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COMPANY PROFILE

BOARD OF DIRECTORS

1. Mian Riaz Ahmed (Chairman)
2. Mr. Kashif Riaz (Chief Executive)
3. Mian Mohammad Ahmad
4. Mr. Shahzad Ahmad
5. Mr. Naveed Ahmad
6. Mr. Irfan Ahmed
7. Mr. Shahwaiz Ahmed
8. Mr. Shafqat Masood
9. Sheikh Nishat Ahmed

AUDIT COMMITTEE

1. Mr. Sheikh Nishat Ahmed (Chairman)
2. Mr. Naveed Ahmed (Member)
3. Mr. Shafqat Masood (Member)

HUMAN RESOURCES AND REMUNERATION COMMITTEE

1. Mian Mohammad Ahmad (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
Soneri Bank Limited
United Bank Limited
Meezan Bank Limited
Habib Bank Limited

AUDITORS

M/s Deloitte Yousuf Adil & Company
Chartered Accountants Multan.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that 26th Annual General Meeting of the members of Sunrays Textile Mills Limited. (the Company) will be held on October 31, 2017 at 11:00 a.m. at **Indus Dyeing & Mfg. Co. Ltd.** Plot # 3 & 7, Sector-25, Korangi, Industrial Area, Karachi, to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the 25th Annual General Meeting held on October 31, 2016.
2. To receive consider and adopt the Audited Accounts together with the Directors' and Auditors' reports thereon for the years ended June 30, 2017.
3. To appoint auditors for the year ended June 30, 2018, and fix their remuneration the retiring Auditors (M/s Deloitte Yousuf Adil Chartered Accountants, being eligible have offered themselves for reappointment.)
4. To consider and approve, as recommended by the Board of Directors, the payment of final cash dividend for the year ended June 30, 2017 @ **40% i.e. Rs.4/-** per ordinary share. This shall be in addition to the 50% 1st interim cash dividend (RS.5 per Share) already declared and paid during the year.
5. To transact any other business with the permission of the chair.

Karachi;
Dated; 6-10-2017

By order of the Board

Ahmed Faheem Niazi

Company Secretary

Notes:

- i) Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later then 48 hours before the time of holding the meeting.
- ii) The Share Transfer Books of the Company will remain closed from Tuesday, October 24, 2017 to October 31, 2017 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 23, 2017. 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-Amera Center, Shahra-e-Iraq, Saddar, Karachi. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in prompt receipt of dividend.
- iii) The Company shall facilitate its members to attend the annual general meeting through video-link by providing video-conference facility, if available, in the city where 10% or more shareholders of the Company reside, provided that the Company receives their demand to participate in annual general meeting through video-link at least 10 days prior to the date of meeting.

In this regard, it is requested to fill the following Form and submit at the registered address of the Company atleast 10 days before holding of the Annual General Meeting:

"I/WE, _____ of _____ being a member of Sunrays Textile Mills Limited, holder of _____ Ordinary Shares as per registered folio # _____ hereby opt for video conference facility at _____."

Signature of Member

- iv) The financial statements of the Company for the year ended 30 June 2017 along with Auditors and Directors Report thereon have been placed on the Company's website: www.indus-group.com
- v) Shareholders, who by any reasons, could not claim their dividend or bonus shares or did not collect their physical shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend or pending shares. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend and shares outstanding for a period of 3 years or more from the date due and payable shall be deposited to the credit of Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

Deduction of Income Tax from Dividend under Section 150 of the Income Tax Ordinance, 2001

Pursuant to the provisions of the Finance Act 2016 effective July 1, 2016, 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	20%

All members of the Company who hold shares in physical form are therefore requested to send a valid copy of their CNIC and NTN Certificate, to the Company Shares Registrar, M/s Jwaffs Registrar Services (Pvt) Ltd, at the above mentioned address, to allow the Company to ascertain the status of the members.

Members of the Company who hold shares in scrip-less form on Central Depository System (CDS) of Central Depository Company of Pakistan Limited (CDC) are requested to send valid copies of their CNIC and NTN Certificate to their CDC participants CDC Investor Account Services.

Where the required documents are not submitted, the company will be constrained to treat the non-complying members as a non filer hereby attracting a higher rate of withholding tax.

Withholding Tax on Dividend in case of Joint Account Holders

In order to enable the Company to follow the directives of the regulations to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the principal shareholder) for deduction of withholding Tax on dividends of the Company, shareholders are requested to please complete the forms (earlier dispatched) to furnish the shareholding ratio details of themselves as principal shareholder and their joint holders to the company's share registrar, enabling the company to compute withholding tax of each shareholder accordingly. In the event of non-receipt of the information by 23rd. October 2017, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

Payment of Cash Dividend Electronically (Mandatory Requirement as per the Company Act 2017)

In accordance with the provisions of section 242 of the Companies Act, 2017, dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. SECP vide Circular No. 18 of 2017 dated August 01, 2017 has presently waived the condition till October 31, 2017. Any dividend payable after this due date shall be paid in the manner prescribed only.

All shareholders are requested to provide the details of their bank mandate specifying:

- i. Folio Number / CDC Account: _____
- ii. Title of Account: _____
- iii. Bank Account: _____
- iv. IBAN number: _____
- v. Bank Name: _____
- vi. Branch Code, Name & Address: _____
- vii. CNIC of Shareholder: _____

to the Company's Share Registrar M/s Jwaffs Registrar Services (Pvt) Ltd..Shareholders who hold shares with participants/ Central Depository Company of Pakistan Limited (CDC) are advised to provide the bank mandate details as mentioned above, to the concerned participant / CDC.

If they so desires the shareholders have the option to seek the dividend mandate by using the standardized "Dividend Mandate Form" available on company's website www.indus-group.com

E-mailing of Annual Report along with Notice of Annual General Meeting

Interested Members are encouraged to send their e-mail address with their consent (to opt for transmission of annual reports and AGM notices through e-mail) at company's registered office to enable the company to transmit the annual report along with AGM notice through e-mail as per SECP's Notification dated: 10th September 2014.

ok

VISION

To be a most successful company in terms of quality products, services & Financials.

MISSION

To provide quality products & services to our customers and handsome return to the shareholders.

DIRECTOR'S REPORT

Your Directors are pleased to present the 26th Annual Report on the affairs of the company along with the Audited Financial Statements and Auditor's Report thereon for the year ended June 30, 2017.

Financial and operational results

The Company earned pretax profit of Rs.191.387 (M). For the year ended June 30, 2017.

Highlights

	Rs. 000
Pre tax profit for the period	191,387
Provision for taxation	(47,064)
Profit after taxation	144,323
Deferred tax and others	(2,586)
Un-appropriated profit brought forward	1,226,977
Annual dividend for the year ended June 30, 2016	(34,500)
Interim dividend for the year ended June 30, 2017	(34,500)
Profit available for appropriations	1,299,714
Transfer from surplus on revaluation of fixed assets	24,218
Un-appropriated profit carried forward	1,323,932

The earnings per share is Rs. 20.92 (Par value Rs. 10/= per share)

Operational Review

During the period under review the company's performance was admirable. Sales during the year was Rs.4.258 billion (2016 : Rs.3.858 billion) against total cost of sales of Rs.3. 886 billion(2016 : Rs.3.628 billion) resulting in a gross profit of Rs.371.779 million (2016 :Rs.230.335 million).

Present year assessment

By the Grace of Almighty ALLAH your company profitability has increased for the year ended June 30, 2017 as compared to the previous year despite depressed business environment. These results were possible with well -focused raw material procurement planning and devoted efforts on sale planning. During the year Rs. 121.165 (M) were invested in the fixed assets. This is part of the company's BMR plan to improve the quality and reduce the manufacturing cost. Retained earnings / internal cash flow were used to finance this programme.

Future Outlook

The implementation of the textile package announced in January 2017 in the form of drawback of taxes and with drawl of duties on raw material and machinery boosted exports in 4th quarter in overall the country. This package provided relief to some extent and no measures taken for cutting down the cost of production and other major issues related to competitiveness. The availability of subsidized Indian yarn has also affected local yarn market significantly. APTMA has opposed to stop the 4 per cent government rebate on yarn export on the basis of drawback of duties. Political scenario of the country is also a major factor which will determine direction of business environment. Prospects of current crop not looks good and imported cotton is expensive as usual. But your management is trying hard to procure raw material at competitive prices to overcome challenging textile conditions. Keeping in view recent global economic conditions, coming financial year looks more tough, but your management is keen to find more prosperous markets to keep business on better growth level.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

As required by the Code of Corporate Governance, directors are pleased to report that:

- a. The financial statements together with notes thereon have been drawn up by management in conformity with the Companies Ordinance, 1984. These statements present fairly the Company's state of affairs, the result of its operations, cash flows and changes in equity.
- b. The Company has maintained proper books of accounts.
- c. Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgment. International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements and there has been no departure there from.
- d. The system of internal control is sound in design and has been effectively implemented and monitored.
- e. There are no significant doubts upon the company's ability to continue as a going concern.

ok

- f. There has been no material departure from the best practices of corporate governance, as detailed in the stock exchange listing regulations.
- g. Key operating and financial data for last six years is annexed.
- h. There has been no trading of shares by chief executive, Director, Financial Officer, Company Secretary, their spouses and minor children, during the year.

BOARD AUDIT COMMITTEE

The Board of Directors has established an Audit Committee, in compliance with the Code of Corporate Governance, which oversees internal controls and compliance and has been working efficiently since its inception. The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors on various issues, including their letter to the management. The Audit Committee also reviewed internal auditors' findings and held separate meetings with internal and external auditors as required under the Code of Corporate Governance.

Board & SUB Committee Meetings

Meetings of the Board of Directors, Audit Committee and Human Resource & Remuneration Committee are held according to schedule, Audit committee comprises of three members, all of them are non-executive Directors including the Chairman. Meeting held and attendance by each Director in the meetings of the Board and its subcommittee is as follows:

Name of Directors	Board of Directors 5-Meetings	Audit Committee 4-Meetings	HR &R 1- Meeting
	Attended	Attended	Attended
Mian Mohammad Ahmed^	3		1
Mian Riaz Ahmed	3		
Mr. Shahzad Ahmed	4		
Mr. Naveed Ahmed*	5	4	
Mr. Irfan Ahmed^	4		1
Mr. Kashif Riaz	4		
Mr. Shafqat Masood*	5	4	
Mr. Shahwaiz Ahmed^	4		1
Mr. Sheikh Nishat Ahmed*	5	4	

The Leave of absence was granted to the members not attending the Board and Committee meetings.

- Members of the Board Audit Committee

^ Members of the Board HR Committee

Pattern of shareholding

The shareholding pattern as 30 June 2017 is annexed

STATUTORY PAYMENTS

As on the date of closing, no government taxes, duties, levies and charges were outstanding or overdue except for routine payments of various levies and amounts in dispute pending decision in various appellate forums and the same have been disclosed in the financial statements.

DIVIDEND

The directors proposed 40% final cash dividend i.e. Rs 4/- per share for the year. This shall be in addition to the 50% 1st. interim cash dividend (Rs.5 per share) already declared and paid during the year.

Auditors

The Messrs Deloitte Yousuf Adil Chartered Accountants retire at the Annual General Meeting and being eligible, offer themselves for re appointment for the financial year ending June 30, 2018.

