کپاس کی پیداوار کی حمایت کرے۔ ٹیکسٹائل انڈسٹری پاکستان میں زرمبادلہ اور صنعتی مزدوری دونوں کا سب سے بڑا ذریعہ ہے اور اس کی حوصلہ افزائی کی جانی چاہیے۔

ڈائریکٹرز کی رپورٹ برائے ممبران

اِنڈس ڈائینگ اینڈ مینوفیکچرنگ کمپنی کے ڈائریکٹرز، کمپنی کی چونسٹھویں (64)، سالانہ عمومی اجلاس سے پہلے سالانہ رپورٹ 30 جون 2021ء کے اختتام پذیر مالی بیانات کے ذریعے سالانہ رپورٹ پیش کرنے پرخوش ہیں۔

کمپنی کی مالی جھلکیاں درج ذیل ہیں۔

30 جون، سال کے اختتام پر

(روپیہ 000 میں)

	2021ء	2020ء
فروختگی	**48,883,997**	37,195,618
کل منافع	**6,617,839**	3,432,323
دیگر فعال آمدنی	**1,063,293**	626,768
مالی لاگت	**(911,809)**	(624,606)
ٹیکس کی فراہمی	**(878,822)**	(385,352)
ٹیکس لگانے کے بعد سال کا منافع	**3,944,495**	1,319,434
آمدنی فی حصص	**72.75**	24.33

منافع

بورڈ آف ڈائریکٹرز نے 01 مارچ 2021 کو منعقد ہونے والے اجلاس میں 30 جون 2021 کو ختم ہونے والے سال کے لئے منافع کو بونس حصص کی شکل میں ہر ایک (1) عام حصص کے لئے دو (2) عام حصص کا اعلان کیا ہے۔ اس مقصد کے لئے، کمپنی کا اختیار شدہ سرمایہ 450 ملین روپے سے بڑھا کر 1000 ملین روپے کر دیا گیا ہے جس کا فیصلہ 24 فروری 2021 کو غیر معمولی عام اجلاس میں ہوا۔ بورڈ آف ڈائریکٹرز نے 29 اکتوبر 2020 منعقدہ اپنے اجلاس میں 30 جون 2021 کو ختم ہونے والے سال کے لئے پہلے عبوری نقد منافع 100 فیصد یعنی 10 روپے فی حصص قرار دیا۔

سال کے دوران کمپنی نے 2000 ملین روپے **UN-APPROPRIATED PROFIT** سے **GENERAL RESERVE** میں منتقل کیا۔

کاروبار کی فطرت میں تبدیلی

سال کے دوران کمپنی کے کاروبار کی نوعیت میں کوئی تبدیلی نہیں آئی

فی حصص آمدنی

اس سال گروپ کی فی حصص آمدنی 72.75 روپے کے مقابلے میں پچھلے سال فی حصص آمدنی 24.33 روپے تھی۔ جبکہ اس سال کمپنی کی فی حصص آمدنی 60.94 روپے کے مقابلے میں پچھلے سال فی حصص آمدنی 17.67 روپے تھی۔

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, 2021 at 3:00 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

Note:

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.
5th Floor 508 Beaumont Plaza Beaumont Road
Civil Lines Quarters Karachi

PROXY FORM
ANNUAL GENERAL MEETING

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.

AFFIX
CORRECT
POSTAGE

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

INDUS DYEING & MANUFACTURING COMPANY LIMITED

HEAD OFFICE :

Office # 508, 5th Floor, Beaumont Plaza,
Civil Lines Quarters,
Karachi-75563 (Pakistan)

Web : www.indus-group.com