

SUNRAYS TEXTILE MILLS LIMITED



HALF YEARLY STATEMENT (UN-AUDITED)

**FOR THE HALF YEAR
ENDED DECEMBER 31, 2019**

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COMPANY PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Shabbir Kausar

CHIEF INTERNAL AUDITOR

Mr. Imran Iftikhar

COMPANY SECRETARY

Mr. Ahmed Faheem Niazi

LEGAL ADVISOR

Mr. Yousuf Naseem
Advocates & Solicitors

REGISTERED OFFICE

5th floor, Office # 508, Beaumont Plaza,
Beaumont Road, Civil Lines Quarters, Karachi

SYMBOL OF THE COMPANY

SUTM

WEBSITE

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

REGISTRAR & SHARE TRANSFER OFFICE

JWAFFS REGISTRAR SERVICES (PVT) LTD

407 -408, Al – Ameera Center,
Shahrah-e-Iraq, Saddar Karachi.

Tel. 35662023 – 24
Fax. 35221192

FACTORY LOCATION

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

BANKERS

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

AUDITORS

M/s Deloitte Yousuf Adil
Chartered Accountants Multan

DIRECTOR'S REPORT

The Directors of the Company have pleasure in submitting their Report together with the unaudited financial statements of the Company for the half year ended December 31, 2019 duly reviewed by external auditors. During the period under review Your Company earned handsome pre-tax profit Rs. Rs.406.359(M).

FINANCIAL HIGHLIGHTS

	Half yearly Ended December 31 (Rs.in million)	
	2019	2018
Sales – Net	3,441.733	2,857.859
Gross Profit	550.304	535.579
Other Income	27.135	4.373
Profit Before Taxation	406.359	301.004
Taxation	(51.012)	(25.412)
Profit After Taxation	355.347	275.592

REVIEW OF OPERATIONS

Company's turnover increased by 20% during the six months under review over the last corresponding period. Your company has also posted an increase in gross profit by 2.75% over the last corresponding period. Other income increased by 520% over the last corresponding period because of booking of unrealizable gain on financial assets. Despite increase in raw material prices, minimum wages slab and distribution costs, the Company performed well by managing the financial requirements and procurement of raw materials.

EARNING PER SHARE

The earnings per share for the half year ended December 31, 2019 is Rs.51.50 as compared to Rs.39.94 for the previous corresponding period.

FUTURE PROSPECTS

The future is always challenging due to increasing global competitions and increasing costs of productions. Policies for energy tariff and subsidies is still not clear and the disputes are in the courts for adjudication. Pakistan has been losing competitiveness in the region due to higher cost of doing business here specially manpower and energy costs. More over cotton prices in Pakistan remained high during peak season if these are compared with the regional cotton producers Pakistan need 15 million bales of cotton for textile consumption where as it produces only 10 million bales on average. In next five years demand will surge to 20 million bales which require special attention towards related agriculture sector including but not limited to availability of quality seeds and fertilizers at affordable rates.

Quick and direct initiatives by the Government are required to make the textile industry sustainable by supplying energy at reduced rates and implementation of textile package in true spirit. Keeping in view all the hurdles, the Management of your Company is committed to achieve lucrative results in remaining period of the year and by working on value-added products and exploring new arenas.

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

Il ash af

Kashif Riaz
CHIEF EXECUTIVE OFFICER

Karachi

Dated: February 29, 2020

سنریز ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ - ششماہی ۳۱ دسمبر ۲۰۱۹

بورڈ آف ڈائریکٹرز اپنی رپورٹ اور اس کے ساتھ ششماہی ۳۱ دسمبر ۲۰۱۹ کے مالیاتی گوشوارے (غیر آڈٹ شدہ) اور بیرونی آڈیٹرز کے جائزہ لی ہوئی رپورٹ، بخوشی پیش کرتے ہیں۔ زبردست جس کا جائزہ لیا جا رہا ہے آپ کی کمپنی نے شاندار 40.636 کروڑ روپے قبل از ٹیکس منافع کمایا ہے۔

مالی اور آپریشنل نتائج:

ششماہی ۳۱ دسمبر 000 روپے		
تفصیل	2018	2019
فروختگی	2,857.859	3,441.733
خام منافع	535.579	550.304
دیگر آمدن	4.373	27.135
قبل از ٹیکس منافع	301.004	406.359
ٹیکس	(13.689)	(51.012)
بعد از ٹیکس منافع	275.592	355.347