Thanks and appreciation

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 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

Kashif Riaz

Kashif Riaz
CHIEF EXECUTIVE

Dated: October 06, 2017

جون ۳۰، ۲۰۱۷

ڈائریکٹرز رپورٹ

سنریز ٹیکسٹائل ملز لمیٹڈ

000 روپے

بورڈ آف ڈائریکٹرز چھبیسویں سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

مالی اور آپریشنل نتائج:-

قبل از ٹیکس منافع	191,387
ٹیکس	(47,064)
بعد از ٹیکس منافع	144,323
ڈیفرنڈ ٹیکس / دیگر	(2,586)
ابتدائی جمع شدہ منافع	1,226,977
فائنل ڈیویڈنڈ ۳۰ جون ۲۰۱۶	(34,500)
انٹیم ڈیویڈنڈ ۳۰ جون ۲۰۱۷	(34,500)
منافع برائے تصرفات	1,299,714
فلسڈ اثاثہ جات کے ریلویشن پرسیپلس سے منتقل	24,218
آگے کیا گیا جمع شدہ منافع	1,323,932
فی حصص آمدن	20.92 روپے

آپریشنل تجزیہ:-

زیر نظر مدت کے دوران کمپنی کی کارکردگی قابل ستائش رہی۔ دوران سال مصنوعات کی فروخت 4.258 ارب روپے رہی (2016 : 3.858 ارب روپے جبکہ مصنوعات کی کل لاگت 3.886 ارب روپے رہی (2016 : 3.628 ارب روپے) اور مجموعی منافع 37.178 کروڑ روپے رہا (2016 : 23.033 کروڑ روپے)

موجودہ سال کا جائزہ:-

اللہ تعالیٰ کے فضل سے کاروبار میں دباؤ کے باوجود آپکی کمپنی کی کارکردگی پچھلے سال کے مقابلے میں بہت اچھی رہی۔ یہ نتائج خام مال کی خریداری کی بہتر منصوبہ بندی سے اور فروخت کی بہتر کوششوں کی وجہ سے ممکن ہوئے۔ دوران سال 121.165 ملین روپے مقررہ اثاثوں میں سرمایہ کاری کی گئی جو کمپنی کے مجموعی BMR پلان کا حصہ ہے تاکہ مصنوعات کے معیار کو بہتر اور لاگت کو کم کیا جاسکے اور اس مقصد کیلئے کمپنی کے اندرونی ذرائع سے وسائل مہیا کئے گئے۔

مستقبل کی صورتحال:-

جنوری ۲۰۱۷ سے حکومت نے ٹیکسٹائل کی بحالی کے لیے دھاگہ کی برآمد پر ڈیوٹی ڈرائبک، خام مال اور مشینری کی درآمد پر ٹیکس میں چھوٹ کے اعلان پر عملدرآمد سے ملک میں چوتھی سہ ماہی میں برآمدات میں اضافہ ہوا۔ ڈیوٹی ڈرائبک میں چھوٹ ایک حد تک توریلیف فراہم کرتی ہے لیکن پیداواری لاگت اور عالمی منڈی میں مقابلے کے لیے دوسرے اہم مسائل پر کوئی قدم نہیں اٹھایا گیا۔ امدادی بھارتی دھاگے کی دستیابی نے بھی مقامی مارکیٹ کو کافی نقصان پہنچایا ہے۔ اپنٹا مخالفت کر رہی ہے کہ برآمدات پر جو چار فیصد چھوٹ دی گئی ہے اسے ختم نہ کیا جائے۔ ملک کے موجودہ سیاسی حالات بھی کاروباری حالات کی سمت کا تعین کریں گے۔ موجودہ فصل کے امکانات بھی ٹھیک نہیں لگ رہے اور درآمد شدہ کپاس بھی معمول کی طرح مہنگی ہے۔ لیکن آپکی انتظامیہ ٹیکسٹائل کو درپیش مشکل حالات پر قابو پانے کے لیے اور مسابقتی قیمتوں پر خام مال خریدنے کے لیے سخت محنت کر رہی ہے۔ حالیہ عالمی اقتصادی حالات کو دیکھتے ہوئے آنے والا سال زیادہ سخت لگ رہا ہے۔ لیکن آپکی انتظامیہ بہتر ترقیاتی سطح پر کاروبار رکھنے کے لیے مزید مناسب مارکیٹوں کو تلاش کر رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کا ڈھانچہ:-

اس بات کی تصدیق کی جاتی ہے کہ:-

(۱) مالیاتی گوشوارے ہمراہ اسکی تفصیلی نوٹس کمپنیز آرڈیننس 1984 کے تقاضوں کے تحت بنائے گئے ہیں۔ اور یہ گوشوارے ادارے کے معاملات کی حالت اور آپریشنز کے نتائج،

مالی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ پیش کرتے ہیں۔

(۲) مالیاتی کتب کو مناسب طریقے سے برقرار رکھا گیا ہے۔

(۳) مالیاتی گوشواروں کی تیاری میں مالیاتی پالیسیوں کو تسلسل سے لاگو کیا گیا ہے اور مالیاتی اندازے معقول اور دانشمندانہ فیصلے کی بنیاد پر بنتی ہیں۔

(۴) اندرونی کنٹرول کا نظام بہترین ہے اور اس پر موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

(۵) اس بارے میں کوئی شک نہیں کہ ادارہ آنے والے وقتوں میں قائم رہنے کی صلاحیت رکھتا ہے۔

(۶) اسٹاک اینیچنج کے لسٹنگ قوانین کے تحت وضع کردہ کارپوریٹ گورننس کے بہترین طریقوں میں کوئی بے ضابطگی عمل میں نہیں آئی ہے۔

(۷) گزشتہ چھ سالوں کی اہم آپرینٹنگ اور مالیاتی معلومات اس رپورٹ کیساتھ علیحدہ سے منسلک ہے۔

(۸) ڈائریکٹرز، چیف ایگزیکٹو آفیسر، چیف فنانشل آفیسر اور کمپنی سیکریٹری نے کمپنی کے حصص کی کوئی تجارت نہیں کی۔

بورڈ آؤٹ کمیٹی:-

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک آؤٹ کمیٹی تشکیل دی ہے جو اندرونی کنٹرول کے نظام کی عملدرآمد کی نگرانی بڑے موثر طریقے سے کر رہی ہے۔ یہ آؤٹ کمیٹی سہ ماہی۔ ششماہی اور سالانہ مالیاتی گوشواروں کا جائزہ لیتی ہے قبل اسکے کہ یہ بورڈ کو پیش کئے جائیں یا چھاپے جائیں۔

یہ آؤٹ کمیٹی بیرونی آڈیٹرز کیساتھ انکے انتظامیہ کے نام خط اور دیگر مسائل پر تفصیلی گفتگو کرتی ہے۔ یہ کمیٹی اندرونی آڈیٹرز کی رپورٹ کا بھی جائزہ لیتی ہے اور دونوں طرح کے آڈیٹرز کیساتھ ملاقات کا بھی اہتمام کرتی ہے جیسا کہ کوڈ آف کارپوریٹ گورننس کے تحت ضروری ہے۔

بورڈ اور اسکی کمیٹیوں کی میٹنگز:-

بورڈ آف ڈائریکٹرز، آؤٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی کی میٹنگ شیڈول کے مطابق ہونیں۔ آؤٹ کمیٹی میں تین ممبران شامل ہیں۔ ان میں سے تمام چیرمین سمیت غیر ایگزیکٹو ڈائریکٹر ہیں۔

بورڈ اور اس کے کمیٹی کے اجلاسوں میں ہر ڈائریکٹر کی ملاقات اور حاضری مندرجہ ذیل ہے۔

بورڈ میٹنگز	آؤٹ کمیٹی میٹنگز	انسانی وسائل اور معاوضہ کمیٹی کی میٹنگز
کل میٹنگز	5	4
1		
نام	حاضری	حاضری
میاں محمد احمد	3	-
ریاض احمد	3	-
شہزاد احمد	4	-
نوید احمد	5	4
عرفان احمد	4	-
کاشف ریاض	4	-
شاہو یز احمد	5	-
شفقت مسعود	4	4
شیخ نشاط احمد	5	4

پیٹرن:-

شیئر ہولڈنگ پیٹرن سے متعلق معلومات اس رپورٹ کیساتھ علیحدہ سے منسلک ہے۔

قانونی ادائیگیاں:-

سال کے اختتام تک حکومتی ٹیکسوں، ڈیوٹیوں اور دیگر ادائیگیوں کی مد میں کوئی رقم زائد المیعا واجب الادا نہیں ماسوائے عمومی ادائیگیوں کے اور ان ادائیگیوں کی مد میں جو مختلف سطحوں پر زیر سماعت ہیں اور مالیاتی گوشواروں میں جنکا ذکر ہو چکا ہے۔

ڈیویڈنڈ:-

ادارے کے ڈائریکٹرز اختتام سال 30 جون 2017 کیلئے % 40 فیصد ڈیویڈنڈ تجویز کرتے ہیں۔ جو کہ 4 روپے فی شیئر بنتا ہے۔ یہ پہلے سے اعلان کردہ اور ادا کردہ %50 انیمر ڈیویڈنڈ جو کہ 5 روپے فی شیئر بنتا ہے کے علاوہ ہوگا۔

آڈیٹرز:-

کمپنی کے سبکدوش ہونے والے آڈیٹرز میسرز ڈیلاٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ نے اہلیت کی بنیاد پر خود کہ 30 جون 2018

کو ختم ہونے والے سال کیلئے دوبارہ تقرری کیلئے پیش کیا ہے۔ آؤٹ کمیٹی نے بھی اس کی سفارش کی 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 شکرگزار ہیں جنہوں نے انتظامیہ پر اپنے اعتماد کا اظہار کیا۔

بورڈ آف ڈائریکٹرز کی جانب سے

-Aslam

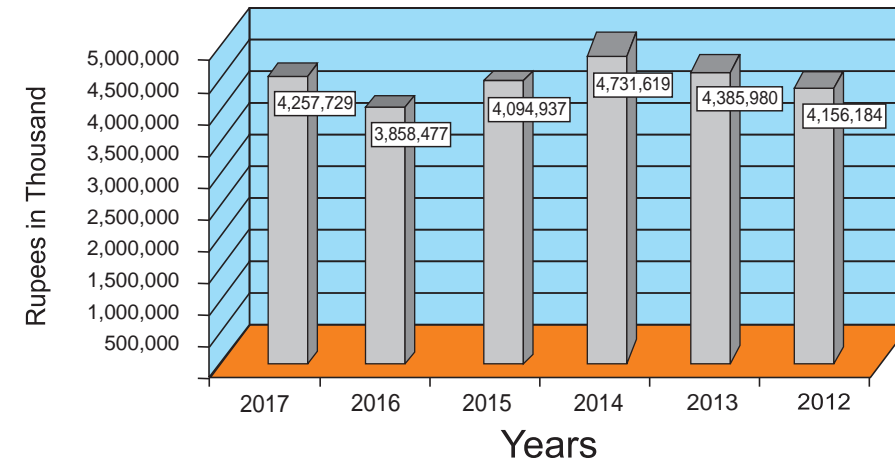
کاشف ریاض

چیف ایگزیکٹو آفیسر

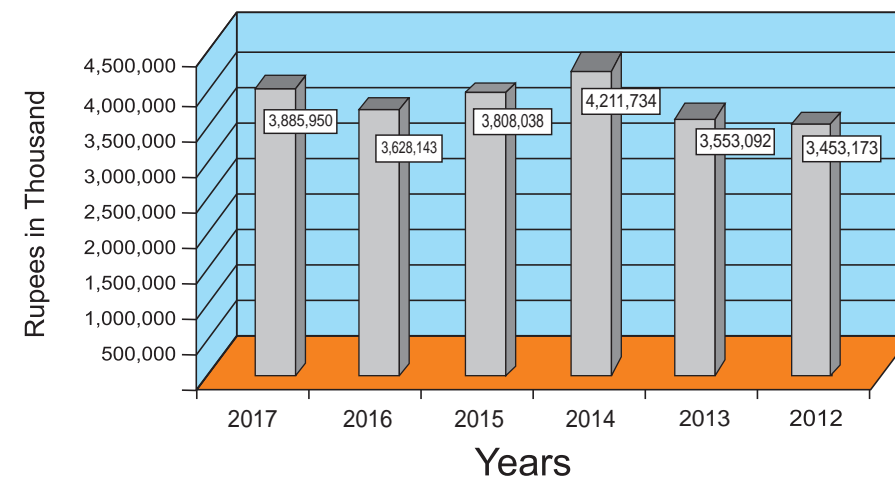
6 اکتوبر 2017

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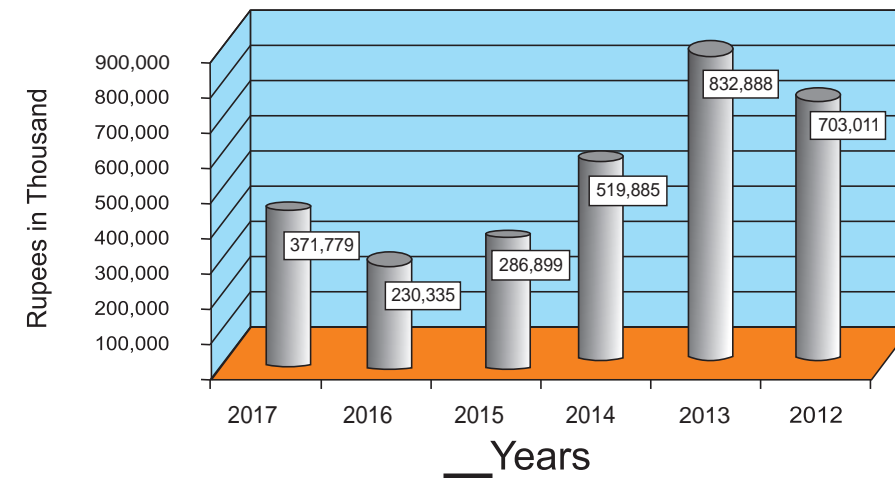
Sales



