

SUNRAYS TEXTILE MILLS LIMITED



QUARTERLY STATEMENT
(UN-AUDITED)

**FOR THE FIRST QUARTER
ENDED SEPTEMBER 30, 2020**

Contents***Page***

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

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
11. Mr. Farooq Hassan

AUDIT COMMITTEE

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Shabbir Kausar

CHIEF INTERNAL AUDITOR

Mr. Imran Iftikhar

COMPANY SECRETARY

Mr. Ahmed Faheem Niazi

LEGAL ADVISOR

Mr. Yousuf Naseem

Advocates & Solicitors

REGISTERED OFFICE

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 – Aameera 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

Soneri Bank Limited

United Bank Limited

Meezan Bank Limited

Habib Bank Limited

Bank Alfalah

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 un-audited financial statements of the Company for the 1st quarter ended September 30, 2020. During the period under review Your Company earned pre-tax profit Rs. 72.917(M).

FINANCIAL HIGHLIGHTS

	1st Quarter Ended September 30 (Rs.in million)	
	2020	2019
Sales – Net	1,622.899	1,826.596
Gross Profit	106.518	296.187
Other Income	36.552	0.500
Profit Before Taxation	72.917	198.886
Taxation	(17.089)	(32.284)
Profit After Taxation	55.828	166.602

REVIEW OF OPERATIONS

Your Company earned pre - tax profit Rs.72.917(M) as compared to Rs.198.886 (M) over the last corresponding period. Gross profit Rs. 106.518 (M) as compared to Rs.296.187 (M) over the last corresponding period. The main reason of decrease in profit as compared to the last corresponding period is due to increase in cotton prices and no proportionate increase in the prices of cotton yarn.

EARNING PER SHARE

The earnings per share for the first quarter ended September 30, 2020 is Rs.8.09 per share as compared to Rs.24.15 per share over the last corresponding period.

DIVIDEND

The Board of Directors in their meeting held on 29th October 2020, have declared first interim cash dividend @ 200 % i.e Rs. 20/- per share for the year ended 30th June 2021.

FUTURE PROSPECTS

Markets both local and international are improving gradually. Based on the current situation of COVID -19 which is under control and well managed, we hope that Government will continue to support the business industry through subsidized financing and quick release of Income tax and sales tax refunds. The situation in future is likely to improve as the countries have been equipped to live with this disease. The Government should revive the zero-rated policy there is an urgent need to make a textile supply chain smooth and running. Keeping in view recent global as well as domestic economic conditions, coming period looks tough but your management is confident to achieve better results in future through better marketing and cost controls

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.

Karachi

Dated: October 29, 2020

FOR AND ON BEHALF OF THE BOARD

Kashif Riaz

Kashif Riaz
CHIEF EXECUTIVE OFFICER

سنرینٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ پہلی سہ ماہی۔ ۳۰ ستمبر ۲۰۲۰

بورڈ آف ڈائریکٹرز اپنی رپورٹ اور اس کے ساتھ پہلی سہ ماہی ۳۰ ستمبر ۲۰۲۰ کے مالیاتی گوشوارے (غیر آڈٹ شدہ) بخوشی پیش کرتے ہیں۔ زیر مدت جس کا جائزہ لیا جا رہا ہے آج کی کمپنی نے 7.292 کروڑ روپے قبل از ٹیکس منافع کمایا ہے۔

مالی اور آپریشنل نتائج:

سہ ماہی۔ ۳۰ ستمبر		000 روپے
2020	2019	تفصیل
1,622.899	1,826.596	فروختگی
106.518	296.187	خام منافع
36.552	0,500	دیگر آمدن
72.917	198.886	قبل از ٹیکس منافع
(17.089)	(32.284)	ٹیکس
55.828	166.602	بعد از ٹیکس منافع