آپریشنل تجزیہ

چھ ماہ جس کا جائزہ لیا جا رہا ہے، آپ کی کمپنی کے کاروبار میں کچھلی اسی مدت کے مقابلہ میں 20 فیصد اضافہ اور خام مال منافع میں 2.75 فیصد اضافہ ہوا ہے۔ کچھلی اسی مدت کے مقابلہ میں مالی اثاثوں پر ناقابل اعتبار فائدہ کی کلنگ کی وجہ سے دیگر آمدنی میں 520 فیصد اضافہ ہوا ہے۔ خام مال کی قیمتوں میں اضافہ اس کے علاوہ کم از کم اجرت اور تقسیم کے اخراجات میں اضافہ کے باوجود آپ کی کمپنی نے مالی ضروریات اور خام مال کی خریداری کے ذریعے غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔

فی حصص آمدن:

فی حصص آمدن ششماہی ۳۱ دسمبر ۲۰۱۹ ختم ہونے پر 51.50 روپے ہے، جبکہ کچھلی اسی مدت میں یہ 39.94 روپے تھی۔

مستقبل کی صورت حال:

مستقبل میں عالمی مقابلہ جات اور بڑھتے ہوئے پیرا واری اخراجات کی وجہ سے ہمیشہ کی طرح مشکل درپیش ہے۔ توانائی کے نرخوں اور سسڈی کے لیے پالیسیاں تاحال واضح نہیں ہیں اور تنازعات عدالتوں میں موجود ہیں۔ پاکستان خاص طور پر کاروبار میں افرادی قوت اور توانائی کے اخراجات زیادہ ہونے کی وجہ سے خطے میں مسابقت کھو رہا ہے۔ اگر علاقائی روٹی کے پیداواری مالک سے موازنہ کیا جائے تو پاکستان میں روٹی کے بیزنس کے دوران روٹی کی قیمتیں زیادہ رہیں۔ پاکستان کو ٹیکسٹائل کی کھپت کے لیے کم از کم 15 ملین گانٹھوں کی ضرورت ہے جہاں او۔ٹا صرف 10 ملین گانٹھوں کی پیداوار ہوتی ہے۔ اگلے پانچ سالوں میں طلب میں 20 ملین گانٹھوں کا اضافہ ہوگا جس کے لیے متعلقہ زراعت کے شعبے کی طرف خصوصی توجہ کی ضرورت ہے جو صرف سستی نرخوں پر معیاری بیج اور کھاد کی دستیابی تک محدود نہ ہو۔ حکومت کی جانب سے فوری اور براہ راست اقدامات کی ضرورت ہے کہ وہ ٹیکسٹائل انڈسٹری کو کم نرخوں پر توانائی کی فراہمی اور ٹیکسٹائل بیج کو حتمی جذبے سے نافذ کر کے پائیدار بنائے۔ تمام رکاوٹوں کو مد نظر رکھتے ہوئے آپ کی کمپنی قدرمند مصنوعات بنانے اور نئی منڈیوں کو تلاش کر کے باقی آنے والے عرصے کے لیے منافع بخش نتائج حاصل کرنے کے لیے پرعزم ہے۔

اظہار تشکر:-

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

بورڈ آف ڈائریکٹرز کی جانب سے

کاشف ریاض

چیف ایگزیکٹو آفیسر

29 فروری 2020

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF SUNRAYS TEXTILE MILLS LIMITED

REPORT ON REVIEW OF INTERIM FINANCIAL STATEMENTS

Introduction

We have reviewed the accompanying condensed interim statement of financial position of **SunraysTextile Mills Limited**(the Company) as at December 31, 2019, and the related condensed interim statement of profit or loss and other comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows and notes to the interim financial statements for the six-month period then ended (hereinafter referred to as the "interim financial statements"). Management is responsible for the preparation and presentation of these interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these interim financial statements based on our review.

The figures of the condensed interim statement of profit or loss and other comprehensive income for the three-month period ended December 31, 2019 and related comparative information have not been reviewed, as we are required to review only the cumulative figures for the six-month period ended December 31, 2019.