Cost Of Goods Sold

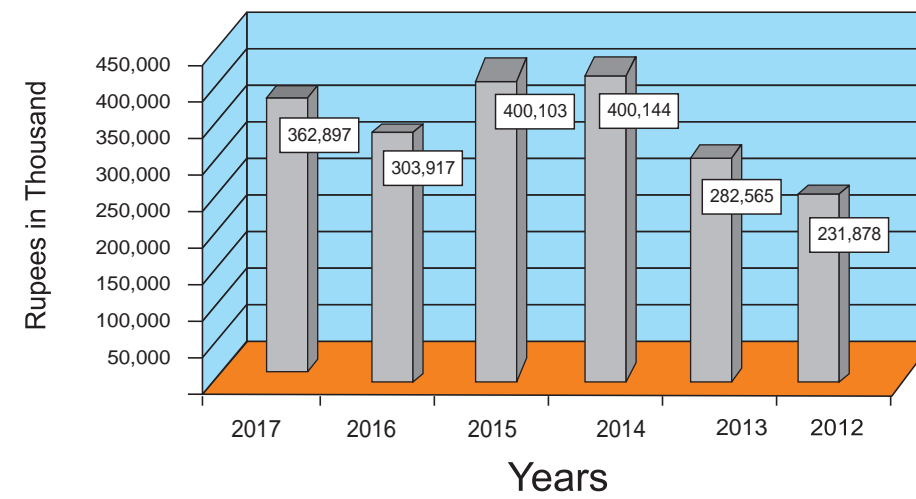


Gross Profit

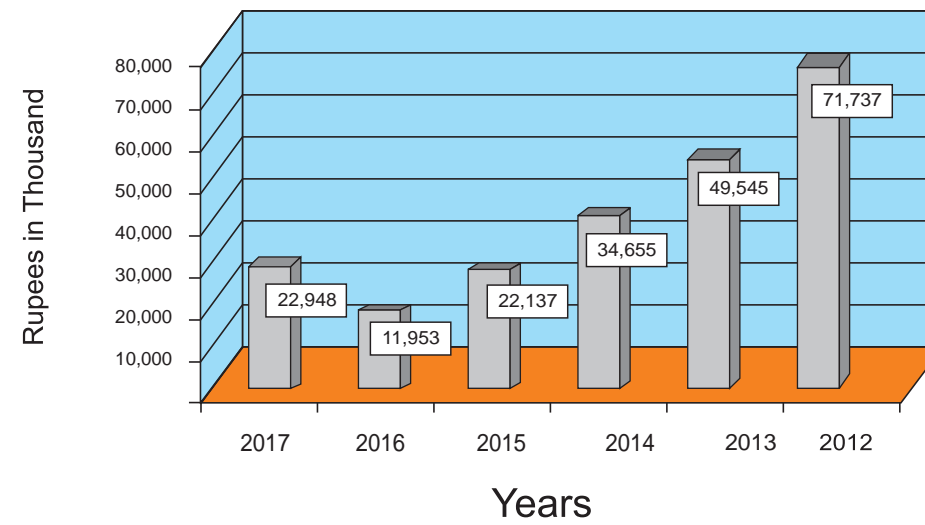


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Power and Fuel Charges

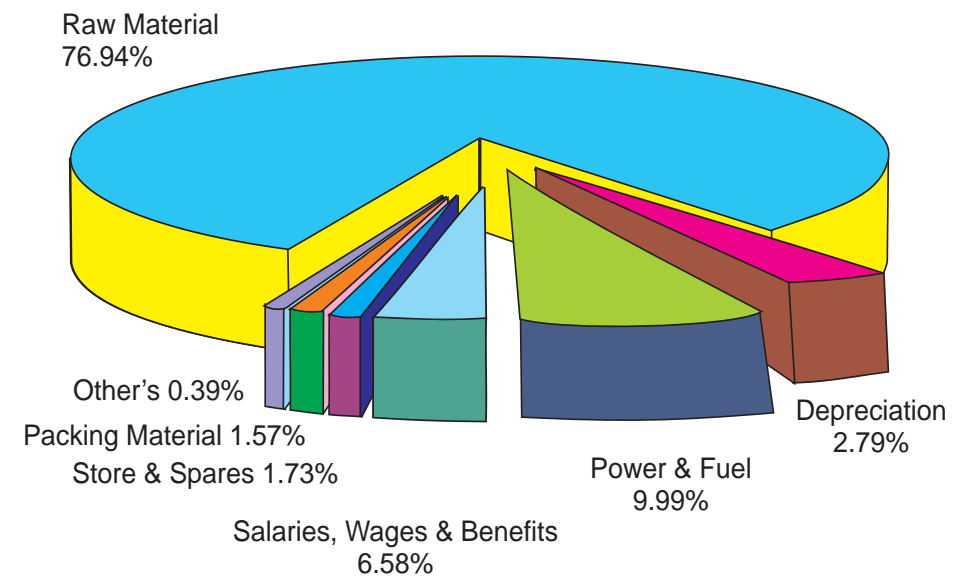


Financial Charges

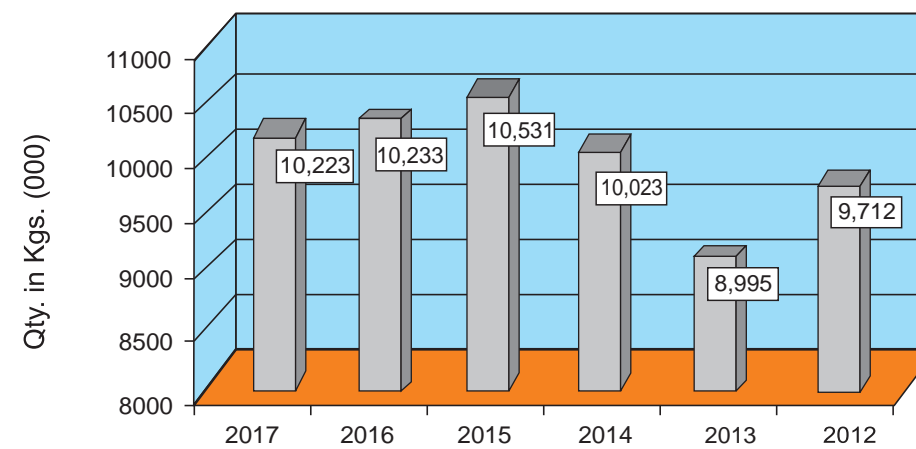


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Manufacturing Cost



Production in 20/S Count



**SIX YEAR KEY OPERATING AND FINANCIAL DATA
FROM 2012 TO 2017
(Rupees in 000)**

	FROM 2012 TO 2017		(Rupees in 000)			
	2017	2016	2015	2014	2013	2012
OPERATING DATA						
Sales	4,257,729	3,858,477	4,094,937	4,731,619	4,385,980	4,156,184
Cost of Goods Sold	3,885,950	3,628,143	3,808,038	4,211,734	3,553,092	3,453,173
Gross Profit	371,779	230,335	286,899	519,885	832,888	703,011
Profit Before Taxation	191,387	77,445	119,231	310,808	577,917	481,455
Profit After Taxation	141,738	33,704	66,624	284,279	540,033	442,540
FINANCIAL DATA						
Paid Up Capital	69,000	69,000	69,000	69,000	69,000	69,000
Fixed Assets	1,178,018	1,170,645	1,074,830	1,125,457	1,171,202	947,762
Current Assets	2,859,534	2,278,545	1,753,844	2,446,464	1,502,259	1,510,943
Current Liabilities	1,500,404	999,157	423,167	1,045,447	283,652	657,465
KEY RATIOS						
Gross Margin	8.73%	5.97%	7.01%	10.99%	18.99%	16.91%
Net Profit	3.33%	0.87%	1.63%	6.01%	12.31%	10.65%
Current Ratio	1.91	2.28	4.14	2.34	5.30	2.30
Earning Per Share(Rupees)	20.92	5.47	10.95	41.2	78.27	64.14
Cash Dividend						
STATISTICS						
Number Of Spindle	34912	34405	34526	35093	34497	34411
Production in to 20/S Count(in 000 Kgs)	10223	10233	10531	10023	8995	9712

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the regulation No. 35 of listing regulations of Karachi Stock exchange Limited., for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. The Company has applied the principles contained in the CCG in the following manner.

- 1) The Company encourages the representation of independent non-executive directors and directors representing minority interest on its Board of Directors (Board). At present the Board includes:

Category	Names
Independent Directors	Sheikh Nishat Ahmed
Executive Directors	Mr. Riaz Ahmed / Mr. Kashif Riaz
Non-Executive Directors	Mr. Shahwaiz Ahmed / Mr. Irfan Ahmed / Mr. Naveed Ahmed / Mr. Shafqat Masood / Mian Mohammad Ahmed / Mr. Shahza d Ahmed

The independent director meets the criteria of independence under clause i(b) of the Code.

- 2) The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listing subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as tax payers and none of them have defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial company, or being a member of a stock exchange, has been declared as defaulter by the stock exchange.
- 4) There was no casual vacancy occurred in the board during the year.
- 5) The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6) The Board has developed a vision / mission statement and overall corporate strategy and Company is in the process of further refining significant policies that will be approved by the board. A complete record of particulars of significant policies along with the dates on which they were approved or amended will be maintained.
- 7) All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board.
- 8) 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 and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
- 9) In accordance with the criteria specified on clause 5.19.7 of PSX Rule Book, majority of directors of the Company are exempt from the requirements of directors' training program. One of the directors is certified under directors' training program.
- 10) There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year.

ok

- 11) The Directors' report for this year has been prepared in compliance with the requirement of the Code of Corporate Governance and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
- 14) The Company has complied with all the corporate and financial reporting requirements of the Code of Corporate Governance.
- 15) The Board has formed an Audit Committee. It comprises of three members, of whom all are the non-executive directors including Chairman of the Company.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been prepared and advised to the committee for compliance.
- 17) The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, of whom two members including the Chairman are non-executive directors.
- 18) The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19) 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, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period', prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors and stock exchange.
- 22) Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23) We confirm that all other material principles enshrined in the Code have been complied with by the company.

On behalf of the Board of Directors



Kashif Riaz
Chief Executive Officer

Date: October 06, 2017

ok

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Sunrays Textile Mills Limited (the Company) for the year ended June 30, 2017 to comply with the Listing Regulations of Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

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 Code requires 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 distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017

Deloitte Yousuf Adil

Chartered Accountants

Engagement Partner:
Rana M. Usman Khan

Date: October 06, 2017
Multan

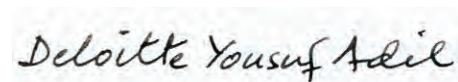
AUDITOR'S REPORT TO THE MEMBERS

We have audited the annexed balance sheet of **Sunrays Textile Mills Limited** ("the Company") as at June 30, 2017 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended 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 our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that;

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion-
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, 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, 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



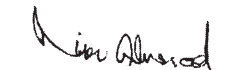
Chartered Accountants
Engagement Partner:
Rana M. Usman Khan

Date: October 06, 2017
Multan

BALANCE SHEET AS AT JUNE 30, 2017

		2017	2016
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,175,676,415	1,168,302,719
Investment properties	5	2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200
		1,185,009,670	1,177,635,974
Current assets			
Stores and spares	6	83,378,821	79,020,372
Stock in trade	7	1,216,602,615	814,925,655
Trade debts	8	304,386,034	189,475,357
Loans and advances	9	78,666,800	64,035,100
Trade deposits and short term prepayments	10	5,545,992	4,424,253
Other receivables		37,021,397	1,863,296
Short term investments	11	1,007,808,092	1,030,912,888
Sales tax refundable		59,325,251	41,091,320
Income tax refundable		31,821,835	11,290,982
Cash and bank balances	12	34,977,344	41,505,757
		2,859,534,181	2,278,544,980
Total assets		4,044,543,851	3,456,180,954
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	13	69,000,000	69,000,000
Reserves	14	753,600,000	753,600,000
Unappropriated profit		1,323,932,345	1,226,977,066
		2,146,532,345	2,049,577,066
Surplus on revaluation of property, plant and equipment	15	308,166,730	344,954,213
Non-current liabilities			
Deferred liabilities	16	89,440,484	62,492,986
Current liabilities			
Trade and other payables	17	263,087,921	245,951,412
Accrued markup	18	6,044,777	952,765
Short term borrowings	19	1,190,489,549	722,558,359
Provision for taxation		40,782,045	29,694,153
		1,500,404,292	999,156,689
Contingencies and commitments	20		
Total equity and liabilities		4,044,543,851	3,456,180,954

The annexed notes from 1 to 40 form an integral part of these financial statements.