آپریشنل تجزیہ

آج کی کمپنی کا اس عرصہ میں قبل از ٹیکس منافع 7.292 کروڑ رہا جو کہ گزشتہ اس عرصہ میں 19.889 کروڑ تھا۔ خام منافع 10.652 کروڑ رہا جو کہ گزشتہ اس عرصہ میں 29.619 کروڑ تھا۔ اس عرصہ میں گزشتہ عرصہ کے مقابلہ میں منافع کم ہونے کی بنیادی وجہ کپاس کی قیمتوں میں اضافہ اور اسی تناسب سے دھاگے کی قیمتوں میں اضافہ کا نہ ہونا ہے۔

فی حصص آمدن؛

فی حصص آمدن سہ ماہی۔ ۳۰ ستمبر ۲۰۲۰ ختم ہونے پر 8.09 روپے ہے، جبکہ پچھلی اسی مدت میں یہ 24.15 روپے تھی۔

ڈیویڈنڈ:-

بورڈ آف ڈائریکٹرز نے 29 اکتوبر 2020 کو منعقدہ اپنے اجلاس میں 30 جون 2021 کو ختم ہونے والے سال کے لیے پہلے 200 فیصد انٹیرم ڈیویڈنڈ کا اعلان کیا جو کہ 20 روپے فی شیئر بنتا ہے۔

مستقبل کی صورت حال:

مقامی اور بین الاقوامی دونوں مارکیٹوں میں تدریجاً بہتری آ رہی ہے۔ Covid-19 کی موجودہ صورتحال کی بنیاد پر جو تاقاؤ میں ہے اور بہتر انتظام ہے، ہم امید کرتے ہیں کہ حکومت سہ سڈی سے مالی اعانت اور کٹنگس اور سیکرٹیکس کے ریٹیفیکیشن کے جلد اجراء کے ذریعہ کاروباری صنعت کی حمایت جاری رکھے گی۔ مستقبل میں صورتحال میں بہتری آئے گا امکان ہے کیونکہ ممالک اس بیماری کے ساتھ حالات کا مقابلہ کرنے کے لیے تیار ہو چکے ہیں۔ حکومت کو زبردستی پائلسی کو بحال کر کے ٹیکسٹائل کی سپلائی چین کو بحال رکھنے کی اشد ضرورت ہے۔ حالیہ عالمی اور ملکی معاشی حالات کو مدنظر رکھتے ہوئے آنے والا دور زیادہ مشکل نظر آتا ہے لیکن آپ کی انتظامیہ بہتر نتائج حاصل کرنے کے لیے پراعتماد ہے اور پیداواری اخراجات پر قابو پانے کی کوششوں کو جاری رکھے گی۔

اظہار تشکر:-

ادارے کے ڈائریکٹرز تمام زمین 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 شکر گزار ہیں جنہوں نے انتظامیہ پر اپنے اعتماد کا اظہار کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

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کاشف ریاض
چیف ایگزیکٹو آفیسر

29 اکتوبر 2020

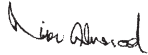
**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2020**

<i>ASSETS</i>	<i>Note</i>	Sep. 30, 2020 Rupees (000)	June. 30, 2020 Rupees (000)
<i>Non-current assets</i>			
Property, plant and equipment		1,776,893	1,811,029
Investment property		2,342	2,342
Long term deposits		6,991	6,991
		1,786,227	1,820,362
<i>Current assets</i>			
Stores and spares		91,740	96,674
Stock in trade		1,361,945	1,823,689
Trade debts		560,510	342,661
Loans and advances		71,326	121,442
Trade deposits and short term prepayments		3,722	3,722
Other receivables		28,509	37,146
Short term investments		939,439	409,227
Sales tax refundable		86,803	107,121
Income tax refundable		116,807	116,807
Cash and bank balances		35,562	32,625
		3,296,362	3,091,115
<i>Total assets</i>		5,082,588	4,911,477
<i>EQUITY AND LIABILITIES</i>			
<i>Share capital and reserves</i>			
Issued, subscribed and paid-up capital		69,000	69,000
Share premium		3,600	3,600
Surplus on revaluation of property, plant and equipment		284,420	289,189
General Reserves		750,000	750,000
Unappropriated profit		2,325,542	2,264,946
		3,432,562	3,376,734
<i>Non-current liabilities</i>			
Long term financing		938,300	927,142
Deferred liabilities		87,639	82,174
		1,025,939	1,009,316
<i>Current liabilities</i>			
Trade and other payables		374,371	338,868
Accrued markup		6,854	19,630
Short term borrowings		126,804	18,853
Current portion of long term financing		77,198	42,000
Current portion of deferred government grant		1,040	-
Unclaimed dividend		20,730	20,746
Provision for taxation		17,089	85,330
		624,088	525,427
<i>Contingencies and commitments</i>	3	-	-
<i>Total equity and liabilities</i>		5,082,588	4,911,477

The annexed notes from 1 to 9 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

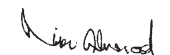
CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS (UNAUDITED)
For The First Quarter Ended September 30, 2020

	<i>Note</i>	Sep. 30, 2020 ----- (000)	Sep. 30, 2019 ----- (000)
		<i>Rupees</i>	
Sales-net		1,622,899	1,826,596
Cost of sales	6	(1,516,381)	(1,530,409)
Gross profit		106,518	296,187
Profit on trading		3,859	-
		110,377	296,187
Distribution cost		(19,729)	(22,853)
Administrative expenses		(37,574)	(35,448)
Other expenses		(3,838)	(18,272)
Finance cost		(12,870)	(21,228)
Other income		36,552	500
		(37,460)	(97,301)
Profit before taxation		72,917	198,886
Taxation		(17,089)	(32,284)
Profit for the period		55,828	166,602
<i>Earnings per share - basic and diluted</i>		8.09	24.15

The annexed notes from 1 to 9 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

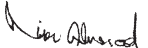
For The First Quarter Ended September 30, 2020

	<i>Note</i>	Sep. 30, <u>2020</u> (000)	<i>Rupees</i>	Sep. 30, <u>2019</u> (000)
Profit for the year		55,828		166,602
Other comprehensive income - net of tax				
Remeasurement of defined benefit obligation - gratuity		-		-
Related deferred tax		-		-
Total comprehensive income for the year		<u>55,828</u>		<u>166,602</u>

The annexed notes from 1 to 9 form an integral part of these 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 First Quarter Ended September 30, 2020

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2020

	Capital reserve		Surplus on revaluation of fixed assets	Revenue reserves		Total
	Share premium	General reserve		Unappropriated profit		
Balance as at June 30, 2019	3,600	750,000	333,981	2,039,548		3,196,129
Comprehensive income for the year	-	-	-	560,164		560,164
Profit for the year	-	-	-	(58)		(58)
Other comprehensive loss	-	-	-	560,106		560,106
Total comprehensive income for the year	-	-	-	560,106		560,106
Transactions with owners						
Annual dividend for the year ended June 30, 2019 @ Rs. 25 per share	-	-	-	(172,500)		(172,500)
1st interim dividend for the period ended December 31, 2019 @ Rs. 15 per share	-	-	-	(103,500)		(103,500)
2nd interim dividend for the period ended March 31, 2020 @ rs. 15 per share	-	-	-	(103,500)		(103,500)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(21,193)	-	21,193	-
Transfer of revaluation revaluation surplus due to disposal of revalued assets	-	-	(23,599)	-	23,599	-


Balance as at June 30, 2020	3,600	750,000	289,189	2,264,946	3,376,734
Comprehensive income for the year					
Profit for the year	-	-	-	55,828	55,828
Other comprehensive loss	-	-	-	-	-
Total comprehensive income for the year	-	-	-	55,828	55,828
Transactions with owners					


Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment

Balance as at Sep 30, 2020	3,600	750,000	284,420	2,325,542	3,432,562
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The annexed notes from 1 to 9 form an integral part of these 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 FIRST QUARTER ENDED SEPTEMBER 30, 2020**

	Sep. 30, <u>2020</u>	Rupees	Sep. 30, <u>2019</u>
	(000)		(000)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	72,917		198,886
Adjustments for:			
Depreciation on property, plant and equipment	41,719		42,406
Unrealized loss/gain) on re-measurement of other financial assets-net	(31,989)		7,804
Realized gain on disposal of other financial assets-net	(3,800)		(214)
Provision for staff retirement benefits - gratuity	2,602		5,287
Finance cost	12,870		21,228
Operating cash flows before changes in working capital	21,402		76,511
Changes in working capital			
<i>(Increase) / decrease in current assets</i>			
Stores and spares	4,934		2,886
Stock in trade	461,744		223,746
Trade debts	(217,849)		1,307,344
Loans and advances (excluding advance income tax)	50,117		(14,071)
Trade deposits and short term prepayments	(0)		(95)
Sales tax refundable	20,318		(41,315)
Other receivables	8,638		23
<i>Increase in current liabilities</i>			
Trade and other payables	35,503		50,802
	363,405		1,529,320
Cash (used in) operations	457,724		1,804,717
Finance cost paid	(25,647)		(39,063)
Staff retirement benefits - gratuity paid	(2,138)		(1,824)
Income taxes paid/adjusted	(85,330)		(33,513)
Net cash (used in) operating activities	344,609		1,730,317
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(7,584)		(13,100)
Payment for purchase of short term investments	(1,105,263)		(583,400)
Proceeds from disposal of short term investments	610,841		450,214
Net cash generated from / (used in) investing activities	(502,006)		(146,286)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	52,398		-
Repayment long term financing	-		(7,387)
Short term borrowings - net	107,952		(1,434,042)
Dividends paid	(16)		(143,128)
Net cash generated from financing activities	160,334		(1,584,557)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,937		(526)
Cash and cash equivalents at beginning of the year	32,625		73,497
Cash and cash equivalents at end of the year	35,562		72,971

The annexed notes from 1 to 9 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
(UNAUDITED)
For The First Quarter Ended September 30, 2020**

1. LEGAL STATUS AND OPERATIONS

1.1 Sunrays Textile Mills Limited (the Company) was incorporated in Pakistan on August 27, 1987 as a public limited company under the 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 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 nine month period ended March 31, 2019.

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.

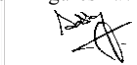

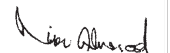
There are other new standards, amendments to standards and interpretations that became effective during the period and are mandatory for accounting periods of the Company beginning on or after July 01, 2020 but are considered not to be relevant or not to have any significant effect on the Company's operations 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, 2020

	Sep 30, 2020	Rupees	Sep 30, 2019
	(000)		(000)
3- CONTINGENCIES AND COMMITMENTS			
CONTINGENCIES			
Bank/financial institution/insurance guarantees	146,921		649,921
COMMITMENTS			
Under letters of credit	201,376		6,019
4- AGGREGATE TRANSACTION WITH ASSOCIATED UNDERTAKING			
Sales of goods and services	91,501		64,460
4.1 These transaction have been carried out on the commercial terms and conditions.			
5- ACQUISITION OF PROPERTY			
PLANT AND MACHINERY			
Acquisition	36,335		13,100
6- COST OF GOODS SOLD			
Raw Material	1,115,988		1,108,927
Stores and Spares	14,648		28,629
Packing material	19,278		18,621
Salaries ,wages and benefits & Doubling Charges	62,795		68,970
Power and fuel	93,978		103,457
Insurance	1,800		1,800
Repair and maintenance	1,360		2,167
Depreciation	38,746		39,752
Others	175		247
	1,348,767		1,372,570
Work in process			
Opening stock	35,073		39,143
Closing stock	(36,087)		(34,733)
	(1,013)		4,410
Cost of goods manufactured	1,347,753		1,376,979
Purchase of yarn	135,909		37,713
Finished Goods			
Opening stock	129,549		283,366
Closing stock	(96,830)		(167,649)
	32,719		115,717
	1,516,381		1,530,409
7- SUBSEQUENT EVENT			
Subsequent to the balance sheet date ,the Board of Directors in their meeting held on October 29, 2020 have declared first interim cash dividend @ 200% i.e Rs.20/- per share for the year ended june 30, 2021.			
8- These financial statements were authorised for issue by the Board of Directors of the company on October 29, 2020			
9- Figures have been rounded off to the nearest thousand rupee.			
			
Shabbir Kausar Chief Financial Officer	Kashif Riaz Chief Executive		Mian Riaz Ahmed Chairman