Scope of Review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements as at December 31, 2019 and for the six-month period then ended, are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

Deloitte Yousuf Adil

Chartered Accountants

Multan

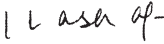
Date: February 29, 2020

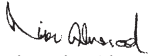
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

		<i>(Unaudited)</i> December 31, 2019 Rupees	<i>(Audited)</i> June 30, 2019 Rupees
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,804,609,336	1,847,552,707
Investment properties		2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200
		1,813,942,591	1,856,885,962
Current assets			
Stores and spares		73,160,520	80,501,483
Stock in trade	4	2,050,175,011	1,765,710,978
Trade debts		518,242,248	1,886,384,813
Loans and advances		69,985,489	101,685,107
Trade deposits and short term prepayments		6,530,155	6,434,913
Other receivables		32,823,709	26,873,566
Short term investments		122,267,253	112,844,221
Sales tax refundable		59,306,321	51,871,768
Income tax refundable		124,002,859	79,736,415
Cash and bank balances		80,149,478	73,497,191
		3,136,643,043	4,185,540,455
Total assets		4,950,585,634	6,042,426,417
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital		69,000,000	69,000,000
Share premium		3,600,000	3,600,000
Surplus on revaluation of property, plant and equipment- net of deferred tax		323,457,123	333,980,558
General reserves		750,000,000	750,000,000
Unappropriated profit		2,232,918,928	2,039,548,036
		3,378,976,051	3,196,128,594
Non-current liabilities			
Long term financing	5	793,391,047	827,705,100
Deferred liabilities		75,666,815	70,236,555
		869,057,862	897,941,655
Current liabilities			
Trade and other payables		447,207,234	380,532,419
Accrued markup		9,189,211	27,269,544
Short term borrowings	6	137,525,138	1,478,635,527
Current portion of long term financing		41,700,818	14,773,530
Unclaimed / unpaid dividend		15,917,420	11,900,626
Provision for taxation		51,011,900	35,244,522
Contingencies and commitments	7	702,551,721	1,948,356,168
Total equity and liabilities		4,950,585,634	6,042,426,417

The annexed notes from 1 to 15 form an integral part of these interim financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman


CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UNAUDITED)
For The Six Month Period Ended December 31, 2019

		...Six month period ended...		...Three month period ended...	
		December 31, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<i>Note</i>		----- Rupees -----			
Sales - net	8	3,441,732,643	2,857,859,571	1,615,136,188	1,394,083,054
Cost of goods sold	9	(2,891,428,175)	(2,331,919,289)	(1,361,018,056)	(1,154,326,301)
Gross profit		550,304,468	525,940,282	254,118,132	239,756,754
Profit / (loss) on other operations		-	503,536	-	(251,172)
		550,304,468	526,443,818	254,118,132	239,505,582
Distribution cost		(41,104,577)	(34,932,204)	(18,251,577)	(19,669,040)
Administrative expenses		(69,547,708)	(62,301,859)	(34,099,708)	(36,564,234)
Other expenses		(30,696,313)	(41,741,877)	(12,424,313)	(31,249,837)
Finance cost		(29,731,992)	(90,837,159)	(8,503,992)	(51,205,520)
Other income		27,135,479	4,373,389	26,635,479	3,685,323
		(143,945,111)	(225,439,710)	(46,644,111)	(135,003,308)
Profit before taxation		406,359,357	301,004,108	207,474,021	104,502,274
Taxation	10	(51,011,900)	(25,412,209)	(18,727,900)	8,458,558
Profit after tax		355,347,457	275,591,899	188,746,121	112,960,832
Earnings per share - basic and diluted		51.50	39.94	27.35	16.37

The annexed notes from 1 to 15 form an integral part of these interim financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive

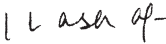

Mian Riaz Ahmed
Chairman


CONDENSED INTERIM STATEMENT OF OTHER COMPREHENSIVE INCOME (UNAUDITED)
For The Six Month Period Ended December 31, 2019

	...Six month period endedThree month period ended ...	
	December 31,	December 31,	December 31,	December 31,
	2019	2018	2019	2018
	----- Rupees -----			
Profit for the period	355,347,457	275,591,899	188,746,121	112,960,832
Other comprehensive income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Transfer from deferred tax due to change rate on opening revaluation surplus	(72,984)	331,257	(72,984)	331,257
Total comprehensive income for the period	355,274,473	275,923,156	188,673,137	113,292,089

The annexed notes from 1 to 15 form an integral part of these interim financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive



Mian Riaz Ahmed
Chairman


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED) **For The Six Month Period Ended December 31, 2019**

	Issued, subscribed and paid-up capital	Capital reserves		Revenue reserves		Total
		Share Premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profits	
----- Rupees -----						
Balance as at June 30, 2018 - Audited	69,000,000	3,600,000	278,595,889	750,000,000	1,604,303,678	2,705,499,567
Profit for the six month period ended December 31, 2018	-	-	-	-	275,591,899	275,591,899
Other comprehensive income	-	-	331,257	-	-	331,257,000
Total comprehensive income for the six month period ended December 31, 2018	-	-	331,257	-	275,591,899	275,923,156
Transactions with shareholders:						
Annual dividend for the year ended June 30, 2018 @ Rs. 9 per share	-	-	-	-	(62,100,000)	(62,100,000)
Transferred to unappropriated profits on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	(9,031,152)	-	9,031,152	-
Balance as at December 31, 2018 - Unaudited	69,000,000	3,600,000	269,895,994	750,000,000	1,826,826,729	2,919,322,723
Balance as at June 30, 2019 - Audited	69,000,000	3,600,000	333,980,558	750,000,000	2,039,548,036	3,196,128,594
Profit for the six month period ended December 31, 2019	-	-	-	-	355,347,457	355,347,457
Other comprehensive income	-	-	72,984	-	(72,984)	-
Total comprehensive income for the six month period ended December 31, 2019	-	-	72,984	-	355,274,473	355,347,457
Transactions with shareholders:						
Annual dividend for the year ended June 30, 2019 @ Rs. 25 per share	-	-	-	-	(172,500,000)	(172,500,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred tax)	-	-	(10,596,419)	-	10,596,419	-
Balance as at December 31, 2019 - Unaudited	69,000,000	3,600,000	323,457,123	750,000,000	2,232,918,928	3,378,976,051

The annexed selected notes from 1 to 15 form an integral part of these interim financial statements.


Shabbir Kausar
Chief Financial Officer



Kashif Riaz
Chief Executive

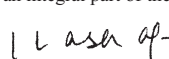

Mian Riaz Ahmed
Chairman


CONDENSED INTERIM STATEMENT OF CASH FLOW STATEMENT (UNAUDITED)
FOR THE SIX MONTH PERIOD ENDED DECEMBER 31, 2019

	----- Six month period ended -----	
	December 31, 2019 Rupees	December 31, 2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	406,359,357	301,004,108
Adjustments for:		
Depreciation on property, plant and equipment	85,959,038	70,646,986
Provision for staff retirement benefits - gratuity	10,574,400	8,693,664
Realized gain on disposal of short term investments	(5,450,616)	(315,487)
Unrealized (gain) / loss on re-measurement of short term investments	(18,039,066)	19,433,302
Gain on disposal of property, plant and equipment	(216,292)	-
Finance cost	29,731,992	90,837,159
	<u>102,559,456</u>	<u>189,295,624</u>
Operating cash flows before movements in working capital	<u>508,918,813</u>	<u>490,299,732</u>
Changes in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	7,340,963	6,213,164
Stock in trade	(284,464,033)	(633,046,144)
Trade debts	1,368,142,565	213,452,469
Loans and advances	31,699,618	(1,458,591)
Trade deposits and short term prepayments	(95,242)	(86,022)
Sales tax refundable	(7,434,553)	(11,498,355)
Other receivables	(5,950,143)	6,477,299
<i>Increase in current liability</i>		
Trade and other payables	66,674,815	20,507,584
	<u>1,175,913,990</u>	<u>(399,438,596)</u>
Cash generated from operations	<u>1,684,832,803</u>	<u>90,861,136</u>
Finance cost paid	(47,812,325)	(87,108,019)
Staff retirement benefits - gratuity paid	(5,144,140)	(4,884,900)
Income Taxes paid	(79,510,966)	(31,303,100)
Net cash generated from/ (used in) operating activities	<u>1,552,365,372</u>	<u>(32,434,883)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property plant and equipment	(43,686,804)	(28,347,483)
Additions to capital work in progress	-	(188,946)
Proceeds from disposal of property, plant and equipment	887,429	-
Payments for purchase of short term investments	(850,992,533)	(21,798,859)
Proceeds from disposal of short term investments	865,059,184	5,315,669
Net cash used in investing activities	<u>(28,732,724)</u>	<u>(45,019,619)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of long term financing	(7,386,765)	90,000
Short term borrowings - net	(1,341,110,389)	132,440,386
Dividend paid	(168,483,206)	(60,581,491)
Net cash (used in) / generated from financing activities	<u>(1,516,980,360)</u>	<u>71,948,895</u>
Net increase / (decrease) in cash and cash equivalents (A+B+C)	<u>6,652,287</u>	<u>(5,505,607)</u>
Cash and cash equivalents at beginning of the period	<u>73,497,191</u>	<u>51,246,935</u>
Cash and cash equivalents at end of the period	<u><u>80,149,478</u></u>	<u><u>45,741,328</u></u>