Mian Riaz Ahmed
Chairman

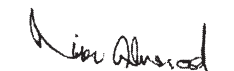

Kashif Riaz
Chief Executive

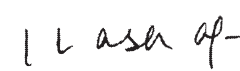
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PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2017

		<i>2017</i>	<i>2016</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
Sales-net	21	4,257,729,435	3,858,477,421
Cost of sales	22	(3,885,950,134)	(3,628,142,619)
Gross profit		371,779,301	230,334,802
Profit on other operations	23	1,328,248	5,513,977
		373,107,549	235,848,779
Distribution cost	24	(48,643,829)	(52,768,793)
Administrative expenses	25	(118,583,588)	(101,708,459)
Other expenses	26	(13,777,361)	(5,739,733)
Finance cost	27	(22,948,159)	(11,952,554)
Other income	28	22,232,735	13,765,567
		(181,720,202)	(158,403,972)
Profit before taxation		191,387,347	77,444,807
Taxation	29	(47,063,715)	(39,689,474)
Profit for the year		144,323,632	37,755,333
Other comprehensive income			
Remeasurement of defined benefit obligation - gratuity		(2,802,123)	(4,189,517)
Related deferred tax		216,182	137,860
Total comprehensive income for the year		141,737,691	33,703,676
 <i>Earnings per share - basic and diluted</i>	 30	 20.92	 5.47

The annexed notes from 1 to 40 form an integral part of these financial statements.


Mian Riaz Ahmed
Chairman



Kashif Riaz
Chief Executive


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CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	191,387,347	77,444,807
Adjustments for:		
Depreciation on property, plant and equipment	111,656,990	116,858,819
Unrealized gain on re-measurement of other financial assets	(323,059)	(360,154)
Realized gain on disposal of other financial assets	(16,934,775)	(10,932,222)
Provision for staff retirement benefits - gratuity	14,585,205	11,704,660
Gain on sale of property, plant and equipment	264,572	(1,186,815)
Finance cost	22,948,159	11,952,554
Operating cash flows before changes in working capital	323,584,439	205,481,649
Changes in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(4,358,449)	(3,209,078)
Stock in trade	(401,676,960)	17,226,244
Trade debts	(114,910,677)	218,259,160
Loans and advances (excluding advance income tax)	723,616	3,469,445
Trade deposits and short term prepayments	(1,121,739)	(177,773)
Sales tax refundable	(18,233,931)	22,933,849
Other receivables	(35,158,101)	1,468,751
<i>(Decrease) / increase in current liabilities</i>		
Trade and other payables (excluding unclaimed dividend)	15,560,551	(27,414,007)
	(559,175,690)	232,556,591
Cash (used in) / generated from operations	(235,591,251)	438,038,240
Finance cost paid	(17,856,147)	(12,134,447)
Staff retirement benefits - gratuity paid	(8,564,353)	(14,929,076)
Income taxes paid	(66,091,182)	(22,270,769)
Net cash (used in) / generated from operating activities	(328,102,933)	388,703,948
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(121,165,258)	(215,959,549)
Proceeds from disposal of property, plant and equipment	1,870,000	4,473,000
Payment for purchase of other financial assets	(5,422,624,164)	(2,697,724,489)
Proceeds from disposal of other financial assets	5,462,986,794	1,900,692,270
Net cash (used in) investing activities	(78,932,628)	(1,008,518,768)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Short term borrowings - net	467,931,190	617,542,187
Dividends paid	(67,424,042)	(273,320)
Net cash generated from financing activities	400,507,148	617,268,867
Net decrease in cash and cash equivalents (A+B+C)	(6,528,413)	(2,545,953)
Cash and cash equivalents at beginning of the year	41,505,757	44,051,710
Cash and cash equivalents at end of the year	34,977,344	41,505,757

The annexed notes from 1 to 40 form an integral part of these financial statements.


Mian Riaz Ahmed
Chairman

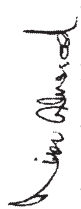

Kashif Riaz
Chief Executive

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STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Share capital	Capital reserve Share premium	General reserve	Revenue reserves Unappropriated profit	Total
Balance as at July 01, 2015	69,000,000	3,600,000	750,000,000	1,165,074,911	1,987,674,911
Comprehensive income for the year					
Profit for the year	-	-	-	37,755,333	37,755,333
Other comprehensive income	-	-	-	(4,051,657)	(4,051,657)
Total comprehensive income for the year	-	-	-	33,703,676	33,703,676
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	28,198,479	28,198,479
Balance as at June 30, 2016	69,000,000	3,600,000	750,000,000	1,226,977,066	2,049,577,066
Comprehensive income for the year					
Profit for the year	-	-	-	144,323,632	144,323,632
Other comprehensive income	-	-	-	(2,585,941)	(2,585,941)
Total comprehensive income for the year	-	-	-	141,737,691	141,737,691
Transactions with owners					
Annual dividend for the year ended June 30, 2016 @ Rs. 5 per share	-	-	-	(34,500,000)	(34,500,000)
Interim dividend for the year ended June 30, 2017 @ Rs. 5 per share	-	-	-	(34,500,000)	(34,500,000)
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment - net of deferred tax	-	-	-	(69,000,000)	(69,000,000)
Balance as at June 30, 2017	69,000,000	3,600,000	750,000,000	1,323,932,345	2,146,532,345

The annexed notes from 1 to 40 form an integral part of these financial statements.


Mian Riaz Ahmed
Chairman


Kashif Riaz
Chief Executive

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

1. GENERAL INFORMATION

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 and its shares are quoted on the Pakistan Stock Exchange (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 5th floor 508 Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or the directives of the Companies Ordinance, 1984 shall prevail. During the year, the Companies Act, 2017 (the new Companies Act) was enacted and promulgated by the SECP on May 30, 2017. However, SECP has notified through Circular No. 17 of July 20, 2017 that companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, the Company shall prepare the financial statements for periods closing after June 30, 2017 in accordance with the provisions of the new Companies Act. The Company is currently in process of determining impact, if any, on future financial statements due to implementation of the Act.

2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 3.1, 3.4 and 3.5.

2.3 Functional and presentation currency

The financial statements are presented in Pak Rupees, which is the company's functional and presentation currency.

2.4 Significant accounting estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of property, plant and equipment, liabilities, income and expenses. The estimate and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under circumstances, the result of which form the basis of making the judgment about carrying values of assets and liabilities that are not readily apparent from other resources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on the ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised.

- useful life of depreciable assets;
- provision for doubtful debts;
- provision for current tax and deferred tax;
- revaluation of assets pertaining to freehold land, building on freehold land and plant machinery;
- staff retirement benefits;
- net realizable value of stock-in-trade.

However, assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustments to the carrying amounts of assets and liabilities in the next year.

2.5 Standards, Interpretation and Amendment adopted during the year

The following amendments to existing standards have been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following dates:

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2.5.1 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2017

The following standards, amendments and interpretations are effective for the year ended June 30, 2017. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IFRS 10 'Consolidated Financial Statements', IFRS 12 'Disclosure of Interests in Other Entities' and IAS 28 'Investments in Associates and Joint Ventures' - Investment Entities: Applying the consolidation exception

Effective from accounting period beginning on or after January 01, 2016

Amendments to IFRS 11 'Joint Arrangements' - Accounting for acquisitions of interests in joint

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure initiative

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 16 'Property Plant and Equipment' and IAS 38 'Intangible Assets' - Clarification of acceptable methods of depreciation

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 16 'Property Plant and Equipment' and IAS 41 'Agriculture' - Measurement

Effective from accounting period beginning on or after January 01, 2016

Amendments to IAS 27 'Separate Financial Statements' - Equity method in separate financial

Effective from accounting period beginning on or after January 01, 2016

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

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

2.5.2 New accounting standards, amendments to published standards and interpretations that are not yet effective.

Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of

Effective from accounting period beginning on or after January 01, 2018

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture

Effective date is deferred indefinitely. Earlier adoption is permitted.

Amendments to IAS 7 'Statement of Cash Flows' - Amendments as a result of the disclosure initiative

Effective from accounting period beginning on or after January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition of deferred tax assets for unrealised losses

Effective from accounting period beginning on or after January 01, 2017

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from

Effective from accounting period beginning on or after January 01, 2018. Early application is

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is

Effective from accounting period beginning on or after January 01, 2018. Early application is

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'.

Effective from accounting period beginning on or after January 01, 2019

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

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Staff retirement benefits

The company operates an unfunded gratuity scheme covering all its employees. The cost of providing benefit is determined using the projected unit credit method, with actuarial valuation. Actuarial gains and losses are recognized immediately as they arise. Past service cost is recognized immediately to the extent that the benefits are already vested. Otherwise it is amortized on a straight line basis over the average period until the amended benefits become Vested. Details of the scheme are given in the note 16.1 to these financial statements.

3.2 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation after taking into account applicable tax credit, rebates and exemption available, if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime.

Deferred

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of 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.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and credits, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses and credits can be utilized. Deferred income tax assets and liabilities are measured at the tax rate that is expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

3.3 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholders.

3.4 Foreign currencies

Transactions in currencies other than Pakistani Rupees are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date except where forward exchange contracts have been entered into for repayment of liabilities, in that case, the rates contracted for are used.

Gains and losses arising on retranslation are included in profit or loss for the period.

3.5 Property, plant and equipment

Property, plant and equipment except free hold land, building on freehold land, plant and machinery and capital work in progress are stated at cost less accumulated depreciation and accumulated impairment losses.

Free hold land, building on free hold land and plant and machinery is stated at revalued amount being the fair value at the date of revaluation, less any subsequent accumulated depreciation and impairment losses. Revaluations are performed with sufficient regularity so that the fair value and carrying value do not differ materially at the balance sheet date. Any revaluation increase arising on the revaluation of such assets is credited in 'Surplus on revaluation of property, plant and equipment'. A decrease in the carrying amount arising on revaluation is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation account relating to previously revalued assets. To the extent of incremental depreciation charged on revalued assets, the related surplus on revaluation (net of deferred tax) is transferred directly to an appropriated profit.

Depreciation is charged to income applying reducing balance method to write-off the cost over the estimated remaining useful life of assets. The useful life and depreciation method are reviewed periodically to ensure that the method and period of depreciation are consistent with the expected pattern of economic benefits from items of property, plant and equipment. Rates of depreciation are stated in note 4. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition and up to the month preceding the disposal respectively.

Gains / losses on disposal of operating assets, if any, are recognized in profit and loss account, as and when incurred. Assets are derecognized when disposed or when no future economic benefits are expected from its use or disposal.

Normal repairs and maintenance are charged to profit and loss account as and when incurred. Major renewals and improvements are capitalized and assets replaced, if any, other than those kept as stand-by, are retired.

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Capital work-in-progress

Capital work-in-progress (CWIP) is stated at cost less any recognized impairment loss. All expenditures connected to the specific assets incurred during installation and construction period are carried under CWIP. These are transferred to specific assets as and when assets are available for use.

3.6 Investment property

Investment property, which is property held to earn rentals and/or for capital appreciation, is valued using the cost method i.e. at cost less any accumulated depreciation and any identified impairment loss.

Any gain or loss on disposal of investment property, calculated as difference between present value of the proceeds from disposal and the carrying amount is recognised in the profit and loss account

3.7 Stores and spares

These are valued at cost, determined on the basis of moving average cost less allowance for obsolete and slow moving items, except for items in transit which are valued at cost accumulated to the balance sheet date.

3.8 Stock in trade

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

Raw material	
- At Mills	Weighted average cost
- In Transit	At cost accumulated to the balance sheet date.
Work in process	Average manufacturing cost
Finished goods	Average cost of goods manufactured
Waste	Net realizable value

Net realizable value signifies the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.9 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on review of outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when identified.

3.10 Investments

Financial assets at fair value through profit and loss

An investment that is acquired principally for the purpose of generating profit from short-term fluctuations in prices is classified as "fair value through profit or loss - held-for-trading"

Financial assets are initially recognized at fair value plus transaction costs except for financial assets carried 'at fair value through profit or loss'. Financial assets carried 'at fair value through profit or loss' are initially recognized at fair value.

Subsequent to initial recognition, equity securities designated by the management as 'at fair value through profit or loss' are valued on the basis of closing quoted market prices available at the stock exchange.

Net gains and losses arising from changes in the fair value of financial assets carried 'at fair value through profit or loss' are taken to the Profit and loss account.

3.11 Financial instruments

Financial instrument is recognized using trade date accounting basis, when the company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are initially recognized at nominal value of the consideration paid. Subsequent to initial recognition these are remeasured to fair value except financial assets whose fair value cannot be measured reliably. Any gain or loss is included in current year Income.

Financial liabilities

All financial liabilities are initially recognized at nominal value of consideration received. Subsequent to initial recognition, financial liabilities are recognized at fair value, amortized cost or cost as the case may be. Any gain or loss is included in current year income.

3.12 Off setting of financial instruments

Financial assets and liabilities are off-set and the net amount reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

3.13 Provision

A provision is recognized in the balance sheet when the company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to the amount of obligation.

3.14 Impairment

Financial assets

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing a significant financial difficulty, default of delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Non-financial assets

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax 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 profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the carrying amount that would have been determined, had no impairment loss been recognized for assets in prior year. Reversal of impairment loss is recognized as income.

The gain or loss on disposal or retirement of an asset represented by the difference between the sale proceeds and the carrying amount of the asset is recognized as an income or expense.

3.15 Trade and other payables

Liabilities for trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company

3.16 Leases

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period. Depreciation is charged at the rates stated in note 4.1 applying reducing balance method to write off a cost of the assets over its estimated useful life in view of certainty of ownership of assets at the end of the lease period. All other leases are classified as operating leases.

Rental Income from operating lease is recognized on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognized as expense on a straight-line basis over the lease term.

3.17 Revenue recognition

- Local sales through agents are booked on dispatch of good to the customers.
- Direct local sales and indirect export sales are accounted for when goods are delivered to customers and invoices raised.
- Direct export sales are recorded upon preparation of bill of lading. Export rebate is accounted for on accrual basis.

3.18 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of cash flow statement, cash and cash equivalents comprise cash and cheques in hand, balances with banks on current and saving and deposit accounts.

3.19 Borrowing cost

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 charged to income in the period in which these are incurred.

3.20 Earning Per share

The company presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding as adjusted for the effects of all dilutive Potential ordinary Shares

4. PROPERTY, PLANT AND EQUIPMENT

	Note	2017 ----- Rupees -----	2016 ----- Rupees -----
Operating assets	4.1	1,175,676,415	1,168,302,719
		<u>1,175,676,415</u>	<u>1,168,302,719</u>

4.1 Operating assets

Particulars	Cost / revalued amount			Depreciation			Written down value	Rate
	Opening	Additions / (disposal)	Closing	Opening	For the year / (on disposal)	Closing	As at June 30	
----- Rupees -----								
Owned								
Freehold land	148,624,541	(1,125,000)	147,499,541	-	-	-	147,499,541	-
Building on freehold land	232,567,573	723,188	233,290,761	73,769,501	15,897,887	89,667,388	143,623,373	10%
Plant and machinery	1,557,548,688	98,918,452	1,656,467,140	774,749,592	81,716,857	856,466,449	800,000,691	10%
Electric installations	55,645,822	8,369,954	64,015,776	24,819,707	3,529,277	28,348,984	35,666,792	10%
Factory equipments	4,255,496	-	4,255,496	1,637,534	261,796	1,899,330	2,356,166	10%
Office equipments	4,708,546	-	4,708,546	3,454,662	125,388	3,580,050	1,128,496	10%
Electric appliances	4,277,069	109,664	4,386,733	2,480,771	182,372	2,663,143	1,723,590	10%
Furniture and fittings	7,785,873	-	7,785,873	5,237,066	254,881	5,491,947	2,293,926	10%
Vehicles	85,574,095	13,044,000	94,055,895	46,536,151	9,688,532	52,672,055	41,383,840	20%
		(4,562,200)			(3,552,628)			
2017	2,100,987,703	115,478,058	2,216,465,761	932,684,984	108,104,362	1,040,789,346	1,175,676,415	
Owned								
Freehold land	131,247,000	17,377,541	148,624,541	-	-	-	148,624,541	-
Building on freehold land	230,692,122	1,875,451	232,567,573	56,229,462	17,540,039	73,769,501	158,798,072	10%
Plant and machinery	1,388,572,886	182,560,300	1,557,548,688	699,113,623	86,977,677	774,749,592	782,799,096	10%
		(13,584,498)			(11,341,708)			
Electric installations	55,645,822	-	55,645,822	21,394,583	3,425,124	24,819,707	30,826,115	10%
Factory equipments	4,255,496	-	4,255,496	1,346,649	290,885	1,637,534	2,617,962	10%
Office equipments	4,708,546	-	4,708,546	3,315,342	139,320	3,454,662	1,253,884	10%
Electric appliances	4,151,069	126,000	4,277,069	2,281,182	199,589	2,480,771	1,796,298	10%
Furniture and fittings	7,785,873	-	7,785,873	4,953,865	283,201	5,237,066	2,548,807	10%
Vehicles	76,285,041	14,020,258	85,574,095	42,220,975	8,002,984	46,536,151	39,037,944	20%
		(4,731,204)			(3,687,808)			
2016	1,903,343,855	197,643,848	2,100,987,703	830,855,681	101,829,303	932,684,984	1,168,302,719	

4.2 The following assets were disposed off during the year.

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Gain/(Loss)	Mode of Disposal	Particulars of buyers
----- Rupees -----							
<i>Land</i>							
9 Kanal	1,125,000		1,125,000	675,000	(450,000)	Negotiation	MEPCO
<i>Vehicle</i>							
Daihatsu Terios MN-470	2,620,000	1,963,231	656,769	715,000	58,231	Negotiation	Muhammad Zaffar
Suzuki Swift MN-471	1,058,000	787,874	270,126	330,000	59,874	Negotiation	Muhammad Arif Awan
Honda City MLJ-860	884,200	801,523	82,677	150,000	67,323	Negotiation	Muhammad Arif Awan
2017	5,687,200	3,552,628	2,134,572	1,870,000	(264,572)		

There were disposals of Rs. 18.3 million of property, plant and equipment during the year ended June 30, 2016.

4.3	Depreciation for the year has been allocated as under:	Note	2017 ----- Rupees -----	2016 -----
	Cost of goods sold	22	101,405,817	108,233,725
	Administrative expenses	25	10,251,173	8,625,094
			<u>111,656,990</u>	<u>116,858,819</u>

- 4.4 The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2013 by K.G. Traders (Private) Limited, independent valuers 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.

- 4.5 Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the balance sheet date would have been as follows;

	2017 ----- Rupees -----	2016 -----
Freehold land	57,291,103	58,416,103
Building on freehold land	42,110,602	46,006,104
Plant and machinery	665,334,078	633,169,526
	<u>764,735,783</u>	<u>737,591,733</u>

5. INVESTMENT PROPERTIES

Investment property comprises of land held by the Company for capital appreciation purposes, and is not currently in use by the Company for business purposes. The fair value of land as at June 30, 2017 is Rs. 3.25 million (2016: Rs. 3.10 million).

6. STORES AND SPARES	Note	2017 ----- Rupees -----	2016 -----
Stores		60,401,873	57,346,283
Spares		22,976,948	21,674,089
		<u>83,378,821</u>	<u>79,020,372</u>

7. STOCK-IN-TRADE

Raw material	998,909,641	565,545,380
Raw material in-transit	18,438,713	157,123,502
Work in process	26,495,665	26,400,296
Finished goods		
- Spinning unit	113,389,720	51,229,243
- Ginning factory	36,157,854	9,892,230
	149,547,574	61,121,473
Waste	23,211,022	4,735,004
	<u>1,216,602,615</u>	<u>814,925,655</u>

		<i>2017</i>	<i>2016</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
8. TRADE DEBTS			
Foreign - secured and considered good		202,547,457	85,463,486
Local - unsecured	8.1	101,948,522	104,121,816
		<u>304,495,979</u>	<u>189,585,302</u>
Less : Provision for doubtful debts	8.2	109,945	109,945
		<u>304,386,034</u>	<u>189,475,357</u>
8.1	It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:		
		<i>2017</i>	<i>2016</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
Indus Home Limited		5,116,327	8,720,560
		<u>5,116,327</u>	<u>8,720,560</u>
8.2	Opening provision	109,945	-
	Provision recognised during the period	-	109,945
	Closing provision	<u>109,945</u>	<u>109,945</u>
8.3	Trade debts are generally on 60 to 90 days credit terms.		
8.4	Trade debts consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of trade debts. The fair value of trade debts approximates their carrying amounts.		
8.5	The Company provides for doubtful trade debts on the basis of past due balances. Balances considered bad and irrecoverable are written off when identified.		
8.6	The aging of past due trade debts is as follows:	<i>2017</i>	<i>2016</i>
		<i>----- Rupees -----</i>	
	Past due for more than 03 months but less than 01 year	90,008	159,650
	Past due for more than 01 year but less than 02 years	16,169	13,275
	Past due for more than 02 years	109,730	96,670
		<u>215,907</u>	<u>269,595</u>
9. LOANS AND ADVANCES			
Considered good			
Due from employees	9.1	9,276,565	8,767,960
Advances :			
Income tax		53,722,261	38,366,945
To suppliers / services		6,022,642	13,652,143
To contractors		6,953,758	41,530
Letter of credit margin		2,691,574	3,206,522
		<u>78,666,800</u>	<u>64,035,100</u>
9.1	This constitutes loans given to employees which are secured against gratuity and are normally deducted from their salaries as per agreed instalments.		
10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS	<i>Note</i>	<i>2017</i>	<i>2016</i>
		<i>----- Rupees -----</i>	
Bank guarantee margin		5,494,410	3,694,410
Prepayments		51,582	729,843
		<u>5,545,992</u>	<u>4,424,253</u>
11. SHORT TERM INVESTMENTS			
Carrying value of investments at fair value through profit and loss - held for trading	11.1	1,002,826,613	1,030,912,888
Term deposit receipts		4,981,479	-
		<u>1,007,808,092</u>	<u>1,030,912,888</u>

11.1 Market value of other financial assets

2017 2016

Investments in units of mutual funds

Number of Units

-	10,461,187	MCB- Arif Habib Savings	-	525,144,284
1,992,715	4,752,620	UBL- Money Market	200,029,492	477,222,898
596,746	-	NAFA Asset Allocation	10,172,551	-
304,745	-	NAFA Money Market Fund	3,004,327	-
98,911	-	NAFA Islamic Stock Fund	1,296,184	-
188,497	-	NAFA Stock Fund	3,056,255	-
1,990,735	-	HBL Cash Fund	200,029,264	-
19,789,440	-	ABL Cash Fund	200,045,516	-
9,979,741	-	ABL Income Fund	100,150,694	-
288,153	-	ABL Stock Fund	4,912,151	-
1,989,984	-	MCB-Arif Habib Cash Management Optimizer	200,028,656	-
95,316	-	MCB-Arif Habib Pakistan Stock Market Fund	9,770,101	-
106,429	-	UBL Stock Advantage Fund	8,113,051	-

Investment in ordinary shares of listed companies

Number of Shares

21,600	21,600	Pakistan Petroleum Limited	3,199,824	3,112,263
53,000	21,000	Engro Fertilizer Limited	2,927,720	1,755,228
15,000	15,000	Allied Bank Limited	1,344,300	1,532,131
35,500	20,500	Engro Power Generation Limited	1,196,705	763,080
21,000	5,000	Fatima Fertilizer Company Limited	707,490	161,837
21,500	19,500	Fauji Fertilizer Bin Qasim Limited	921,060	1,093,506
400	400	Gadoon Textil Mills Limited	84,400	76,703
6,000	1,500	Nishat Mill Limited	952,080	149,674
2,000	5,300	United Bank Limited	471,040	856,321
400	400	Pakistan Gum And Chemical Limited	99,886	99,886
-	50,000	The Bank Of Punjab	-	401,765
11,694	-	Pak International Bulk Terminal Limited	342,812	-
11,000	5,000	Pakgen Power Limited	222,420	152,688
65,500	65,500	Pakistan Telecommunication Company Limited	1,022,455	1,319,669
15,000	10,000	Bank Al Habib Limited	851,250	450,390
500	500	Archroma Pakistan Limited	356,395	236,186
24,500	24,500	Treet Corporation Limited	1,393,560	1,684,422
-	4,000	National Bank Of Pakistan	-	222,065
17,200	9,200	Oil and Gas Development Company Limited	2,419,868	1,236,063
5,700	3,800	Pakistan Oilfields Limited	2,611,455	1,203,066
37,748,907	15,496,507	Carried forward	961,732,961	1,018,874,124

			2017	2016
			Rupees	
37,748,907	15,496,507	Brought forward	961,732,961	1,018,874,124
-	350	Abbott Laboratories Pakistan Limited	-	238,833
25,600	11,900	Fauji Fertilizer Company Limited	2,115,584	1,454,704
-	100	Gandhara Nissan Limited	-	17,562
-	250	Indus Motor Company Limited	-	234,357
110,000	110,000	K-Electric Limited	759,000	868,648
1,450	500	Lucky Cement Company Limited	1,212,577	253,170
12,500	4,000	Sui Southern Gas Company Limited	455,125	130,350
1,000	1,000	Attock Petroleum Limited	626,430	437,699
500	700	Habib Bank Limited	134,570	121,261
-	1,000	Atlas Honda Limited	-	393,286
12,480	8,000	Gul Ahmed Textile Mills Limited	511,430	390,458
-	100	Honda Atlas Cars Pakistan Limited	-	25,723
160	160	Exide Pakistan Limited	150,160	154,321
1,500	1,500	Artistic Denim Mills Limited	118,614	118,614
50,000	50,000	Dolmen City	522,812	522,812
7,900	3,900	MCB Bank Limited	1,662,397	904,688
3,000	2,500	Cyan Limited	183,990	208,287
5,000	5,000	System Limited	379,200	327,035
13,000	10,000	Kot Addu Power Company Limited	936,260	836,573
12,000	11,000	Kohinoor Energy Limited	516,840	498,351
4,500	2,000	Arif Habib Corporation Limited	185,535	102,113
23,000	9,000	Nishat Chunian Power Limited	1,024,650	511,002
8,400	3,400	Engro Corporation Limited	2,737,644	983,669
-	1,000	General Tyre and Rubber Company Limited	-	187,606
5,000	5,000	Pak Refinery Limited	266,300	205,192
1,500	200	Al-Ghazi Tractors Limited	965,820	85,257
5,750	4,000	Al-Shaheen Corporation Limited	309,153	213,016
12,000	5,500	Amreli Steels Limited	1,475,400	264,395
17,100	3,000	Crescent Steel and Allied products Limited	4,079,547	354,738
3,000	1,500	Habib Metropolitan Bank Limited	99,150	44,251
14,500	1,000	Askari Bank Limited	292,465	18,671
-	200	Ghani Glass Limited.	-	18,893
8,300	1,000	Kohat Cement Company Limited	1,902,858	246,790
8,000	1,600	Engro Foods Limited	971,920	255,321
2,000	1,000	GlaxoSmithKline Pakistan Limited	418,020	206,638
1,350	100	Ferozsons Laboratories Limited	1,306,869	98,166
47,000	3,000	Fauji Cement Company Limited	1,928,410	106,313
4,000	-	Kohi Noor Textile Limited	420,520	-
1,400	-	Cherat Cement Limited	250,292	-
3,300	-	Attock Cem.Pak Limited	998,811	-
9,400	-	D.G Khan Cement	2,003,704	-
150	-	Millat Tractors Limited	206,166	-
15,200	-	Maple Leaf Cement Factory Limited	1,692,672	-
20,000	-	Mughal Iron & Steel Industries Limited	1,614,600	-
219	-	Biafo Industries Limited	54,816	-
100	-	Pak International Container Terminal Limited	34,023	-
1,350	-	Packages Limited	939,033	-
7,500	-	Bank Al-Falah Limited	301,500	-
3,400	-	Bestway Cement Limited	745,008	-
1,400	-	Cherat Packaging Limited	332,892	-
3,200	-	EFU General Insurance Limited	492,808	-
6,600	-	Fecto Cement Limited	688,512	-
14,000	-	Saif Power Limited	422,520	-
8,000	-	Hub Power Co. Limited	939,440	-
10,000	-	Aisha Steel Mills Limited	203,400	-
320	-	Mari Petroleum Co. Limited	504,205	-
38,275,936	15,760,967	Total	1,002,826,613	1,030,912,888

		2017	2016
		Rupees	
12. CASH AND BANK BALANCES			
Cash in hand		2,027,270	2,526,353
Cash with banks			
- Current accounts		32,799,964	33,816,357
- Term deposit receipt	12.1	26,095	5,041,452
- Saving accounts	12.1	124,015	121,595
		32,950,074	38,979,404
		34,977,344	41,505,757
12.1 Effective mark-up rate in respect of saving and deposit accounts ranges from 5.61% to 7.13% (2016:5.74% 7.21%) per annum.			
13. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL			
		2017	2016
		Numbers	
Authorized			
		10,000,000	10,000,000
Ordinary shares of Rs. 10 each		100,000,000	100,000,000
Issued, subscribed and paid up			
		6,900,000	6,900,000
Ordinary shares of Rs. 10 each fully paid in cash		69,000,000	69,000,000
		2017	2016
		Rupees	
14. RESERVES			
Capital			
Share premium		3,600,000	3,600,000
Revenue			
General reserve		750,000,000	750,000,000
		753,600,000	753,600,000
15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT			
	15.1	308,166,730	344,954,213
15.1 Surplus on revaluation of property, plant and equipment			
Opening balance		352,629,976	381,787,925
Transferred to unappropriated profit on account of :			
Incremental depreciation - net of deferred tax		(24,217,588)	(28,198,479)
Related deferred tax liability		(2,024,566)	(959,470)
		(26,242,154)	(29,157,949)
Closing balance		326,387,822	352,629,976
Related deferred tax liability			
Opening balance		(7,675,763)	-
Addition during the year			
Deferred tax liability on incremental depreciation		2,024,566	959,470
Deferred tax liability on revaluation surplus		(12,569,895)	(8,635,233)
		(18,221,092)	(7,675,763)
Closing balance		308,166,730	344,954,213
16. DEFERRED LIABILITIES			
Staff retirement benefits - gratuity	16.1	52,823,267	44,000,292
Deferred taxation	16.2	36,617,217	18,492,694
		89,440,484	62,492,986
16.1 Provision for gratuity			
Liability recognized in the balance sheet			
Present value of defined benefit obligation		52,823,267	44,000,292
		52,823,267	44,000,292
Movement in the net liability			
Opening balance		44,000,292	43,035,191
Charge for the year		14,585,205	11,704,660
Payment made during the year		(8,564,353)	(14,929,076)
Remeasurement of defined benefit obligation		2,688,711	4,550,516
Actuarial gain from changes in financial assumptions		113,412	(360,999)
		52,823,267	44,000,292
Changes in present value of defined benefit obligation			
Opening defined benefit obligation		44,000,292	43,035,191
Current service cost		11,705,642	8,236,521
Interest cost		2,879,563	3,468,139
Benefits paid		(8,564,353)	(14,929,076)
Remeasurement of defined benefit obligation		2,688,711	4,550,516
Actuarial gain from changes in financial assumptions		113,412	(360,999)
		52,823,267	44,000,292

	2017	2016
	Rupees	
Charge for the year		
Current service cost	11,705,642	8,236,521
Interest cost	2,879,563	3,468,139
	14,585,205	11,704,660
Allocation of charge for the year		
Cost of sales	12,904,400	9,537,139
Administrative expenses	1,680,805	2,167,521
	14,585,205	11,704,660

As per actuarial valuation carried out as at June 30, 2017 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	2017	2016
Discount rate	7.75%	9.75%
Expected rate of salary increase in future years	6.75%	7.25%
Average expected remaining working life time of employees	6 years	7 years
Mortality rate was based on the EFU 61-66 mortality table.		

16.2 Movement in temporary differences:

	As at July 01, 2016	Adjustments	Recognised in Surplus on Revaluation	Recognised in profit and loss/Other Comprehensive Income	As at June 30, 2017
Taxable Temporary Difference					
Surplus on revaluation of property, plant and equipment	9,594,703	(1,918,940)	12,569,895	(2,024,566)	18,221,092
Accelerated tax depreciation	10,471,872	-	-	11,974,611	22,446,483
Fair value gain on other financial assets	11,851	-	-	13,073	24,924
Deductible Temporary Difference					
Provision for gratuity	(1,447,872)	-	-	(2,411,228)	(3,859,100)
Remeasurement of defined benefit obligation - gratuity	(137,860)	137,860	-	(216,182)	(216,182)
June 30, 2017	18,492,694	(1,781,080)	12,569,895	7,335,708	36,617,217

17. TRADE AND OTHER PAYABLES

	Note	2017	2016
		Rupees	
Creditors		95,000,474	79,264,147
Accrued liabilities		107,259,833	107,913,794
Workers' Profit Participation Fund	17.1	10,235,735	4,159,227
Workers' Welfare Fund	17.2	23,912,215	22,664,772
Advance from customers		5,814,746	3,190,371
Dividend payable		14,013,861	12,437,903
Due to employees		665,427	1,481,222
Due to associated undertakings	17.3	1,053,707	9,912,489
Income tax deducted at source		4,485,582	256,848
Sales tax deducted at source		646,341	1,684,694
Due to directors		-	2,985,945
		263,087,921	245,951,412
17.1 Workers' Profit Participation Fund			
Opening balance		4,159,227	6,432,389
Interest on funds utilized in the Company's business	27	-	-
Payment to the fund		(4,159,227)	(6,432,389)
		-	-
Charge for the year	26	10,235,735	4,159,227
Closing balance		10,235,735	4,159,227
17.2 Workers' Welfare Fund			
During the year, the Supreme Court of Pakistan through its order dated November 10, 2016 decided that the changes to the WWF Ordinance, 1971 made through Finance Acts, 2006 & 2008 were ultra vires to the constitution of Pakistan. However, the taxation authorities have proceeded to file a review petition there against in the Supreme Court of Pakistan. Due to this review petition and other legal uncertainties, the Company continues to carry the payable in this respect.			
17.3 Due to associated undertakings			
On account of trading activities			
Indus Dyeing & Manufacturing Co. Limited		1,053,707	9,858,786
Indus Laylpur		-	53,703
		1,053,707	9,912,489

		<i>2017</i>		<i>2016</i>
		<i>----- Rupees -----</i>		
18. ACCRUED MARKUP	<i>Note</i>			
Accrued mark-up on:				
- Short term borrowings		6,044,777	952,765	
		6,044,777	952,765	
19. SHORT TERM BORROWINGS				
<i>Secured - under markup arrangements</i>				
Running finances (RF)		828,930,117	710,906,529	
Cash finance		263,000,000	-	
Bank / book overdraft		4,295,870	11,651,830	
Foreign Currency Finance		94,263,562	-	
	19.1	1,190,489,549	722,558,359	
19.1 Short term facilities available from commercial banks under mark up arrangements amount to Rs. 5,830 Million(2016: Rs. 5,830 million)of which facilities aggregating to Rs. 4,640 million(2016:Rs. 5,107million)remained unutilizedat the year end. The rate of mark up ranges from 6.54% to 7.54% per annum (2016:7.24% to 7.99% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods, hypothecation of stock, store and spares and charge on current assets of the Company.				
20. CONTINGENCIES AND COMMITMENTS				
<i>Contingencies</i>				
Bank guarantees	20.1	82,911,728	62,723,545	
Foreign bills purchased		276,567,458	104,051,079	
In land bills purchased		1,270,411	-	
		360,749,597	166,774,624	
20.1 Bank guarantees				
<i>In favour of</i>	<i>Bank</i>			
Sui Northern Gas Piplines Limited	MCB Bank Limited	41,651,261	32,463,078	
Excise and taxation	Soneri Bank Limited	23,985,915	23,985,915	
Excise and taxation	United Bank Limited	17,000,000	6,000,000	
CCI & E	Habib Bank Limited	274,552	274,552	
		82,911,728	62,723,545	
<i>Commitments</i>				
Under letters of credit for:				
- Stores and spares		-	3,089,037	
- Raw material		-	166,632,884	
- Plant and machinery		342,767,487	16,416,641	
		342,767,487	186,138,562	
21. SALES -net				
<i>Exports</i>				
Yarn	21.1	2,659,524,614	2,672,858,432	
Waste		-	13,419,404	
Rebate Claim Receivable		36,135,976	-	
		2,695,660,590	2,686,277,836	
<i>Local</i>				
Yarn		1,440,393,687	1,163,459,445	
Doubling		1,584,500	545,145	
Waste		154,196,209	70,011,155	
Less:		1,596,174,396	1,234,015,745	
Sales Tax (2016: 3%) on local sales		-	(36,561,442)	
Commission		(34,105,551)	(25,254,718)	
		4,257,729,435	3,858,477,421	
21.1	It includes indirect export of Rs. 99.8million (2016: 122 million).			

22. COST OF SALES	Note	2017	2016
		Rupees	
Raw material consumed	22.1	2,793,951,347	2,617,812,523
Power and fuel		362,897,211	303,916,985
Salaries, wages and benefits	22.2	239,132,566	172,205,950
Depreciation	4.1	101,405,817	108,233,725
Packing material consumed		61,807,457	60,629,564
Stores and spares consumed		58,134,630	51,098,615
Repairs and maintenance		8,210,264	7,205,684
Insurance		5,326,251	4,428,989
Others		613,295	716,985
Work in process		3,631,478,838	3,326,249,020
Opening stock		26,400,296	21,702,529
Closing stock		(26,495,665)	(26,400,296)
		(95,369)	(4,697,767)
Cost of goods manufactured		3,631,383,469	3,321,551,253
Finished goods			
Opening stock		55,964,247	54,322,612
Purchase of finished goods		335,203,160	308,233,001
Closing stock		(136,600,742)	(55,964,247)
		254,566,665	306,591,366
		3,885,950,134	3,628,142,619
22.1 Raw material consumed			
Opening stock		565,545,380	565,827,062
Purchases including purchase expenses		3,014,340,116	2,430,977,625
Transferred from ginning unit		212,975,492	186,553,216
		3,792,860,988	3,183,357,903
Closing stock		(998,909,641)	(565,545,380)
		2,793,951,347	2,617,812,523
22.2	It includes Rs.9.208 million (2016: Rs. 9.898 million) in respect of staff retirement benefits - gratuity.		
23. PROFIT / (LOSS) ON OTHER OPERATIONS	Note	2017	2016
		Rupees	
Profit on ginning factory	23.1	-	-
Profit / (Loss) on Ice Factory	23.2	1,328,248	2,828,497
Profit on trading of cotton lint	23.3	-	2,685,480
		1,328,248	5,513,977
23.1 Profit on ginning factory			
Transferred to spinning operations		212,975,492	186,553,216
Sales - net		-	-
		212,975,492	186,553,216
Cost of goods transferred / sold (ginning)	23.1.1	(202,037,910)	(174,358,512)
Gross profit		10,937,582	12,194,704
Administrative expenses		(10,928,470)	(12,189,027)
Bank charges		(9,112)	(5,677)
		(10,937,582)	(12,194,704)
Net Profit		-	-
23.1.1 Cost of goods transferred / sold (ginning)			
Opening stock		9,892,230	45,996,175
Cost of ginning and oil		228,303,534	138,254,567
Closing stock		(36,157,854)	(9,892,230)
		202,037,910	174,358,512
23.2 Profit / (loss) on Ice Factory			
Sales - net		23,232,454	23,396,260
Cost of goods sold		(21,008,836)	(19,173,293)
Gross profit		2,223,618	4,222,967
Administrative expenses		(895,370)	(1,394,470)
		1,328,248	2,828,497

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		2017	2016
		Rupees	
23.3 Profit on sales of cotton lint	Note		
Sales - net		-	101,888,368
Cost of goods sold		-	(96,191,172)
Gross profit		-	5,697,196
Administrative expenses		-	(2,694,457)
Finance cost		-	(317,259)
		-	2,685,480
23.4	Profit / (loss) from other operations arises from the company's trading of Cotton Lint and an Ice Factory on leasing arrangements.		
24. DISTRIBUTION COST			
Export development surcharge		6,032,051	7,087,030
Ocean freight		14,005,032	13,586,558
Forwarding expenses		10,185,462	12,533,992
Local freight		18,023,319	19,159,865
Others		397,965	401,348
		48,643,829	52,768,793
25. ADMINISTRATIVE EXPENSES			
Salaries, wages and benefits	25.1	55,907,115	48,044,381
Director's remuneration		21,423,858	18,837,465
Depreciation	4.1	10,251,173	8,625,094
Vehicle running and maintenance		7,390,546	5,947,557
Travelling and conveyance		5,312,634	3,708,821
Postage, telephone and fax		2,752,338	2,761,760
Electricity, gas & fuel		2,529,514	2,311,852
Printing and stationery		1,043,977	1,028,791
Auditors' remuneration	25.2	1,150,000	1,150,000
Rent, rates and taxes		1,678,659	1,772,299
Donations	25.3	2,105,830	3,027,842
Insurance		1,202,518	1,200,755
Fees, subscription and periodicals		1,560,678	1,317,449
Entertainment		1,414,403	1,302,398
Repairs and maintenance		184,001	374,645
Legal and professional charges		1,320,770	1,325,600
Provision for doubtful debt		-	109,945
Others		1,355,574	1,556,262
Expenses related to sale of cotton lint	23.3	-	(2,694,457)
		118,583,588	101,708,459
25.1	It includes Rs. 1.68 million (2016: Rs. 1.81 million) in respect of staff retirement benefits - gratuity.		
25.2 Auditors' remuneration			
Statutory audit		1,000,000	1,000,000
Review of compliance with Code of Corporate Governance		50,000	50,000
Half year review		100,000	100,000
		1,150,000	1,150,000
25.3	None of the directors or his / her spouse has any interest in the donee's fund.		
26. OTHER EXPENSES			
Workers' Profit Participation Fund	17.1	10,235,735	4,159,227
Workers' Welfare Fund		1,247,443	1,580,506
Loss on Sale of property, plant and equipment		450,000	-
Unrealized loss on other financial assets		1,844,183	-
		13,777,361	5,739,733
27. FINANCE COST			
Interest / mark up on:			
Short term borrowings		18,679,624	10,249,591
Bank charges and commission		4,268,535	2,020,222
Expenses related to sale of cotton lint	23.3	-	(317,259)
		22,948,159	11,952,554

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28. OTHER INCOME

		2017	2016
Income from financial assets	Note	Rupees	
Unrealized gain on remeasurement of short term investments		323,059	360,154
Realized gain on disposal of short term investments		16,934,775	10,932,222
Interest / profit on bank deposits		229,234	262,194
Dividend income		4,560,239	1,024,182
Income from non financial assets			
Gain on sale of property, plant and equipment	4.2	185,428	1,186,815
		22,232,735	13,765,567

29. TAXATION

Current year:		40,782,045	29,694,153
Current		5,770,810	9,995,321
Deferred		510,860	-
Prior year adjustment		47,063,715	39,689,474

Relationship between tax expense and accounting profit

	2017	2016
Accounting Profit	191,387,347	77,444,807
Applicable tax rate	31%	32%
	2017	2016
	Rupees	Rupees
Tax on accounting profit before tax	59,330,078	24,782,338
Income chargeable to tax at lower rate	(10,516,631)	(1,291,581)
Reversal of previously recognised deferred tax liability	7,551,890	8,857,461
Effect of change in deferred tax rate	(5,691,446)	15,601,965
Deferred tax liability recognized on taxable profit	5,770,810	9,995,321
Tax credit	(9,891,845)	(18,256,030)
Prior Year Adjustment	510,860	-
Current year provision	47,063,715	39,689,474

29.1 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of company are in excess of its paid up capital and company derives a profit for a tax year but does not distribute requisite cash dividend within six months of end of the said tax year. Liability in respect of such income tax, if any, is recognized when prescribed time period for distribution of dividend expires. However, a public company which distributes profit equal to either forty per cent of its after tax profits or fifty per cent of its paid up capital, whichever is less, within six months of the end of the tax year is not required to pay tax at the rate of 10% on undistributed reserves.

30. EARNINGS PER SHARE - BASIC AND DILUTED

	2017	2016
Profit after tax	Rupees 144,323,632	37,755,333
Weighted average number of ordinary shares outstanding during the year	Numbers 6,900,000	6,900,000
Earnings per share - basic and diluted	Rupees 20.92	5.47

30.1 There is no dilutive effect on the basic earnings per share of the Company.

31. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

	Director	Chief executive officer	Executives
2017			
Remuneration	6,480,000	6,480,000	11,913,482
House rent and other benefits	720,000	720,000	1,323,720
Conveyance - cars	893,334	1,765,845	1,443,439
Other benefits	3,161,110	3,862,748	-
	11,254,444	12,828,593	14,680,641
Number of persons	1	1	13
2016			
Remuneration	6,480,000	6,480,000	9,878,800
House rent	720,000	720,000	1,097,644
Conveyance - cars	554,964	1,572,933	1,403,578
Other benefits	1,767,000	2,670,465	-
	9,521,964	11,443,398	12,380,022
Number of persons	1	1	13

31.1 Chief Executive Officer and a director are also entitled to free use of the Company maintained cars.

32. FINANCIAL INSTRUMENTS

32.1 The Company has exposure to the following risks from its use of financial instruments:

Credit risk

Liquidity risk

Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

32.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from deposits, 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 was:

	2017	2016
	----- Rupees -----	
Long term deposits	6,991,200	6,991,200
Trade debts	304,386,034	189,475,357
Loans and Advances	15,667,974	16,900,195
Trade deposits and other receivables	42,515,807	5,557,706
Bank balances	32,950,074	38,979,404
	402,511,089	257,903,862

The Company's credit risk exposures are categorized under the following headings:

Counterparties

The Company conducts transactions with the following major counterparties:

Trade debtors

Banks and other financial institutions

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure is continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

32.2.1 Credit risk related to trade debtors

Trade debts are essentially due from local and foreign customers against sale of yarn and waste material and the Company does not expect these counterparties to fail to meet their obligations. The majority of sales to the Company's customers are made on specific terms. Customer credit risk is managed subject to established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal rating criteria. Credit quality of the customer is assessed based on an extensive credit rating. Outstanding customer receivables are regularly monitored and any shipments to foreign customers are generally covered by letters of credit.

Trade receivables are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts at the reporting date was:

	2017		2016	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Not yet due	304,280,072	-	189,315,707	-
Past due for:				
- more than 03 months but less than 01 year	90,008	-	159,650	-
- more than 01 year but less than 02 years	16,169	16,169	13,275	13,275
- more than 02 years	109,730	109,730	96,670	96,670
	304,495,979	125,899	189,585,302	109,945

Trade debts include debtors with a carrying amount of Rs. 60.8 million (2016: Rs. 3.23 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

Concentration of credit risk

Trade debts consist of a large number of diversified customers, spread across geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable where appropriate. The Company does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics.

32.2.2 Credit risk related to banks and other financial institutions

Credit risk on balances with banks is managed by management in accordance with the Company's policy. Excess funds are placed in deposits with reputable banks and financial institutions.

32.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. Management closely monitors the Company's liquidity and cash flow position. This includes maintenance of balance sheet liquidity ratios, debtors and creditors concentration both in terms of the overall funding mix and avoidance of undue reliance on large individual customer. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans.

32.3.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its 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. The table includes both interest and principal cash flows.

Particulars	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
----- Rupees -----						
Short term borrowings	-	-	1,190,489,549	-	-	1,190,489,549
Trade and other payables	-	-	217,993,302	-	-	217,993,302
Accrued mark up	-	6,044,777	-	-	-	6,044,777
2017	-	6,044,777	1,408,482,851	-	-	1,414,527,628
Short term borrowings	-	-	722,558,359	-	-	722,558,359
Trade and other payables	-	-	213,995,500	-	-	213,995,500
Accrued mark up	-	952,765	-	-	-	952,765
2016	-	952,765	936,553,859	-	-	937,506,624
					2017	2016
----- Rupees -----						
Off balance sheets items						
Letters of credit						342,767,487
Bank guarantees						82,911,728
Foreign bills discounted						276,567,458
Off balance sheet gap						702,246,673
						352,913,186

32.4 Market risk

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.

32.4.1 Currency risk

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.

Exposure to currency risk

The Company is exposed to currency risk on trade debts which are denominated in currency other than the functional currency of the Company. The Company's exposure to foreign currency risk is as follows:

	2017		2016	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	202,547,457	1,936,770	85,463,486	822,080
	202,547,457	1,936,770	85,463,486	822,080

The following US Dollar exchange rates were applied during the year:

	2017	2016
	Rupees	
Average rate	104.33	104.70
Balance sheet date rate	104.58	103.96

Sensitivity analysis - foreign currency

At June 30, 2017, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, Profit for the year would have been lower / higher by Rs. 20.14 million (2016: Rs. 9.21 million) as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2017 than 2016 because of high fluctuation in foreign currency exchange rate.

ok

32.4.2 Interest rate risk

Interest / mark-up rate risk arises from the possibility that changes in interest / mark-up rates will effect the value of financial instruments. The Company has significant amount of interest based financial assets and financial liabilities which are largely based on variable interest / mark-up rates, therefore the Company has to manage the related finance cost which exposes it to the risk of 3 months and 6 months KIBOR. Since the impact on interest rate exposure is significant to the Company, management is considering the alternative arrangement to manage interest rate exposure in future.

	2017		2016	
	Effective		Effective	
Fixed rate instruments	Interest Rate	Rupees	Interest Rate	Rupees
Financial assets:				
- Deposit Accounts	5.61% - 7.13%	150,110	5.74% - 7.21%	5,163,047
Variable rate instruments				
Financial liabilities:				
- Short term borrowings	6.54% - 7.54%	1,190,489,549	7.24% - 7.99%	722,558,359
		1,190,639,659		727,721,406

Sensitivity analysis - interest rate

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2017 would decrease / increase by Rs. 9.5 million (2016: Rs. 7.23 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

32.4.3 Other price risk

Other price risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not materially exposed to other price risk on financial assets and liabilities.

32.4.4 Equity share price risk

The company is also exposed to the equity price risk arising from the fluctuations due to change in market price of those equity instruments other than those arising from the interest rate risk or currency risk.

Sensitivity analysis - Equity share price risk

A 1% increase / decrease in share prices at year end would have decreased / increased surplus on remeasurement of investments as follows :

	2017	2016
	Rupees	Rupees
Effect on equity	10,028,266	10,309,129

32.4.5 Gratuity Sensitivity Analysis

Year End sensitivity analysis (+/- 100 bps) on defined benefit obligation:

Discount rate + 100 bps	49,765,665	41,056,640
Discount rate - 100 bps	56,375,096	47,388,900
Salary Increase + 100 bps	56,577,385	47,509,490
Salary Increase - 100 bps	49,522,435	40,892,882

The average duration of the defined benefit obligation is 6 Years (2016: 7 years).

32.5 Fair values

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arms length transaction other than in a forced or liquidation sale.

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

32.5.1 Fair value hierarchy

Following are three levels in fair value hierarchy that reflects the significance of the inputs used in measurement of fair values of financial instruments.

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).

The Company does not have any other financial instruments to be classified here other than "other financial assets" as disclosed in note 11, that are classified in level 1 as per hierarchy stated above.

The Company follows the revaluation model for its free hold Land, Building on Free Hold Land, Plant and machinery. The fair value measurement as at June 30, 2013 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of these assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization, and other relevant factors. In the estimating the fair value of free hold Land, Building on Free Hold Land, Plant and machinery the highest and best use of these assets is their current use.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of 'office premises' approximate its fair market value.

Short term investments include quoted equity shares. The investment is re-measured at each reporting date at its fair value by using the prevailing market rate of shares on Pakistan Stock Exchange Limited ("PSX")

<i>June 30, 2017</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>-----Rupees-----</i>			
Short term investments	1,007,808,092	-	-	1,007,808,092
Free Hold Land	-	147,499,541	-	147,499,541
Building on Free Hold Land	-	143,623,373	-	143,623,373
Plant and Machinery	-	800,000,691	-	800,000,691
Total	1,007,808,092	1,091,123,605	-	2,098,931,697
<i>June 30, 2016</i>				
Short term investments	1,030,912,888	-	-	1,030,912,888
Free Hold Land	-	148,624,541	-	148,624,541
Building on Free Hold Land	-	158,798,072	-	158,798,072
Plant and Machinery	-	782,799,096	-	782,799,096
Total	1,030,912,888	1,090,221,709	-	2,121,134,597

Fair value of short term investments approximated their carrying value.

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

32.6 Financial instruments by category

The Company finance its operations through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant price and cash flow risk in respect of such instruments.

The accounting policies for financial instruments have been applied for line items as below:

	<i>2017</i>	<i>2016</i>
<i>Assets carried at fair value</i>	<i>----- Rupees -----</i>	
Short term investments	1,007,808,092	1,030,912,888
	1,007,808,092	1,030,912,888
<i>Assets categorized as loan and receivables</i>		
Long term deposits	6,991,200	6,991,200
Trade debts	304,386,034	189,475,357
Loans and advances	24,944,539	25,668,155
Trade deposits and other receivables	42,515,807	5,557,706
Cash and bank balances	34,977,344	41,505,757
	413,814,924	269,198,175
<i>Liabilities carried at amortized cost</i>		
Trade and other payables	252,141,252	240,819,499
Short term borrowings	1,190,489,549	722,558,359
Accrued mark up	6,044,777	952,765
	1,448,675,578	964,330,623

33. CAPITAL MANAGEMENT

The Company objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and
- to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

Capital comprises all components of equity (i.e. share capital, reserves and unappropriated profit). 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 dividends paid to shareholders or issue new shares.

The debt-to-adjusted capital ratios at June 30, 2017 and June 30, 2016 were as follows:

	2017	2016
	Rupees	Rupees
Total debt	1,190,489,549	722,558,359
Less: Cash and cash equivalents	(34,977,344)	(41,505,757)
Net debt	1,155,512,205	681,052,602
Total equity	2,146,532,345	2,049,577,066
Adjusted capital	3,302,044,550	2,730,629,668
Debt-to-adjusted capital ratio	34.90%	24.94%

34. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, other related group companies, directors of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Amounts due from and to related parties are shown under trade debts (note 8), trade and other payables (note 17) and remuneration of Chief Executive Officer and director (note 31). Other significant transactions with related parties are as follows:

	2017	2016
	Rupees	Rupees
Transactions with associated undertakings		
Sale of goods and services	78,105,556	157,463,338
Purchase of goods and service	53,885,000	-

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

35. PLANT CAPACITY AND PRODUCTION

Number of spindles installed	35,328	35,328
Number of spindles worked	34,912	34,405
Number of shifts/ day	3	3
Installed capacity after conversion into 20/s count Kgs	12,063,655	12,063,655
Actual production of yarn after conversion into 20/s count Kgs	10,222,528	10,232,780

Reasons for decrease

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.

36. 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 lead by Chief Executive Officer who continuously involves 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 it has one yarn manufacturing unit. 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, 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. Company also has an ice factory and ginning factory results of these operations are separately disclosed in note 23 of these financial statements. The assets & liabilities of the ice factory & ginning factory are unallocated.

37. NUMBER OF EMPLOYEES

The total average number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	2017	2016
Number of employees as at year end	746	805
Average number of employees during the year	782	827

38. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE


In respect of current year, the directors proposed to pay cash dividend of Rs. 27.6 million (2016: Rs. 34.5 million) @ Rs. 4 (2016 : Rs. 5) per ordinary share of Rs. 10 each. This dividend is subject to approval by the shareholders at the forthcoming Annual General Meeting and has not been included as a liability in these financial statements. This will be accounted for subsequently in the year of payment.

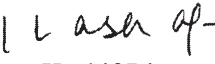
39. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 06, 2017 by the Board of Directors of the Company.

40. GENERAL

Figures have been rounded off to the nearest Rupee, except where stated otherwise.


Mian Riaz Ahmed
Chairman


Kashif Riaz
Chief Executive

ok

SUNRAYS TEXTILE MILLS LIMITED
FORM 34 (A)
PATTERN OF SHARE HOLDING OF SHARES HELD BY THE SHARE HOLDERS
AS AT June 30, 2017

NUMBER OF SHARE HOLDERS	SHARE - HOLDING		TOTAL SHARES HELD
	FROM	TO	
1,105	1	100	51,984
596	101	500	235,120
38	501	1,000	25,763
23	1,001	5,000	42,103
6	5,001	15,500	51,360
3	15,501	30,000	137,698
4	35,001	150,000	288,495
1	160,001	300,000	166,557
1	300,001	530,000	318,842
5	530,001	795,000	3,445,566
1	900,000	2,200,000	2,136,512
1,783			6,900,000

CATEGORIES OF SHARE HOLDERS
AS AT June 30, 2017

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1. Individuals	1,753	390,242	5.66
2. Associated companies	1	71,084	1.03
3. Financial Institution	1	24,243	0.35
4. Insurance Companies	1	40,194	0.58
5. Mutual Fund	1	318,842	4.62
5. Joint Stock companies	10	92,836	1.35
6. Directors, CEO their Spouses & Minor Childrens	16	5,962,559	86.41
TOTAL	1,783	6,900,000	100.00

DETAIL OF CATEGORIES OF SHARE HOLDERS
AS AT June 30, 2017

INDIVIDUAL	1,753	390,242
ASSOCIATED COMPANIES	01	
M/s Indus Dyeing & Mfg Co.Ltd.		71,084
FINANCIAL INSTITUTIONS	01	
National Bank of Pakistan		24,243
		24,243
JOINT STOCK COMPANIES	10	
Y.S. Securities & Services (Pvt) Ltd.		700
S H Bukhari Securities (Pvt) Ltd.		400
Msmaniar Financial (Pvt) Ltd		100
Adeel & Nadeem Securities (Pvt) Ltd.		500
Fikree SMC (pvt) Ltd		1,500
TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND		29,150
TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST		1,023
TRUSTEES TREET CORP LTD EMP PROVIDENT FD		28,300
TRUSTEE- TREET CORPORATION LTD.GROUP EMPLOYEES SERVICE FUND		600
TREET CORPORATION LIMITED		30,563
		92,836

ok

INSURANCE COMPANIES	01	
State Life Insurance Company		40,194
MUTUAL FUND	01	
CDC-Trustee National Investment (Unit) Trust		318,842
		318,842
DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDERN	16	Shares Held
Mian Muhammad Ahmad		666,893
Mian Riaz Ahmad		1
Shahzad Ahmad		648,483
Naveed Ahmad		770,093
Kashif Riaz		2,136,512
Imran Ahmad		773,161
Irfan Ahmad		586,938
Shazia Naveed		4,482
Shafqat Masood		4,501
Shahwaiz Ahmed		198
Mr. Seikh Nishat Ahmed		100
Aisha Irfan		166,557
Mrs. Salma Jabeen		23,605
Mrs. Lozina Shahzad		126,695
Fadia Kashif		52,952
Tahia Imran		1,388
		5,962,559
GRAND TOTAL	1,783	6,900,000

**Shareholders Holding 10% or More Voting Interest in the Company
AS AT June 30, 2017**

DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDERN	SHARES HELD	PERCENTAGE %
Mr. Kashif Riaz	2,136,512	30.96
Imran Ahmad	773,161	11.21
Naveed Ahmed	770,093	11.16

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Officer and their spouses, minor children during 2016-2017

ok

FORM OF PROXY

26th Annual General Meeting
SUNRAYS TEXTILE MILLS LIMITED

I / We _____
of _____ in the
district of _____ Being a member (s) of SUNRAYS TEXTILE MILLS LIMITED hereby
appoint _____ of _____
_____as my proxy, and failing him, _____of _____
_____ another Member of the Company to vote for me and on my behalf at the
26th Annual General Meeting of the company to be held on the 31st day of October 2017 and at any
adjournment thereof.

Signed this _____day of _____ 2017.

Signed by the said Member

SIGNED IN THE PRESENCE OF:

1. Signature: _____

2. Signature: _____

Name:_____

Name: _____

Address: _____

Address:_____

CNIC/Passport No-----

CNIC/Passport No:-----

Information required:		For Member (Shareholder)	For Proxy	For alternate Proxy(*)
Number of shares held			(if member)	
Folio No.				
CDC Account No.	Participant I.D.			
	Account no.			

Affix Revenue
Stamp Rs. 5/-

(*) upon failing of appointed proxy.

Notes:

1. *A member entitled to attend and vote at Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. A proxy need not be a member.*
2. *This proxy Form, duly completed and signed, together with Board Resolution / power of Attorney, if any under which it is signed or a notarially certified copy thereof, should be deposited, with our Registrar, **Jwaffs Registrar Services (Pvt) Ltd** 407-408, Al Ammera Centre Sharah iraq, Saddar Karachi. Telephone No. 35662023-24, not later than 48 hours before the time of holding the meeting.*
3. *The instrument appointing a proxy should be signed by the member or his/her attorney duly authorized in writing. If the member is a corporate entity its common seal should be affixed on the instrument.*
4. *Any alteration made in this instrument of proxy should be initialed by the person who signs it.*
5. *Attested copies CNIC or the passport of the beneficial owner and proxy shall be provided with the proxy from.*
6. *If a member appoints more than one proxy and more than one instruments of proxies are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.*
7. *In the case of joint holders the vote of the senior who tenders a vote whether in person or by proxy will be accepted to the exclusion of the votes of the other joint holders, and for this purpose seniority will be determined by the order in which the names stand in the Register of Members.*
8. *The proxy shall produce his / her original CNIC passport at the time of the meeting.*

AFFIX
CORRECT
POSTAGE

The Company Secretary
SUNRAYS TEXTILE MILLS LIMITED
5th Floor 508 Beaumont Plaza Beaumont Road
Civil Lines Qtrs Karachi

DIVIDEND MANDATE FORM

Members of SUNRAYS TEXTILE MILLS LIMITED

Subject: Dividend Mandate Form

It is inform you that under section 250 of the Companies Ordinance, 1984 a shareholder may, if so desire, directs the Company to pay dividend through his / her / its bank account.

In pursuance of the directions given by the Securities and Exchange Commission of Pakistan from time to time relating to the subject you being the registered shareholder of Sunrays Textile Mills Limited. Are herby given the opportunity to authorize the Company to directly credit into your bank account cash dividend, if any, declared by the Company in future.

PLEASE NOTE THAT THIS DIVIDEND MANDATE IS OPTIONAL AND NOT COMPULSORY, IN CASE YOU DO NOT WISH YOUR DIVIDEND TO BE DIRECTLY CREDITED INTO YOUR BANK ACCOUNT THEN THE SAME SHALL BE PAID TO YOU THROUGH THE DIVIDEND WARRANTS.

Do you wish the cash dividend declared by the company, if any, is directly credited in your bank account, instead of issue of dividend warrants. Please tick "✓" any of the following boxes:

YES

NO

If yes, then please provide the following information:

(i) Shareholder's Detail	
Name of the Shareholder	
Folio No./ CDC Participants I D A/c No.	
CNIC NO.	
Passport No. (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	
(ii) Shareholder's Bank Detail	
Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

The company is hereby authorized to directly credit cash dividend declared by it, if any, from time to time, in the above-mentioned bank account.

It is stated that the above-mentioned information is correct, and that I will intimate the changes in the above-mentioned information to the company and the concerned Share Registrar as soon as they occur.

Signature of the Shareholder

Date: _____

Note:

- The shareholders who hold shares in physical form are requested to submit this Dividend Mandate Form duly filled-in to the Share Registrar concerned.
- Shareholders maintaining their shareholdings under Central Depository System (CDS) are advised to submit this form directly to relevant Participant/ CDC Investor Account Service.
- Please attach attested photocopy of the CNIC / passport (in case of Foreign Shareholder).

ok

AFFIX
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The company Secretary
SUNRAYS TEXTILE MILLS LTD.
Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi












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- Online Quizzes



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*Mobile apps are also available for download for android and ios devices