The annexed selected notes from 1 to 15 form an integral part of these interim financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

NOTES TO THE INTERIM FINANCIAL STATEMENT (UNAUDITED)
For The Six Month Period Ended December 31, 2019

1. LEGAL STATUS AND OPERATIONS

1.1 Sunrays Textile Mills Limited (the Company) was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 (the Ordinance) [now Companies Act, 2017] and its shares are quoted on Pakistan Stock Exchange Limited (PSX). 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.

1.2 These interim financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Statement of compliance

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

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

Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed. These interim financial statements are un-audited but subject to limited scope review by auditors and are being submitted to the shareholders as required under Section 237 of the Act.

2.2 These interim financial statements do not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2019. Comparative condensed interim statement of financial position has been extracted from annual audited financial statements for the year ended June 30, 2019 whereas comparative condensed statement profit or loss and condensed interim statement of other comprehensive income, comparative condensed interim statement of changes in equity and comparative condensed interim statement of cash flows has been extracted from un-audited interim financial statements for the six month period ended December 31, 2018.

2.3 Changes in accounting standards, interpretations and amendments

2.3.1 Standards, interpretations & amendments to published approved accounting standards that are effective and relevant

The Securities and Exchange Commission of Pakistan (SECP) has adopted new IFRS - 16 "Leases". Impact of this IFRS Standard on these interim financial statements are explained in note 2.4.

There are other new standards, amendments to standards and interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2019 but are considered not to be relevant or not to have any significant effect on the Company's operations and are, therefore, not disclosed in these interim financial statements.

2.3.2 Standards, interpretations & amendments to published approved accounting standards that are not yet effective

There are certain new standards, amendments to standards and interpretations that will become effective in future accounting periods but are considered not to be relevant or not to have any significant effect on Company's operations and are, therefore, not disclosed in these interim financial statements.

2.4 Accounting policies and methods of computation

The accounting policies and methods of computation followed in the preparation of these interim financial statements are the same as those applied in the preparation of the published audited financial statements for the year ended June 30, 2019 except the following:

- The Company has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases - Incentive' and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. This change related to IFRS 16 standards were mandatory for the six month period ended December 31, 2019 are considered to have no impact for the Company's financial statements and hence have not been disclosed here.

	<i>Note</i>	<i>(Unaudited) December 31, 2019 Rupees</i>	<i>(Audited) June 30, 2019 Rupees</i>
3. PROPERTY, PLANT AND EQUIPMENT			
Operating assets	3.1	1,804,609,336	1,846,413,281
Capital work-in progress		-	1,139,426
		1,804,609,336	1,847,552,707
3.1. Operating assets		1,846,413,281	1,496,666,636
Opening book value			
Additions during the period / year - cost			
Freehold land		19,468,750	-
Building on freehold land		7,197,291	10,750,760
Plant and machinery		-	412,148,070
Furniture and fittings		193,689	1,025,050
Vehicles		17,966,500	13,413,800
Revaluation Adjustments		-	81,602,175
		44,826,230	518,939,855
Disposals during the period / year - cost			
Plant and machinery		-	(87,664,905)
Vehicles		(5,304,360)	(5,110,169)
Depreciation relating to disposals during the period / year		4,633,223	72,140,467
Net book value of disposed asset		(671,137)	(20,634,607)
Depreciation charge for the period / year		(85,959,038)	(148,558,603)
Closing carrying value		1,804,609,336	1,846,413,281
4. STOCK IN TRADE			
Raw material		1,758,336,063	1,399,696,557
Raw material in-transit		80,457,213	19,267,563
Work in process		43,400,605	39,142,830
Finished goods			
-Spinning unit		142,670,917	210,015,095
-Ginning factory		13,000	24,237,739
		142,683,917	234,252,834
Waste		25,297,213	73,351,194
		2,050,175,011	1,765,710,978
		<i>(Unaudited)</i>	<i>(Audited)</i>
5. LONG-TERM FINANCING		December 31,	June 30,
<i>From banking companies - secured</i>		<i>2019</i>	<i>2019</i>
- Long term financing facility (LTFF)		Rupees	Rupees
MCB Bank Limited	5.1	428,020,310	428,020,310
United Bank Limited	5.2	59,094,120	66,480,885
Bank Alfalah Limited	5.3	347,977,435	347,977,435
		835,091,865	842,478,630
Less: Current portion		(41,700,818)	(14,773,530)
		793,391,047	827,705,100

5.1 MCB Bank Limited - LTFF

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 18, 2020 with 2 years grace period. It carries markup at flat rate 2.5%. This finance is secured against first pari passu charge amounting to Rs. 600 million over all present and future fixed assets of the Company with 25% margin.

5.2 United Bank Limited - LTFF

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from Feb 18, 2019 with 11 months grace period. It carries markup at flat rate 3%. This finance is secured against first pari passu charge amounting to Rs. 125 million over all present and future fixed assets of the Company with 25% margin.

5.3 Bank Alfalah Limited - LTFF

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 quarterly installments commencing from May 13, 2019 with 27 months grace period. It carries markup at flat rate 3%. This finance is secured against first pari passu charge amounting to Rs. 500 million over all present and future fixed assets of the Company with 25% margin.

	(Unaudited) December 31, 2019	(Audited) June 30, 2019
6. SHORT-TERM BORROWINGS		
Secured - under markup arrangements from banking Companies	Rupees	Rupees
Running finances	137,525,138	111,965,001
Cash Finance	-	37,000,000
Bank overdraft	-	1,570,526
Short term demand finance	-	1,328,100,000
	137,525,138	1,478,635,527

6.1 Short term facilities available from commercial banks under mark up arrangements amounts to Rs. 5,975 million (June 30, 2019: Rs.5,975 million) of which facilities aggregating to Rs. 5837 million (June 30, 2019: Rs.4,496 million) remained unutilized at the period end. The rate of mark up ranges from 13.34% to 14.91% per annum (June 30, 2019: 7.43% to 15.05% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods, hypothecation of stores and spares and charge on current assets of the Company.

		(Unaudited) December 31, 2019	(Audited) June 30, 2019
7. CONTINGENCIES AND COMMITMENTS			
7.1 Contingencies	Note	Rupees	Rupees
There is no significant change in status of contingent liabilities since the annual financial statements as at June 30, 2019.			
7.2 Commitments			
Bank guarantees	7.2.1	120,354,302	110,531,302
Foreign bills purchased		459,682,728	19,100,000
In land bill purchased		7,792,200	23,341,385
Letters of credit	7.2.2	925,547,143	24,569,383
7.2.1 Bank guarantees			
In favour of	Bank		
Sui Northern Gas Pipelines Ltd.	MCB Bank Limited	46,093,835	42,270,835
Excise and taxation	Soneri Bank Limited	23,985,915	23,985,915
Excise and taxation	United Bank Limited	50,000,000	44,000,000
CCI & E	Habib Bank Limited	274,552	274,552
		120,354,302	110,531,302
7.2.2 Letters of credit			
- Stores & spares		2,651,340	7,522,549
- Raw material		879,694,677	17,046,834
- Plant and machinery		43,201,126	-
		925,547,143	24,569,383

		----- Six month period ended ----- December 31,		---Three month period ended --- December 31,	
		2019	2018	2019	2018
	Rupees.....			
8.	SALES - NET				
	Exports				
	Yarn	2,873,181,877	2,408,999,852	1,434,336,208	1,359,142,779
	Local				
	Yarn	385,568,702	349,422,764	105,853,200	(8,866,800)
	Doubling	358,800	673,713	358,800	416,160
	Waste	199,301,921	115,050,590	84,797,241	51,819,281
		585,229,423	465,147,067	191,009,241	43,368,641
	Less:				
	Commission	(16,678,657)	(16,287,348)	(10,209,261)	(8,428,366)
		3,441,732,643	2,857,859,571	1,615,136,188	1,394,083,054
9.	COST OF GOODS SOLD				
	Raw material consumed	2,207,283,030	1,755,383,103	1,098,356,030	882,791,598
	Power and fuel	198,049,412	205,782,801	94,592,412	87,836,805
	Salaries, wages and benefits	135,096,236	125,782,912	66,126,236	55,638,552
	Packing material consumed	35,362,187	32,613,238	16,741,187	15,437,082
	Stores and spares consumed	46,097,636	33,840,162	17,468,636	20,624,092
	Repair and maintenance	4,055,385	3,011,304	1,888,385	1,675,523
	Insurance	3,600,000	3,400,000	1,800,000	1,800,000
	Depreciation	79,864,131	65,409,288	40,112,131	32,710,035
	Others	437,274	422,612	190,274	214,435
		2,709,845,291	2,225,645,420	1,337,275,291	1,098,728,122
	Work in process				
	Opening stock	39,142,830	30,599,760	34,733,000	29,729,596
	Closing stock	(43,400,605)	(28,513,829)	(43,400,605)	(28,513,829)
		(4,257,775)	2,085,931	(8,667,605)	1,215,767
	Cost of goods manufactured	2,705,587,516	2,227,731,351	1,328,607,686	1,099,943,889
	Finished goods				
	Opening stock	283,366,289	206,030,664	167,649,000	182,199,138
	Purchase of finished goods	70,442,500	65,961,600	32,729,500	39,987,600
	Closing stock	(167,968,130)	(167,804,326)	(167,968,130)	(167,804,326)
		185,840,659	104,187,938	32,410,370	54,382,412
		2,891,428,175	2,331,919,289	1,361,018,056	1,154,326,301
The above detail of finished goods does not include stock of ginning unit.					
10.	TAXATION				
	Current			51,011,900	31,064,429
	Deferred			-	(5,652,220)
				51,011,900	25,412,209
11.	RELATED PARTY TRANSACTIONS				
11.1	The related parties comprise associated undertakings, directors and key management personnel. The Company in normal course of business carries out transactions with related parties. Transactions with related parties are as follows:				
		----- Six month period ended ----- December 31,		---Three month period ended --- December 31,	
		2019	2018	2019	2018
	Rupees.....			
	Transactions with directors and key management personnel				
	Remuneration and other benefits of chief executive, directors and executives	29,892,938	23,712,401	15,906,167	13,073,617
	Transactions with associated undertakings				
	Indus Home Limited				
	Sale of goods and services	90,011,697	74,348,589	25,551,235	12,660,426
	Advance received for Sale of land	72,275,209	-	72,275,209	-
	Indus Dyeing and Manufacturing Company Limited				
	Purchase of goods and services	622,479	-	-	-
	Purchase of Property Plant and equipments	19,468,750	-	-	-
All transactions with related parties have been carried out on agreed terms and conditions.					

12. FAIR VALUE MEASUREMENTS

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

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

- Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

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

- Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

12.1 Fair value of property, plant and equipment and other financial assets

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

Freehold land

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

Building on freehold land

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

Plant and machinery

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

Other Financial Assets

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

As at December 31, 2019

	Level 1	Level 2	Level 3
		<i>Rupees</i>	
Free hold land	-	224,298,250	-
Building on free hold land	-	227,597,742	-
Plant and machinery	-	1,256,052,952	-
Other financial assets	122,267,253	-	-
Total	122,267,253	1,707,948,944	-
<i>As at June 30, 2019</i>			
Free hold land	-	204,829,500	-
Building on free hold land	-	232,379,280	-
Plant and machinery	-	1,322,161,001	-
Other financial assets	112,844,221	-	-
Total	112,844,221	1,759,369,781	-

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

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

13. FINANCIAL RISK MANAGEMENT

The company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the annual financial statements of the Company as at and for the year ended June 30, 2019.

14. RECLASSIFICATION

Following reclassification has been made in the interim financial statements:


<i>Reclassified from</i>	<i>Reclassified to</i>	<i>Reason</i>	<i>Rupees</i>
Salaries and wages-	Salaries and wages-		
Administrative Expenses	Cost of Sales	For better presentation	9,639,211

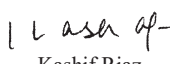
15. DATE OF AUTHORIZATION OF INTERIM FINANCIAL STATEMENTS

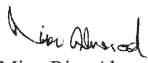
The condensed interim financial statements were authorized for issue by the Board of Directors of the Company on February 29, 2020.

16. FIGURES

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


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman