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## **COMPANY PROFILE BOARD OF DIRECTORS**

1. Mr. Riaz Ahmed (Chairman)
2. Mr. Kashif Riaz (Chief Executive)
3. Mian Imran Ahmad
4. Mian. Shahzad Ahmad
5. Mr. Naveed Ahmad
6. Mr. Irfan Ahmed
7. Mr. Shahwaiz Ahmed
8. Mr. Shafqat Masood
9. Sheikh Nishat Ahmed
10. Mr. Faisal Hanif
11. Mian Masud 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. Sheikh Nishat Ahmed (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**

5<sup>th</sup> 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

Bank Alfalah

### **AUDITORS**

M/s Deloitte Yousuf Adil & Company

Chartered Accountants Multan

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 27<sup>th</sup> Annual General Meeting of Sunrays Textile Mills Limited will be held at **Indus Dyeing & Manufacturing Company. Limited.** Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi on Saturday, October 27, 2018 at 12:00 P.M. to transact the following business:

### ORDINARY BUSINESS:

1. To confirm minutes of the Extraordinary General Meeting held on March 16, 2018.
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2018, together with the Directors' and Auditors' Reports thereon and Chairman's Review Report;
3. To appoint the Statutory Auditors for the year ending June 30, 2019 and to fix their remuneration The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Deloitte Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re appointment;
4. To Consider and approve, as recommended by the Board of Directors, the payment of final cash dividend for the year ended June 30, 2018 @ 90% i.e. **Rs. 9/-** per ordinary share.

### SPECIAL BUSINESS:

5. To consider and approve enhancement in monthly remuneration of the Chief Executive and one fulltime working Director namely, Mr. Shafqat Masood .
6. To transact any other business with the permission of the chair.

Karachi

Date; October 05, 2018

By Order of the Board  
Ahmed Faheem Niazi  
Company Secretary

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

#### Item 05 of the Agenda

Due to increase in the cost of living during the years, to enhance the monthly remuneration from Rs. 600,000/- per month to Rs. 1,200,000/- per month tax free for Mr. Kashif Raiz , Chief Executive and to fix monthly remuneration of Mr. Shafqat Masood , Director at Rs 600,000/- per month . The said remuneration is in addition to the Company maintained car; medical expenses; residential utilities, recreational and telephone expenses etc in accordance with the company policy. Approval on the matter is sought by passing the following resolution as an ordinary resolution pursuant to provisions of Articles of Association of the Company:

**Resolved that**, a sum of Rs. 1,200,000/- per month tax free and Rs. 600,000/- per month remuneration be and is hereby approved as a remuneration of Mr. Kashif Riaz, Chief Executive and Mr. Shafqat Masood, Directors of the Company with effect from July 01, 2018 in addition to the Company maintained cars, medical expenses, residential utilities, recreational and telephone expenses etc.

The directors have no other interest except to the extent of remuneration and other benefits approved in accordance with the provisions of Articles of Association of the company.

### **NOTES:**

1. The Share Transfer Books of the Company will remain closed for the period from October 20, 2018 to October 27, 2018 (both days inclusive) and the Final Cash Dividend will be paid to the Members whose name appear in the Register of Members. Transfers received in order at the Office of Company's Share Registrar M/s Jwaffs Registrar Services (Pvt) Ltd, 407 -408 Al-Ameera Center, Shahra -e-Iraq, Saddar Karachi. ('Registrar') at the close of business on October 19, 2018 will be considered in time to attend and vote at the Meeting.

2. Financial Statements for the year ended June 30, 2018 will be available at the website of the Company [www.indus-group.com](http://www.indus-group.com) twenty one days before the date of meeting.

Further, as per approval obtained from members in Annual General Meeting of the Company held on October 31, 2016 to circulate Annual Audited Accounts through CD/DVD/USB in accordance with SRO 470(I)/2016 dated May 31, 2016 of Securities and Exchange Commission of Pakistan (SECP); Annual Audited Accounts of the Company for the year ended June 30, 2018 are being dispatched to the Members through CD/DVD. The Members may request a hard copy of Annual Audited Accounts free of cost. Standard request form is available at the website of the Company [www.indus-group.com](http://www.indus-group.com)

3. Pursuant to Section 223 of the Companies Act, 2017, the Company is allowed to send audited financial statements and reports to its members electronically. Members are therefore requested to provide their valid email IDs. For convenience, a Standard Request Form has also been made available on the Company's website [www.indus-group.com](http://www.indus-group.com)
4. Members (Non-CDC) are requested to promptly notify the Company's Registrar of any change in their addresses and submit, if applicable to them, the Non-deduction of Zakat Form CZ-50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra -e-Iraq, Saddar Karachi.
6. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
7. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.



**A. FOR ATTENDING THE MEETING:**

- i. In case of individuals, the accounts holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his/her identity by showing his original CNIC or Passport at the time of attending the Meeting.
- ii. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

**B. FOR APPOINTING PROXIES:**

- i. In case of individuals, the account holders and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
  - ii. The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii. Attested copies of CNIC or the passport of the beneficial owner and the proxy shall be furnished with the proxy form.
  - iv. The proxy shall produce his/her original CNIC or original Passport at the time of meeting.
  - v. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.
8. Members are requested to notify Change in their addresses, if any; in case of book entry securities in CDS to their respective participants/investor account services and in case of physical shares to the Registrar of the Company by quoting their folio numbers and name of the Company at the above mentioned address, if not earlier notified/submitted.

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

Pursuant to the provisions of the Finance Act 2018 effective July 1, 2018, 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%

The income tax is deducted from the payment of dividend according to Active Tax-Payers List (ATL) provided on the website of FBR. All those shareholders who are filers of income tax returns are therefore advised to ensure that their names are entered into ATL to enable the Company to withhold income tax from payment of cash dividend @ 15% instead of 20%.

Further, according to clarification received from FBR, withholding tax will be determined separately on 'Filer/Non Filer' status of Principal Shareholder as well as Joint -holder(s) based on their shareholding proportions in case of joint accounts held by the shareholders.

In this regard, all shareholders who hold shares jointly are requested to provide the shareholding proportions of Principal Shareholder and Joint -holders in respect of shares held by them to our Shares Registrar, in writing. The joint accounts information must reach to our Shares Registrar within 10 days of this notice. In case of non -receipt of the information, it will be assumed that the shares are equally held by Principal Shareholder and the Joint-holder(s).

Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence as the case may be.

**10 Dividend Mandate and Payment of Cash Dividend through Electronic Mode**

The provisions of Section 242 of the Companies Act, 2017 require that the dividend payable in cash shall only be paid through electronic mode directly into the bank accounts designated by the entitled shareholders. Therefore, for making compliance to the provisions of the law, all those physical shareholders who have not yet submitted their IBAN bank account details to the Company are requested to provide the same on the Dividend Mandate Form available on Company website at [www.indus-group.com](http://www.indus-group.com).

Non CDC shareholders are requested to send valid and legible copy of CNIC/Passport (in case of individual) and NTN Certificate (in case of corporate entity) to the Registrar of the Company. Please note that CNIC number is mandatory for issuance of dividend warrants and in the absence of this information payment of dividend shall be withheld.

CDC shareholders who have also not provided their IBAN bank account details are also requested to provide the same to their Participants in CDC and ensure that their IBAN bank account details are updated. In case of unavailability of IBAN, the Company would be constrained to withhold dividend in accordance with the Companies (Distribution of Dividends) Regulations, 2017.

11. Members may avail video conference facility for this Annual General Meeting other than Karachi, provided the Company receives consent (standard format is given below) atleast 07 days prior to the date of the Meeting from members holding in aggregate 10% or more shareholding residing at respective city.
- The Company will intimate respective members regarding venue of the video -link facility before the date of Meeting along with complete information necessary to enable them to access the facility.
- "I/we \_\_\_\_\_ of \_\_\_\_\_ being member(s) of Sunrays Textile Mills Limited, holder of \_\_\_\_\_ Ordinary Share(s) as per Registered Folio No./CDC Account No. \_\_\_\_\_ hereby opt for video conference facility at \_\_\_\_\_ i in respect of 27<sup>th</sup> Annual General Meeting of the Company.

\_\_\_\_\_  
Signature of Member"

- 12 For any query/problem/information, Members may contact the Company at email I \_\_\_\_\_ and/or the Share Registrar of the Company at above mentioned address and at (+92 \_\_\_\_\_ 21) \_\_\_\_\_, email \_\_\_\_\_

## **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.

## **CHAIRMAN'S REVIEW**

I am pleased to present the performance review and the role played by the Board of Sunrays Textile Mills in achieving the company's objectives for the financial year ended 30 June 2018. By the Grace of ALLAH, Company performed exceptionally well with growth in sales and profitability. The company's sales grew by 16.31%.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board provides strategic direction to the management and is available for guidance. The Board approves the budget and ensures that a competent and energetic team is in position to achieve the goals set. The Board ensures compliance of all regulatory requirements by the Management. During the year, the Board approved a risk management framework after identification of risks and mitigating measures specific to the Company.

The Board is highly assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Company. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team. An important role of the Committee is succession planning.

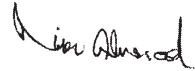
During the year 2017-2018 the board met five (5) times. The board act in consonance with pertinent laws and best practices, complying with all regulatory requirements.

As required under the Code of Corporate Governance, the Board evaluates its annual self assessment of its effectiveness and performance through a mechanism developed by it, acting in the best interest of the shareholders all the time. The overall effectiveness of the Board was assessed as satisfactory. Areas that required improvement were duly considered and suitable action plans were framed.

### **Thanks and appreciation**

I would conclude by extending my gratitude to the Board for their earnest contributions towards the advancement of the Company. I acknowledge our Chief Executive Officer and his team for their enduring and diligent efforts and thank all our stakeholders, business partners as well as customers for their continued guidance and support.

Dated: October 05, 2018

  
**Chairman**  
**Mian Riaz Ahmed**

## **DIRECTOR'S REPORT**

The Directors of Sunrays Textile Mills Limited are pleased to present the Annual Report together with the audited Financial Statements for the year ended June 30<sup>th</sup>, 2018 before the Twenty Seventh Annual General Meeting of the Company

### **Financial and operational results**

The Company earned pretax profit of Rs.278.908 (M) for the year ended June 30, 2018.

	<b><u>2018</u></b>	<b><u>2017</u></b>
	Rs.000	Rs.000
<b>Highlights:</b>		
Pre tax profit for the period	278,908	191,387
Taxation	2,977	(47,064)
Profit after taxation	281,885	144,323
Deferred tax and others	(3,484)	(2,586)
Un-appropriated profit brought forward	1,323,932	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)
Annual dividend for the year ended June 30, 2017	(27,600)	-
Profit available for appropriations	1,574,733	1,299,714
Transfer from surplus on revaluation of fixed assets	29,571	24,218
Un-appropriated profit carried forward	1,604,304	1,323,932

The earnings per share is Rs. 40.85 (Par value Rs. 10/= per share) (2017:Rs.20.92)

### **BUSINESS REVIEW**

It's my pleasure to report that your company's performance during the year under review was excellent. Yours Company earned pre-tax profit Rs278.908.(M) as compared to Rs.191.387(M) for the last corresponding year. Sales during the year was Rs.4.952 billion (2017 : Rs.4.258 billion) against total cost of sales of Rs.4.315 billion(2017 : Rs.3.886 billion) resulting in a gross profit of Rs.636.986 million (2017 : Rs.371.779 million).

By the Grace of ALLAH, Company performed exceptionally well with growth in sales and profitability. The company's sales grew by 16.31% and contributed handsome margins and increased profitability. During the year Rs.473.705 (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/financing / internal cash flow were used to finance this program.

### **TEXTILE INDUSTRY**

Factors which contributed for achieving extraordinary profits during the year were increase in yarn prices and weakening of rupee against dollar. However, in coming years these unexceptional gains are not recurring as the textile industry in general, especially the exporting industries have not been addressed by the authorities for their issues. The other concerns such as high cost of doing business in Pakistan, like higher cost of labor, higher cost of energy, pending sales tax and income tax refunds and with-drawl of DLT, are posing a risk to the growth of spinning industry. We hope that the government will



drawl of DLTL, are posing a risk to the growth of spinning industry. We hope that the government will utilize the potential of this industry and come out with national textile policy targeting substantial growth in textile exports and creating additional jobs in the industry.

Further, I would like to add that the world has set the rules of trade which ensures the coherence and transparency of trade policies through surveillance in global economic policy-making to assist the developing and low-income countries, but it seems to be some trade wars going on as the lot of countries putting restrictions on free flow of goods through tariff barrier. The rationale to restrict or to create hindrance is to promote local industry.

### **RAW MATERIAL**

It is a Policy of the Government to put duties and taxes on import of cotton when the Pakistan Textile Industry is confronting severe cotton shortage for the last couple of years. I agree that there has to be a system of Minimum Support Price for the farmers but that is the responsibility of the Government but unfortunately instead of resorting to Minimum Support Price the Government increases the domestic Cotton prices, through practically banning Cotton import through fiscal measures.

We have faced cotton crop production target failure for the last 3 consecutive years and Industry had to import approximately 3.5 Million bales and this year again there is a Cotton Crop failure in the country because of water shortage and other impediments and yet the Government has imposed 3% Duty, 2% Additional Custom, and 1% Income Tax on import of Cotton.

Further, there has been no serious and due attention paid for the improvement of Cotton crop in the country. From seed development to monitoring of adulteration in pesticides to fertilizers and the availability of modern technology, no progress has been made in these areas. Moreover, the trading of Cotton itself remains most primitive. Our cotton segment, from picking to transportation to ginning to wrapping, everything is so obsolete and the whole system is so untrustworthy that buying cotton locally has become very treacherous and undependable.

### **COST OF ENERGY**

Everyone acknowledges that our energy cost is the highest in the region, especially if we compare to our competing countries in textile, where it is available at cheaper rates.

### **CORPORATE SOCIAL RESPONSIBILITY**

The Company always committed to prioritize its social responsibilities in the best interest of all stakeholders and overall business environment. This being a continuous process, the conservation of natural resources, reduction in wastages, enhancement of recycling, improvement of energy efficiency and enhancement of environmental performance by reducing spills and releases were the top priorities while observing the “Corporate Social Responsibility”. Like prior years targets were set for reduction in the natural gas consumption and use of water based on the achievements made in prior years

The continued initiatives included;

- Waste water treatment
- conservation of natural resources
- reduction in wastages
- enhancement of recycling, improvement of energy efficiency, and
- enhancement of environmental performance by reducing spills and releases

#### **POST BALANCE SHEET EVENTS**

No material changes and commitments affecting the financial position of the company have occurred between the end of the financial year to which this balance sheet relates and the date of the Director's report.

#### **RELATED PARTY TRANSACTION**

In accordance with the requirement of Code of Corporate Governance, the company presented all related party transactions before the audit committee and the board for the review and approval. The details of all related part transactions have been provided in Note 34 of the annexed financial statements for the year ended June 30, 2018.

#### **STATEMENT OF DIRECTORS RESPONSIBILITY**

The Director confirms compliance with corporate and financial reporting framework as per the Listing Regulations of the Stock Exchange as follows:

- The financial statements, prepared by the management of the company present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the company have been maintained.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There has been no deviation from the best practice of corporate governance, as mentioned in the listing regulations.
- Key operating and financial data for the last six year is annexed.
- There are no statutory payments on account of taxes, duties, levies and charge which are outstanding as on June 30th 2018 except for those disclosed in financial statements.
- Directors, Executives and their spouses and minor children did not carry out any transaction in shares of the company during the year.
- The company has not arranged the training programs for its directors during the year

Name of Directors	Executive/ Non Executive	Board of Directors	Audit Committee	HR & R
		Attended	Attended	Attended
Mian Mohammad Ahmed	Non-Executive	3		1
Mian Riaz Ahmed	Non-Executive	3		
Mr. Shahzad Ahmed	Non-Executive	4		
Mr. Naveed Ahmed	Non-Executive	5	5	
Mr. Irfan Ahmed	Non-Executive	4		1
Mr. Imran Ahmed*	Non-Executive	1		
Mr. Kashif Riaz	Executive	5		
Mr. Shafqat Masood	Executive	5	5	
Mr. Shahwaiz Ahmed	Non-Executive	5		1
Mr. Sheikh Nishat Ahmed**	Non-Executive	5	5	
Mr. Faisal Hanif*	Non-Executive	1		
Mian Masud Ahmed*	Non-Executive	1		

\* Mian Mohammad Ahmed has been retired on completion of his three year term. Mian Imran Ahmed, Mr. Faisal Hanif and Mian Masud Ahmed has been appointed as a Director on March 16, 2018 in Extra Ordinary General Meeting.

\*\* Mr. Nishat Ahmed appointed as a Chairman HR&R Committee in place of Mian Mohammad Ahmed.

#### DIRECTORS REMUNERATION

The directors has a formal remuneration policy for its directors (Executive/Non-Executive approved by the Board of Directors. The policy has been designed as a component of HR strategy; both are required to support business strategy. The Board believes that the policy is appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the company as well as to create congruence between Directors, executives and shareholders.

#### DIVIDEND

The directors proposed 90% final cash dividend i.e. Rs 9/- per share for the year.

#### AUDITORS

The present auditors M/s Yousaf Adil, Chartered Accountant, (Deloitte) member firm of Deloitte Touche Tohmatsu Limited, on the recommendation of audit committee, are offered for re-appointment as an auditors of the company for the year 2018-2019.

#### PATTERN OF SHAREHOLDING

The pattern of share holding as at June 30<sup>th</sup>, 2018 as required under the Companies Act 2017, and the code of Corporate Governance, is annexed to this report.

#### INTERNAL CONTROLS

The board has adopted effective Internal policies and procedures for ensuring the orderly and efficient conduct of its business, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records and the timely preparation of reliable financial information.

#### WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company <http://indus-group.com/sunrays-textile-mills-limited/> for information of the shareholders and others.

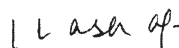
#### ACKNOWLEDGEMENT


The directors are pleased to place on record their appreciation for the contribution made by employees of the company and look forward for same cordial relationship in coming years. In addition, management also acknowledges the role of all the financial institutions, customers, suppliers and other stakeholders for their continued support.

Karachi

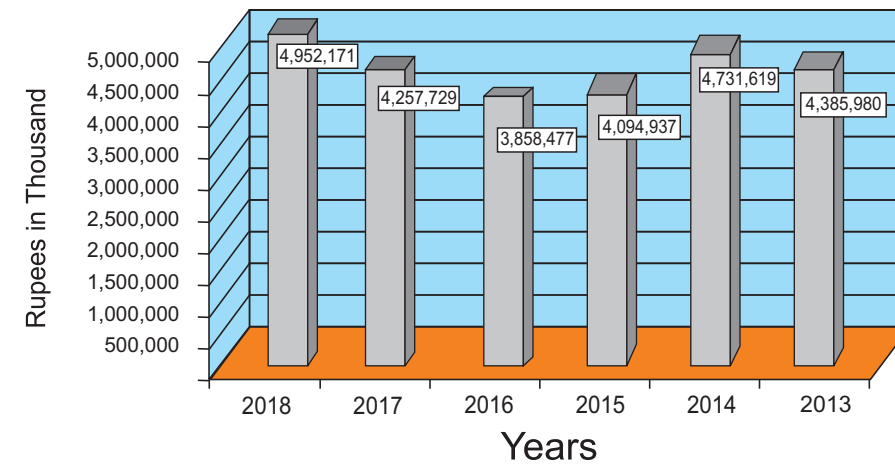
Dated: October 05, 2018

  
Shabbir Kausar  
Chief Financial Officer

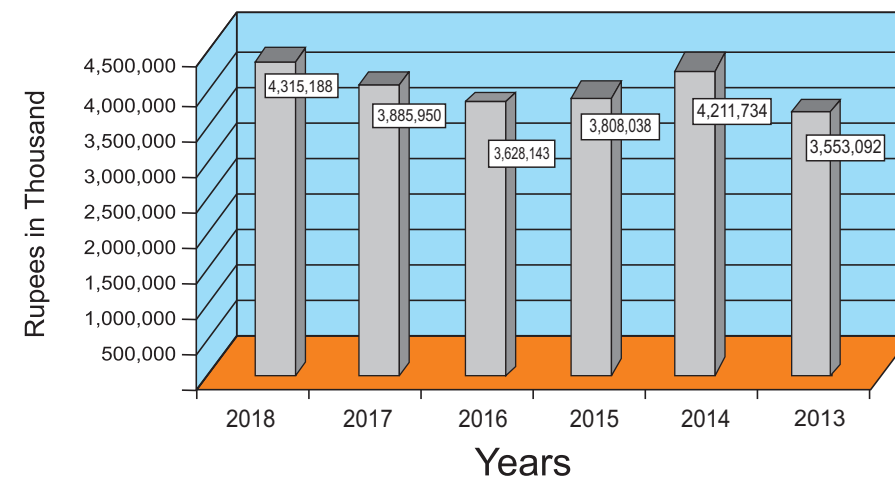
  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

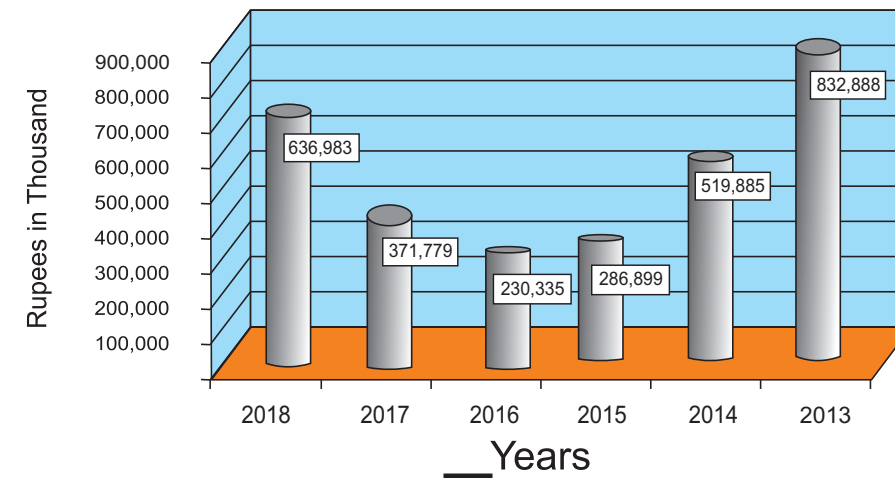
## Sales



## Cost Of Goods Sold

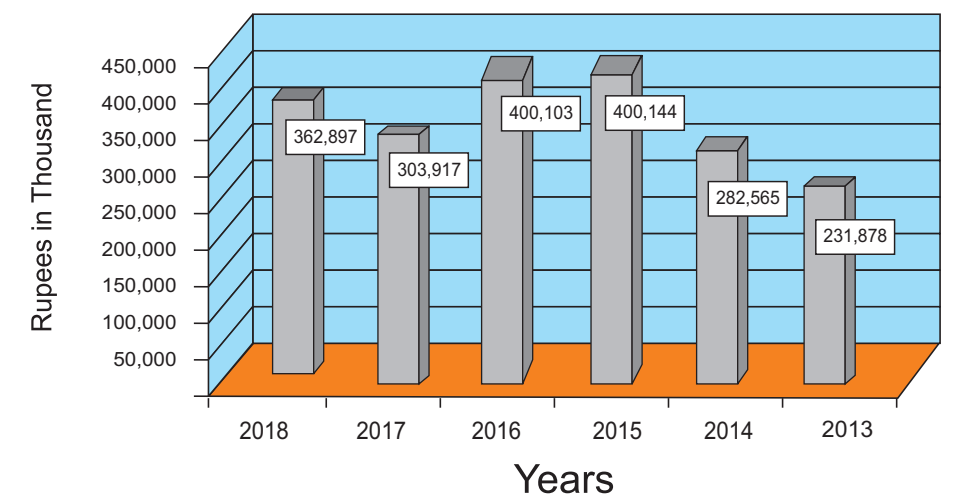


## Gross Profit

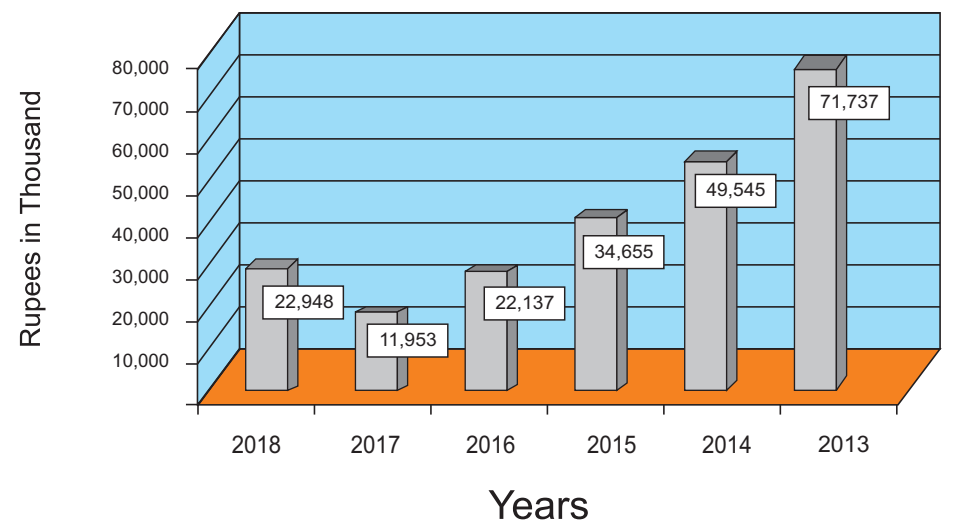




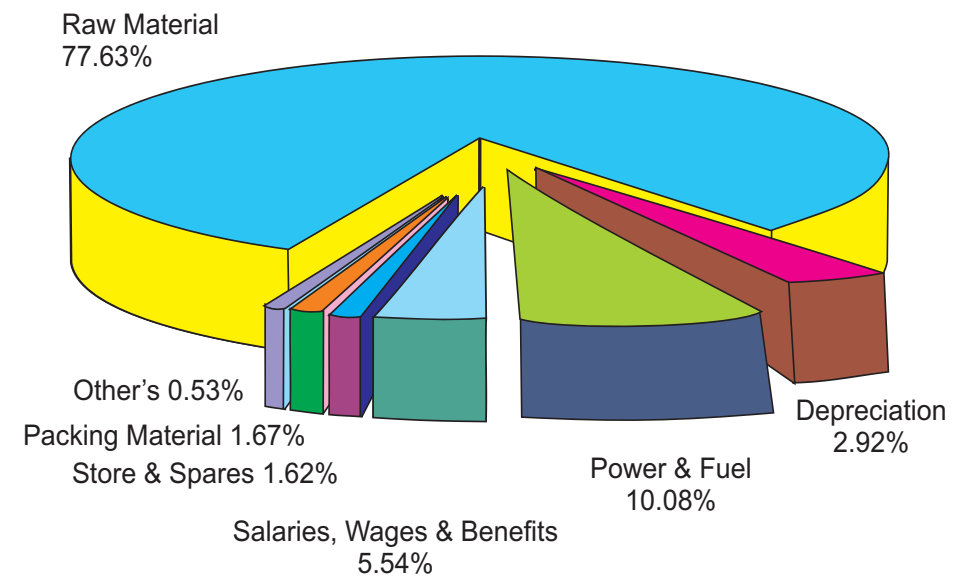
Power and Fuel Charges



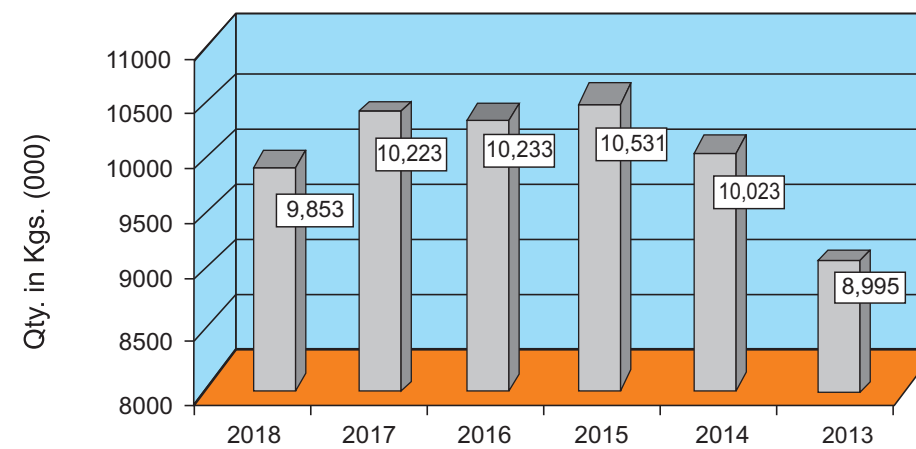
Financial Charges



## Manufacturing Cost



## Production in 20/S Count



**SIX YEAR KEY OPERATING AND FINANCIAL DATA  
FROM 2013 TO 2018  
(Rupees in 000)**

	FROM 2013 TO 2018		(Rupees in 000)			
	2018	2017	2016	2015	2014	2013
<b>OPERATING DATA</b>						
Sales	4,952,171	4,257,729	3,858,477	4,094,937	4,731,619	4,385,980
Cost of Goods Sold	4,315,188	3,885,950	3,628,143	3,808,038	4,211,734	3,553,092
Gross Profit	636,983	371,779	230,335	286,899	519,885	832,888
Profit Before Taxation	278,908	191,387	77,445	119,231	310,808	577,917
Profit After Taxation	281,885	141,738	33,704	66,624	284,279	540,033
<b>FINANCIAL DATA</b>						
Paid Up Capital	69,000	69,000	69,000	69,000	69,000	69,000
Fixed Assets	1,508,584	1,185,010	1,170,645	1,074,830	1,125,457	1,171,202
Current Assets	4,196,080	2,859,534	2,278,545	1,753,844	2,446,464	1,502,259
Current Liabilities	2,410,387	1,500,404	999,157	423,167	1,045,447	283,652
<b>KEY RATIOS</b>						
Gross Margin	12.86%	8.73%	5.97%	7.01%	10.99%	18.99%
Net Profit	5.69%	3.33%	0.87%	1.63%	6.01%	12.31%
Current Ratio	1.74	1.91	2.28	4.14	2.34	5.30
Earning Per Share(Rupees)	40.85	20.92	5.47	10.95	41.2	78.27
Cash Dividend						
<b>STATISTICS</b>						
Number Of Spindle	32994	34912	34405	34526	35093	34497
Production in to 20/S Count(in 000 Kgs)	9853	10223	10233	10531	10023	8995

**STATEMENT OF COMPLIANCE  
WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE)  
REGULATIONS, 2017 FOR THE YEAR ENDING JUNE 30,2018**

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

1. The total number of directors are 11 as per follows;
  - a) Male 11
  - b) Female -
2. The composition of Board is as followed;

Category	Names
Independent Director	Mr. Sheikh Nishat Ahmed Mian Masood Ahmed Mr. Faisal Hanif
Executive Directors	Mian Riaz Ahmed Mr. Kashif Riaz
Non-Executive Directors	Mr. Naveed Ahmed Mr. Shahwaiz Ahmed Mr. Sheikh Shafqat Masood Mr. Irfan Ahmed Mian Imran Ahmed Mian Shahzad Ahmed

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The Board of directors have a formal policy and transparent procedures for the remuneration of the directors in accordance with the Act and these Regulations.
9. Majority of the directors of the company are exempt from the requirement of the directors training program in the regulations, except one director who obtained certificate under directors' training program. The board is in the process to obtain exemption from the Commission for all directors exempt on the basis of qualification and experience criteria.
10. The board has approved appointment of CFO, Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment. The board is in the process of assessing the requirement of current regulations and will make necessary changes in appointments in ensuing years.



11. CFO and CEO duly endorsed the financial statements before approval of the board.  
12. The board has formed committees comprising of the members given below:

a) Audit Committee

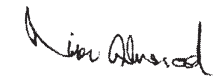
Chairman	Mr Sheikh Nishat Ahmed
Members	Mr. Naveed Ahmed Mr. Shafqat Masood

b) HR and Remuneration Committee

Chairman	Mr. Sheikh Nishat Ahmed
Member	Mr. Shahwaiz Ahmed Mr. Irfan Ahmed

13. The terms of the reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meeting of the committee were as per following:
- a) Audit Committee 5 meetings including 4 Quarterly meetings  
b) HR and Remuneration Committee 1 Annual year meeting held on October 2, 2017
15. The board has set up an effective internal audit function. The staff of Internal Audit Function is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board 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 the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regards.
18. We confirm that all other requirements of the Regulations have been complied with except that the same person is simultaneously serving on the position of Company Secretary of two listed companies.

On behalf of the Board of Directors



**Mian Riaz Ahmed**  
Chairman

**Date: October 05, 2018**

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

**Review Report on the Statement of Compliance contained in Listed Companies  
(Code of Corporate Governance) Regulations, 2017**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of **Sunrays Textile Mills Limited** (the Company) for the year ended June 30, 2018 in accordance with the requirements of Regulation 40 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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 procedures to assess and determine the Company's process for identification of related parties and that 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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018. Further, we highlight below instances of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where these are stated in the Statement of Compliance:

Paragraph		Description
Sr #	reference	
1	18	Same person is simultaneously serving on the position of Company Secretary of two listed companies

*Deloitte Yousuf Adil*

**Chartered Accountants**

Engagement Partner:  
Rana M. Usman Khan

**Date: October 05, 2018  
Multan**

# INDEPENDENT AUDITOR'S REPORT

## To the members of Sunrays Textile Mills Limited

### Report on the Audit of the Financial Statements Opinion

We have audited the annexed financial statements of Sunrays Textile Mills Limited (the Company) which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2018 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Following are the key audit matter(s):

Key audit matter	How the matter was addressed in our audit
<b>1. Change in accounting policy as a result of changes in the Companies Act 2017</b>	
<p>As referred to in note 2.1 to the accompanying financial statements, the Companies Act, 2017 (the Act) became applicable for the first time for the preparation of the Company's annual financial statements for the year ended June 30, 2018.</p> <p>Due to the above, the Company has changed its accounting policy to account for surplus on revaluation of plant and machinery (refer note 3.5) with retrospective effect. Previously, surplus on revaluation was presented in the financial statements below the equity and changes in surplus was taken directly to equity. Due to change in accounting policy, surplus on revaluation will be part of the equity and revaluation changes will be taken through other comprehensive income.</p> <p>The impact of the said change in accounting policy has been disclosed in note 14.2 to the accompanying financial statements.</p> <p>We have considered the above as a Key Audit Matter due to the significant amount of surplus on revaluation of plant and machinery, requirements to apply changes retrospectively in compliance with IAS 8 – Accounting Policies and Changes in Accounting Estimates and Errors, and involvement of expert for valuation of plant and machinery by management.</p>	<p>Our audit procedures, included the following:</p> <ul style="list-style-type: none"><li>• We assessed the procedures applied by the management for identification of the changes required in the financial statements due to the application of the Act. We considered the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures based on the new requirements;</li><li>• Re-performed the calculations based on the working and valuation reports of the respective years to ensure that values of plant and machinery, and surplus on revaluation of plant and machinery have been properly restated in the financial statements</li><li>• Engaged an auditor's expert to review the revaluation exercise conducted by the valuer appointed by management to check the assumptions used for the revaluation of plant and machinery; and</li><li>• In respect of the change in accounting policy for the accounting and presentation of revaluation surplus as referred to note 3.5 and 14.2 to the accompanying financial statements; we assessed the accounting implications and disclosures in the financial statements in accordance with the applicable accounting and reporting standards.</li></ul>

2. Revenue Recognition

<p>The Company’s sales comprise of revenue from the sale of yarn this has been disclosed in note 21 to the financial statements.</p> <p>Revenue from the sale is recognized, when significant risks and rewards of ownership are transferred to the customer i.e. on dispatch of goods and transfer of risk and rewards of ownership (note 3.16).</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not have been recognized based on transfer of risk and rewards to the customers in line with the accounting policy adopted and may not have been recognized in the appropriate period.</p>	<p>Our audit procedures included the following:</p> <ul style="list-style-type: none"><li>• Obtaining an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue;</li><li>• Assessing the appropriateness of the Company’s accounting policies for revenue recognition and compliance of those policies with applicable accounting standards;</li><li>• checked on sample basis the recorded sales transactions based on underlying supporting documents; and</li><li>• tested timeliness of revenue recognition by comparing individual sales transactions before and after the year end to underlying supporting documents.</li></ul>
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supporting documents.

Information Other than the Financial Statements and Auditor’s Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the financial statements and our auditor’s report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and the Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of the Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company’s financial reporting process.

**Auditor’s Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee



that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
  - b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
  - c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
  - d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.
- The engagement partner on the audit resulting in this independent auditor's report is Rana M. Usman Khan.

*Deloitte Yousuf Adil*

**Chartered Accountants  
Engagement Partner:**

**Rana M. Usman Khan  
Multan**


**Date:** October 05, 2018

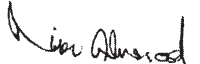
## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2018

		2018	2017	2016
	Note	----- Rupees (Restated)	----- Rupees (Restated)	----- Rupees (Restated)
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	4	1,499,250,391	1,175,676,415	1,168,302,719
Investment property	5	2,342,055	2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200	6,991,200
		<b>1,508,583,646</b>	<b>1,185,009,670</b>	<b>1,177,635,974</b>
<b>Current assets</b>				
Stores and spares	6	79,576,616	83,378,821	79,020,372
Stock in trade	7	2,280,014,689	1,216,602,615	814,925,655
Trade debts	8	1,364,392,085	304,386,034	189,475,357
Loans and advances	9	114,231,799	78,666,800	64,035,100
Trade deposits and short term prepayments	10	6,257,107	5,545,992	4,424,253
Other receivables		93,803,831	37,021,397	1,863,296
Short term investments	11	128,848,309	1,007,808,092	1,030,912,888
Sales tax refundable		45,992,819	59,325,251	41,091,320
Income tax refundable		19,809,573	31,821,835	11,290,982
Cash and bank balances	12	51,246,935	34,977,344	41,505,757
		<b>4,184,173,763</b>	<b>2,859,534,181</b>	<b>2,278,544,980</b>
<b>Total assets</b>		<b>5,692,757,409</b>	<b>4,044,543,851</b>	<b>3,456,180,954</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Share capital and reserves</b>				
Issued, subscribed and paid-up capital	13	69,000,000	69,000,000	69,000,000
Share premium		3,600,000	3,600,000	3,600,000
Surplus on revaluation of property, plant and equipment	14	278,595,889	308,166,730	344,954,213
General Reserves		750,000,000	750,000,000	750,000,000
Unappropriated profit		1,604,303,678	1,323,932,345	1,226,977,066
		<b>2,705,499,567</b>	<b>2,454,699,075</b>	<b>2,394,531,279</b>
<b>Non-current liabilities</b>				
Long term financing	15	494,501,195	-	-
Deferred liabilities	16	94,276,037	89,440,484	62,492,986
		<b>588,777,232</b>	<b>89,440,484</b>	<b>62,492,986</b>
<b>Current liabilities</b>				
Trade and other payables	17	330,775,055	249,074,060	245,951,412
Accrued markup	18	21,881,247	6,044,777	952,765
Short term borrowings	19	2,027,807,023	1,190,489,549	722,558,359
Current portion of long term financing	15	7,386,765	-	-
Unclaimed dividend		10,630,520	14,013,861	-
Provision for taxation		-	40,782,045	29,694,153
		<b>2,398,480,610</b>	<b>1,500,404,292</b>	<b>999,156,689</b>
<b>Contingencies and commitments</b>	20			
<b>Total equity and liabilities</b>		<b>5,692,757,409</b>	<b>4,044,543,851</b>	<b>3,456,180,954</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Shabbir Kausar  
Chief Financial Officer


  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

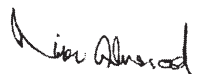
## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2018

	<i>Note</i>	<i>2018</i> ----- <i>Rupees</i> -----	<i>2017</i> -----
Sales-net	21	4,952,171,188	4,257,729,435
Cost of sales	22	(4,315,187,852)	(3,885,950,134)
Gross profit		636,983,336	371,779,301
(Loss)/profit on other operations	23	(4,381,783)	1,328,248
		632,601,553	373,107,549
Distribution cost	24	(66,578,969)	(48,643,829)
Administrative expenses	25	(132,356,460)	(118,583,588)
Other expenses	26	(53,219,162)	(13,777,361)
Finance cost	27	(112,974,467)	(22,948,159)
Other income	28	11,435,716	22,232,735
		(353,693,342)	(181,720,202)
Profit before taxation		278,908,211	191,387,347
Taxation	29	2,976,451	(47,063,715)
Profit for the year		281,884,662	144,323,632
<b>Earnings per share - basic and diluted</b>	30	<b>40.85</b>	<b>20.92</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Shabbir Kausar  
Chief Financial Officer


  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

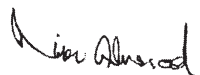
# STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
	Note	----- Rupees -----	
Profit for the year		281,884,662	144,323,632
<b>Other comprehensive income - net of tax</b>			
Remeasurement of defined benefit obligation - gratuity	16	(3,484,170)	(2,802,123)
Related deferred tax		-	216,182
<b>Total comprehensive income for the year</b>		<b>278,400,492</b>	<b>141,737,691</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

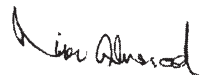
## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
	<u>Rupees</u>	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	278,908,211	191,387,347
Adjustments for:		
Depreciation on property, plant and equipment	129,600,022	111,656,990
Unrealized loss on re-measurement of other financial assets-net	24,190,281	1,521,124
Realized gain on disposal of other financial assets-net	(6,793,628)	(16,934,775)
Provision for staff retirement benefits - gratuity	14,588,294	14,585,205
Loss on sale of property, plant and equipment- net	6,401,174	264,572
Provision for doubtful debts	178,757	-
Dividend income	(3,921,726)	(4,560,239)
Interest income	(386,401)	(229,234)
Finance cost	112,974,467	22,948,159
Operating cash flows before changes in working capital	555,739,451	320,639,149
<b>Changes in working capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	3,802,205	(4,358,449)
Stock in trade	(1,063,412,074)	(401,676,960)
Trade debts	(1,060,184,808)	(114,910,677)
Loans and advances (excluding advance income tax )	(26,167,864)	723,616
Trade deposits and short term prepayments	(711,115)	(1,121,739)
Sales tax refundable	13,332,432	(18,233,931)
Income tax refundable	12,012,262	(20,530,853)
Other receivables	(56,782,434)	(35,158,101)
<i>Increase in current liabilities</i>	81,700,995	15,560,551
Trade and other payables	(2,096,410,401)	(579,706,543)
Cash (used in) operations	(1,540,670,950)	(259,067,394)
Finance cost paid	(97,137,997)	(17,856,147)
Staff retirement benefits - gratuity paid	(10,260,460)	(8,564,353)
Income taxes paid	(50,179,180)	(45,560,329)
<b>Net cash (used in) operating activities</b>	(1,698,248,587)	(331,048,223)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to property, plant and equipment	(473,705,508)	(121,165,258)
Proceeds from disposal of property, plant and equipment	14,130,336	1,870,000
Payment for purchase of short term investments	(578,345,696)	(5,422,624,164)
Proceeds from disposal of short term investments	1,439,908,826	5,461,142,611
Dividend income	3,921,726	4,560,239
	386,401	229,234
<b>Net cash generated from / (used in) investing activities</b>	406,296,085	(75,987,338)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from long term financing	501,887,960	-
Short term borrowings - net	837,317,474	467,931,190
	(30,983,341)	(67,424,042)
<b>Net cash generated from financing activities</b>	1,308,222,093	400,507,148
Net increase / (decrease) in cash and cash equivalents (A+B+C)	16,269,591	(6,528,413)
Cash and cash equivalents at beginning of the year	34,977,344	41,505,757
<b>Cash and cash equivalents at end of the year</b>	<b>51,246,935</b>	<b>34,977,344</b>

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

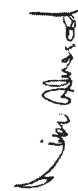
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2018

	Share capital	Capital reserve		Revenue reserves		Total
		Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit	
Rupees						
Balance at June 30, 2016 - as reported earlier	69,000,000	3,600,000	-	750,000,000	1,226,977,066	2,049,577,066
Effect of change in accounting policy (note: 14.2)	-	-	344,954,213	-	-	344,954,213
Balance at June 30, 2016 - restated	69,000,000	3,600,000	344,954,213	750,000,000	1,226,977,066	2,394,531,279
Comprehensive income for the year						
Profit for the year	-	-	-	-	144,323,632	144,323,632
Other comprehensive loss	-	-	-	-	(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)
	-	-	-	-	(69,000,000)	(69,000,000)
Transfer from deferred tax due to change rate on opening revaluation surplus	-	-	(12,569,895)	-	-	(12,569,895)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation (net of deferred	-	-	(24,217,588)	-	24,217,588	-
Balance as at June 30, 2017 - restated	69,000,000	3,600,000	308,166,730	750,000,000	1,323,932,345	2,454,699,075
Comprehensive income for the year						
Profit for the year	-	-	-	-	281,884,662	281,884,662
Other comprehensive loss	-	-	-	-	(3,484,170)	(3,484,170)
Total comprehensive income for the year	-	-	-	-	278,400,492	278,400,492
Transactions with owners						
Annual dividend for the year ended June 30, 2017 @ Rs. 4 per share	-	-	-	-	(27,600,000)	(27,600,000)
	-	-	-	-	(27,600,000)	(27,600,000)
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and	-	-	(22,625,789)	-	22,625,789	-
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of assets (net of deferred tax)	-	-	(6,945,052)	-	6,945,052	-
Balance as at June 30, 2018	69,000,000	3,600,000	278,595,889	750,000,000	1,604,303,678	2,705,499,567

The annexed notes from 1 to 42 form an integral part of these financial statements.

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

### 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 ginning units and an ice factories on leasing arrangements. The registered office of the Company is situated at 5th floor 508 Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The area of the mill is 114 kanal and 10 marla, and located at Khanpur Shumali khewat 359, District Muzaffargarh, Dera Ghazi Khan

### 2. BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017 and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have

The Companies Act, 2017 (the Act) has also brought certain changes with regard to preparation and presentation of annual and interim financial statements of the Company. These changes also include change in respect of recognition criteria of surplus on revaluation of fixed assets as more fully explained in note 14, change in nomenclature of primary statements, etc. Further, the disclosure requirements contained in the fourth schedule to the Act have been revised, resulting in the:

- elimination of duplicative disclosures with the IFRS disclosure requirements; and
- incorporation of significant additional disclosures.

#### 2.2 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 3.1, 3.4, 3.5 and 3.10.

#### 2.3 Functional and presentation currency

The financial statements are presented in Pakistan 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 assets, 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 and residual values 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 and fair value of investment property;
- staff retirement benefits;
- net realizable value of stock-in-trade.

## **2.5 Initial application of standards, amendments or an interpretation to existing standards**

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

### **2.5.1 New standards, amendments to published standards and interpretations that are effective for the year ended June 30, 2018**

The following amendments are effective for the year ended June 30, 2018. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional

Amendments to IAS 7 'Statement of Cash Flows' - Effective from accounting period  
Amendments as a result of the disclosure initiative beginning on or after January 01, 2017

Amendments to IAS 12 'Income Taxes' - Recognition Effective from accounting period  
of deferred tax assets for unrealised losses beginning on or after January 01, 2017

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

### **2.5.2 New Standards, amendments to published standards and interpretations that are not yet effective and have not been early adopted by the Company**

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and 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

Amendments to IFRS 2 'Share-based Payment' - Effective from accounting period  
Clarification on the classification and measurement of beginning on or after January 01, 2018  
share-based payment transactions

IFRS 4 'Insurance Contracts': Amendments regarding An entity choosing to apply the overlay  
the interaction of IFRS 4 and IFRS 9.

approach retrospectively to qualifying  
financial assets does so when it first  
applies IFRS 9. An entity choosing to  
apply the deferral approach does so for  
annual periods beginning on or after 1  
January 2018.

IFRS 9 'Financial Instruments' - This standard will Effective from accounting period  
supersede IAS 39 Financial Instruments: Recognition beginning on or after July 01, 2018  
and Measurement upon its effective date.

Amendments to IFRS 9 'Financial Instruments' - Effective from accounting period  
Amendments regarding prepayment features with beginning on or after January 01, 2019  
negative compensation and modification of financial  
liabilities.

IFRS 15 'Revenue from contracts with customers' - Effective from accounting period  
This standard will supersede IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases' upon its effective date. Effective from accounting period beginning on or after January 01, 2019.

Amendments to IAS 19 'Employee Benefits' - Effective from accounting period  
Amendments regarding plan amendments, beginning on or after January 01, 2019.  
curtailments or settlements.

Amendments to IAS 28 'Investments in Associates Effective from accounting period  
and Joint Ventures' - Amendments regarding long-term interests in an associate or joint venture that  
form part of the net investment in the associate or  
joint venture but to which the equity method is not applied.

Amendments to IAS 40 'Investment Property': Effective from accounting  
Clarification on transfers of property to or from period beginning on or January 01,  
investment property 2018. Earlier application is permitted.

IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on period beginning on or after January 1,  
transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency.  
2018. Earlier application is permitted.

IFRIC 23 'Uncertainty over Income Tax Treatments': January 01, 2019. Earlier application is  
Clarifies the accounting treatment in relation to permitted.

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'.

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

'Other than the aforesaid standards, interpretations and amendments, the International  
Accounting Standards Board (IASB) has also issued the following standards which have not  
been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 17 – Insurance Contracts

### **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 in other comprehensive  
income. 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 calculated 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 tax liabilities are generally recognised for all taxable temporary

Deferred income tax assets and liabilities are measured at the tax rate that are 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.

#### **Revaluation**

Free hold land, building on free hold land and plant and machinery are 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, on disposal of revalued assets and the related surplus on revaluation (net of deferred tax) is transferred directly to unappropriated 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.

***Change in accounting policy***

During the year, the Company changed its accounting policy in respect of the accounting and presentation of revaluation surplus on property plant, and equipment. Previously, the Company's accounting policy was in accordance with the provision of section 235 of Repealed Companies Ordinance, 1984. Previously, the revaluation surplus on property plant and equipment was shown as a separate item below equity, in accordance with the presentation requirement of the Repealed Companies Ordinance, 1984.

The Companies Act, 2017 has not retained the above mentioned specific accounting and presentation requirements for revaluation surplus on property plant and equipment.

Those provisions and resultant previous policy of the Company were not in alignment with the accounting treatment and presentation of revaluation surplus as prescribed in International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standard Board (IASB). Accordingly, the accounting policy of revaluation surplus on property plant and equipment has been changed and applied retrospectively in these financial statements to comply with the accounting and reporting standards applicable to the Company.

The change in accounting policy had no impact on accumulated surplus and net assets, as at June 30, 2018. The presentation of surplus on revaluation on property, plant and equipment has been changed. Any revaluation increase arising on the revaluation of leasehold land, plant and machinery and buildings is recognized in other comprehensive income and presented as a separate component of equity as "Revaluation surplus on property, plant and equipment" in the statement of financial position and statement of changes in equity as a capital reserve as part of net assets. The resulted impact of change in accounting policy is further explained under

***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 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 lower of cost or NRV, cost is 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 incurred 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 incurred to the balance sheet date.
Work in process	Average manufacturing cost
Finished goods	Average manufacturing cost
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. Transaction cost is charged in statement of profit and loss.

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

***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 amounts 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 to realize the asset and settle the liability***

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 for the amount of obligation. Provisions are adjusted to reflect current best estimate.

**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 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

**3.16 *Revenue recognition***

Revenue represents the fair value of the consideration received or receivable for goods sold, net of discounts and sales tax. Revenue is recognized when the risks and rewards of ownership are transferred i.e. on dispatch in case of local sales and in case of exports when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of revenue, and the associated cost incurred, or to be incurred, can be measured



3.17 Cash and cash equivalents

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

3.18 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.

3.19 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 year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential

4. PROPERTY, PLANT AND EQUIPMENT

		2018	2017
	Note	----- Rupees -----	
Operating assets	4.1	1,496,666,636	1,175,676,415
Capital work-in-progress	4.4	2,583,755	-
		<u>1,499,250,391</u>	<u>1,175,676,415</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	147,499,541	10,393,511	157,893,052	-	-	-	157,893,052	-
Building on freehold land	233,290,761	-	233,290,761	89,667,388	14,362,337	104,029,725	129,261,036	10%
Plant and machinery	1,656,467,140	442,658,900	2,008,930,555	856,466,449	101,512,598	888,069,751	1,120,860,804	10%
		(90,195,485)			(69,909,296)			
Electric installations	64,015,776	5,628,464	69,644,240	28,348,984	3,921,314	32,270,298	37,373,942	10%
Factory equipments	4,255,496	-	4,255,496	1,899,330	235,617	2,134,947	2,120,549	10%
Office equipments	4,708,546	-	4,708,546	3,580,050	112,850	3,692,900	1,015,646	10%
Electric appliances	4,386,733	230,672	4,617,405	2,663,143.00	178,095	2,841,238	1,776,167	10%
Furniture and fittings	7,785,873	372,706	8,158,579	5,491,947	254,607	5,746,554	2,412,025	10%
Vehicles	94,055,895	11,837,500	103,969,395	52,672,055	9,022,604	60,015,980	43,953,415	20%
		(1,924,000)			(1,678,679)			
2018	2,216,465,761	471,121,753	2,595,468,029	1,040,789,346	129,600,022	1,098,801,393	1,496,666,636	
		(92,119,485)			(71,587,975)			
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	121,165,258	2,216,465,761	932,684,984	111,656,990	1,040,789,346	1,175,676,415	
		(5,687,200)			(3,552,628)			



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							
<u>Plant and machinery</u>							
11 Sets-Chinese Ring Frame	24,839,221	18,654,836	6,184,385	6,380,000	195,615	Negotiation	Crescent Cotton Mills
3 Sets-Schlaflhorst Auto Coner	30,238,790	25,228,498	5,010,292	4,950,000	(60,292)	Negotiation	Crescent Cotton Mills
1 Set-Schlaflhorst Auto Coner	9,692,230	8,114,004	1,578,226	1,650,000	71,774	Negotiation	Crescent Cotton Mills
7 Sets-Zincer Ring Frame	25,425,244	17,911,958	7,513,286	840,336	(6,672,950)	Negotiation	Sadiq & Sons
<u>Vehicle</u>							
Toyota Corolla Altis MNA-5999	1,811,500	1,570,897	240,603	300,000	59,397	Negotiation	Naseem Abbas
Honda CD-70 MLD-6894	54,000	51,214	2,786	5,000	2,214	Negotiation	Shahzad Ajmal
Honda CD-70 MLA-5223	58,500	56,568	1,932	5,000	3,068	Negotiation	Shahzad Ajmal
2018	92,119,485	71,587,975	20,531,510	14,130,336	(6,401,174)		
2017	5,687,200	3,552,628	2,134,572	1,870,000	(264,572)		

		Note	2018	2017
			Rupees	
4.3	Depreciation for the year has been allocated as under:			
	Cost of goods sold	22	120,031,866	101,405,817
	Administrative expenses	25	9,568,156	10,251,173
			129,600,022	111,656,990
4.4	Capital Work in Progress			
	Building	4.4.1	2,583,755	-
			2,583,755	-
4.4.1	Movement in capital work in progress			
	Opening balance		-	-
	Additions during the year		2,583,755	-
	Transferred to fixed assets		-	-
			2,583,755	-

4.5 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 valuer not connected with the Company. The basis used for the revaluation of these assets were as follows:

**Freehold land**

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

**Building on freehold land**

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

**Plant and machinery**

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

4.6 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;

	2018	2017
	Rupees	
Freehold land	67,684,614	57,291,103
Building on freehold land	37,899,542	42,110,602
Plant and machinery	1,008,590,205	665,334,078
	1,114,174,361	764,735,783

4.7 The forced sale value of the revalued property, plant and machinery has been assessed at Rs. 1,567 million.

**5. INVESTMENT PROPERTY**

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 as at June 30, 2018 is Rs. 3.42 million (2017: Rs. 3.25 million). The forced sale value has been assessed as at June 30, 2018 is Rs. 2.74 million. The investment property is located at Shujabad,

**6. STORES AND SPARES**

Stores	56,786,404	60,401,873
Spares	22,790,212	22,976,948
	79,576,616	83,378,821

		2018	2017
		----- Rupees -----	
<b>7. STOCK-IN-TRADE</b>			
Raw material		1,605,521,640	998,909,641
Raw material in-transit		386,823,338	18,438,713
Work in process		30,599,760	26,495,665
Finished goods			
- Spinning unit		150,641,498	113,389,720
- Ginning units		51,039,287	36,157,854
		201,680,785	149,547,574
Waste		55,389,166	23,211,022
		2,280,014,689	1,216,602,615
<b>8. TRADE DEBTS</b>	<i>Note</i>		
Foreign - secured and considered good	8.1	1,275,154,220	202,547,457
Local - unsecured	8.2	89,526,567	101,948,522
		1,364,680,787	304,495,979
Less : Provision for doubtful debts	8.3	(288,702)	(109,945)
		1,364,392,085	304,386,034
<b>8.1</b>	Following are the details of debtors in relation to export sales:		
	<i>Name of Foreign Jurisdiction</i>	<i>Type of transaction</i>	
	Asia	Letter of Credit	1,085,369,105
	Europe	Letter of Credit	170,947,053
			189,785,115
			31,600,404
			1,275,154,220
			202,547,457
<b>8.2</b>	It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:		
	Indus Home Limited	8.9 & 34.1	11,468,524
			5,116,327
<b>8.3</b>	Opening provision		
	Provision recognised during the period		109,945
	Closing provision		-
			178,757
			288,702
<b>8.4</b>	Trade debts are generally on 60 to 90 days credit terms.		
<b>8.5</b>	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.		
<b>8.6</b>	The Company provides for doubtfultrade debts on the basis of past due balances. Balances considered bad and irrecoverable are written off when identified.		
<b>8.7</b>	The aging of past due trade debts is as follows:		
	Past due for more than 03 months but less than 01 year		433,929
	Past due for more than 01 year but less than 02 years		90,008
	Past due for more than 02 years		33,886
			16,169
			123,214
			109,730
			591,029
			215,907
<b>8.8</b>	As at year end, trade receivables of Rs. 302,327(2017: Rs. 105,962)were past due but not considered impairedfor which the Company has not providedas there has not been a significantchange in credit qualityand the amounts are still considered recoverable.		
<b>8.9</b>	The maximum outstanding balance during the year due from Indus Home Limited is Rs.11.47 million.		
<b>9. LOANS AND ADVANCES</b>			
<b>Considered good</b>			
Due from employees	9.1	10,227,810	9,276,565
Advances :			
Income tax		63,119,396	53,722,261
To suppliers / services		26,420,160	6,022,642
To contractors		11,059,428	6,953,758
Letter of credit margin		3,405,005	2,691,574
		114,231,799	78,666,800
<b>9.1</b>	This constitutes interest free loans given to employees which are secured against gratuity and are normally deducted from their salaries as per agreed instalments.		
<b>10. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Bank guarantee margin		6,093,984	5,494,410
Prepayments		163,123	51,582
		6,257,107	5,545,992

11. SHORT TERM INVESTMENTS		Note	2018	2017
			Rupees	
Carrying value of investments at fair value through				
profit and loss - held for trading	11.1		118,866,830	1,002,826,613
Term deposit receipts	12.1		9,981,479	4,981,479
			128,848,309	1,007,808,092
11.1 Market value of other financial assets				
2018	2017	Investments in units of mutual funds		
Number of Units				
213,195	188,497	NAFA Stock Fund	3,117,472	3,056,255
290,444	288,153	ABL Stock Fund	4,080,619	4,912,151
106,429	106,429	UBL Stock Advantage Fund	7,291,422	8,113,051
974	-	UBL Liquidity Plus Fund - Class 'C'	103,462	-
741	-	Nafa Islamic Energy Fund	9,392	-
-	1,992,715	UBL- Money Market	-	200,029,492
-	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
-	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
-	1,989,984	MCB-Arif Habib Cash Management Optimizer	-	200,028,656
-	95,316	MCB-Arif Habib Pakistan Stock Market Fund	-	9,770,101
Investment in ordinary shares of listed companies				
Number of Shares				
53,000	53,000	Engro Fertilizer Limited	3,969,700	2,927,720
35,500	35,500	Engro Power Generation Limited	1,198,480	1,196,705
21,000	21,000	Fatima Fertilizer Company Limited	680,400	707,490
31,500	21,500	Fauji Fertilizer Bin Qasim Limited	1,215,900	921,060
16,500	6,000	Nishat Mill Limited	2,325,180	952,080
23,000	2,000	United Bank Limited	3,886,540	471,040
400	400	Pakistan Gum And Chemical Limited	54,492	99,886
15,194	11,694	Pak International Bulk Terminal Limited	172,452	342,812
13,500	11,000	Pakgen Power Limited	260,280	222,420
69,000	65,500	Pakistan Telecommunication Company Limited	789,360	1,022,455
31,350	24,500	Treet Corporation Limited	563,987	1,393,560
35,400	17,200	Oil and Gas Development Company Limited	5,508,948	2,419,868
1,400	-	Abbott Laboratories Pakistan Limited	959,000	-
77,600	25,600	Fauji Fertilizer Company Limited	7,666,880	2,115,584
142,500	110,000	K-Electric Limited	809,400	759,000
13,750	1,450	Lucky Cement Company Limited	6,984,038	1,212,577
25,000	12,500	Sui Southern Gas Company Limited	820,500	455,125
26,100	500	Habib Bank Limited	4,344,084	134,570
560	160	Exide Pakistan Limited	189,353	150,160
1,500	1,500	Artistic Denim Mills Limited	112,155	118,614
9,300	7,900	MCB Bank Limited	1,839,261	1,662,397
3,500	3,000	Cyan Limited	148,470	183,990
13,000	13,000	Kot Addu Power Company Limited	700,830	936,260
12,000	12,000	Kohinoor Energy Limited	480,000	516,840
82,500	23,000	Nishat Chunian Power Limited	2,321,550	1,024,650
16,800	8,400	Engro Corporation Limited	5,272,848	2,737,644
9,500	5,750	Al-Shaheen Corporation Limited	258,875	309,153
26,400	12,000	Amreli Steels Limited	1,862,520	1,475,400
24,200	17,100	Crescent Steel and Allied products Limited	2,721,811	4,079,547
61,500	14,500	Askari Bank Limited	1,345,005	292,465
18,900	8,300	Kohat Cement Company Limited	2,326,023	1,902,858
16,700	8,000	Engro Foods Limited	1,487,302	971,920
1,539,837	37,975,367	Carried forward	77,877,990	974,324,092

		<i>Note</i>	<i>2018</i> ----- Rupees -----	<i>2017</i>
1,539,837	37,975,367	Brought Forward	77,877,990	974,324,092
2,200	2,000	GlaxoSmithKline Pakistan Limited	365,200	418,020
6,150	1,350	Ferozsons Laboratories Limited	1,197,590	1,306,869
140,000	47,000	Fauji Cement Company Limited	3,199,000	1,928,410
7,540	4,000	Kohi Noor Textile Limited	414,625	420,520
4,500	4,500	Arif Habib Corporation Limited	155,880	185,535
3,700	1,400	Cherat Cement Limited	359,640	250,292
7,300	3,300	Attock Cem.Pak Limited	981,704	998,811
50,300	9,400	D.G Khan Cement	5,758,847	2,003,704
17,100	15,200	Maple Leaf Cement Factory Limited	867,654	1,692,672
25,000	20,000	Mughal Iron & Steel Industries Limited	1,535,500	1,614,600
100	100	Pak International Container Terminal Limited	22,812	34,023
8,200	1,350	Packages Limited	4,015,704	939,033
8,900	3,400	Bestway Cement Limited	1,165,811	745,008
2,402	1,400	Cherat Packaging Limited	345,143	332,892
3,200	3,200	EFU General Insurance Limited	479,136	492,808
16,600	6,600	Fecto Cement Limited	693,216	688,512
14,000	14,000	Saif Power Limited	370,860	422,520
35,900	8,000	Hub Power Co. Limited	3,308,544	939,440
50,000	10,000	Aisha Steel Mills Limited	788,500	203,400
1,000	320	Mari Petroleum Co. Limited	1,506,180	504,205
70,400	-	Pak Elektron Limited	2,496,384	-
7,200	-	Shell Pakistan Limited	2,275,848	-
82,000	-	Nishat Chunian Limited	3,893,360	-
2,300	-	National Refinery Limited	1,018,923	-
3,000	-	Pakistan State Oil Co. Limited	954,930	-
8,300	-	Searl Pakistan Limited	2,817,850	-
-	21,600	Pakistan Petroleum Limited	-	3,199,824
-	15,000	Allied Bank Limited	-	1,344,300
-	400	Gadoon Textil Mills Limited	-	84,400
-	15,000	Bank Al Habib Limited	-	851,250
-	500	Archroma Pakistan Limited	-	356,395
-	5,700	Pakistan Oilfields Limited	-	2,611,455
-	1,000	Attock Petroleum Limited	-	626,430
-	12,480	Gul Ahmed Textile Mills Limited	-	511,430
-	50,000	Dolmen City	-	522,812
-	5,000	System Limited	-	379,200
-	5,000	Pak Refinery Limited	-	266,300
-	1,500	Al-Ghazi Tractors Limited	-	965,820
-	3,000	Habib Metropolitan Bank Limited	-	99,150
-	150	Millat Tractors Limited	-	206,166
-	219	Biafo Industries Limited	-	54,816
-	7,500	Bank Al-Falah Limited	-	301,500
2,117,129	38,275,936		118,866,830	1,002,826,613

		2018	2017
		Rupees	
<b>12. CASH AND BANK BALANCES</b>			
Cash in hand		910,331	2,027,270
Cash with banks			
- Current accounts		49,436,542	32,799,964
- Deposit accounts	12.1	776,047	26,095
- Saving accounts	12.1	124,015	124,015
		50,336,604	32,950,074
		51,246,935	34,977,344
<b>12.1</b> Effective markup rate in respect of saving and deposit accounts ranges from 6.00% to 7.25% (2017: 5.61% to 7.13%) per annum.			
<b>13. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>			
		2018	2017
		Numbers	
Authorized		10,000,000	10,000,000
Issued, subscribed and paid up		100,000,000	100,000,000
	Ordinary shares of Rs. 10 each		
	Ordinary shares of Rs. 10 each		
	fully paid in cash	69,000,000	69,000,000
<b>13.1.</b> There were no movements in issued, subscribed and paid up capital during the reporting year.			
<b>13.2.</b> The Company has only one class of ordinary shares which carry no right to fixed income.			
<b>13.3.</b> Shareholders are entitled to cast vote proportionate to the paid up value of shares carrying voting rights. All shares rank equally with regard to the Company's residual assets.			
		2018	2017
		Rupees	
<b>14. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT</b>			
	Note		
<b>14.1 Surplus on revaluation of property, plant and equipment</b>	14.1	278,595,889	308,166,730
Opening balance		326,387,822	352,629,976
Transferred to unappropriated profit on account of :			
Incremental depreciation - net of deferred tax		(22,625,789)	(24,217,588)
Disposal during the year - net of deferred tax		(6,945,052)	-
Related deferred tax liability due to disposal during the year		(2,976,451)	-
Related deferred tax liability on incremental depreciation		(2,976,451)	(2,024,566)
		(35,523,743)	(26,242,154)
Closing balance		290,864,079	326,387,822
<b>Related deferred tax liability</b>			
Opening balance		(18,221,092)	(7,675,763)
Addition during the year			
Related deferred tax liability on incremental depreciation		2,976,451	2,024,566
Deferred tax due to rate change		-	(12,569,895)
Deferred tax on disposal during the year		2,976,451	-
		(12,268,190)	(18,221,092)
Closing balance		278,595,889	308,166,730
<b>14.2 The effect of change in accounting policy is summarised below</b>			
	As previously reported	2017 As restated	Restatement
Effect on statement of financial position			
Surplus on revaluation of fixed assets	308,166,730	-	(308,166,730)
Share capital and reserves	-	308,166,730	308,166,730
	As previously reported	2016 As restated	Restatement
Effect on statement of financial position			
Surplus on revaluation of fixed assets	344,954,213	-	(344,954,213)
Share capital and reserves	-	344,954,213	344,954,213

	<i>Note</i>	<i>2018</i>	<i>2017</i>
		<i>----- Rupees -----</i>	<i>-----</i>
<b>15. LONG TERM FINANCING</b>			
<i>From banking companies - secured</i>			
MCB Bank Limited			
- LTFF	15.1	353,800,380	-
- Demand Finance	15.2	74,219,930	-
		428,020,310	-
United Bank Limited			
- LTFF	15.3	73,867,650	-
		73,867,650	-
		501,887,960	-
Less: Current portion		(7,386,765)	-
		494,501,195	-
<b>15.1 MCB Bank Limited - LTFF</b>			
This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from April 18, 2020 with 2 years grace period. It carries markup at flat rate 2.5%. This finance is secured against first pari passu charge amounting to Rs. 600 million over all present and future fixed assets of the Company with 25% margin.			
<b>15.2 MCB Bank Limited - Demand Finance</b>			
This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from Aug 27, 2020 with 2 years grace period. It carries markup at the rate of 6 months KIBOR + 0.5%. This finance is secured against first pari passu charge amounting to Rs. 600 million over all present and future fixed assets of the Company with 25% margin.			
<b>15.3 United Bank Limited - LTFF</b>			
This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from Feb 18, 2019 with 11 months grace period. It carries markup at flat rate 3%. This finance is secured against first pari passu charge amounting to Rs. 125 million over all present and future fixed assets of the Company with 25% margin.			
	<i>Note</i>	<i>2018</i>	<i>2017</i>
		<i>----- Rupees -----</i>	<i>-----</i>
<b>16. DEFERRED LIABILITIES</b>			
Staff retirement benefits - gratuity	16.1	60,635,271	52,823,267
Deferred taxation	16.4	33,640,766	36,617,217
		94,276,037	89,440,484
<b>16.1 Provision for gratuity</b>			
<i>Liability recognized in the balance sheet</i>			
Present value of defined benefit obligation		60,635,271	52,823,267
		60,635,271	52,823,267
<i>Movement in the net liability</i>			
Opening balance		52,823,267	44,000,292
Charge for the year		14,588,294	14,585,205
Payment made during the year		(10,260,460)	(8,564,353)
Actuarial loss from changes in experience adjustments		3,168,533	2,688,711
Actuarial loss from changes in financial assumptions		315,637	113,412
		60,635,271	52,823,267
<i>Changes in present value of defined benefit obligation</i>			
Opening defined benefit obligation		52,823,267	44,000,292
Current service cost		10,892,084	11,705,642
Interest cost		3,696,210	2,879,563
Benefits paid		(10,260,460)	(8,564,353)
Actuarial loss from changes in experience adjustments		3,168,533	2,688,711
Actuarial loss from changes in financial assumptions		315,637	113,412
		60,635,271	52,823,267



	<i>Note</i>	<i>2018</i>	<i>2017</i>
		<i>----- Rupees -----</i>	
<b>Charge for the year</b>			
Current service cost		<b>10,892,084</b>	11,705,642
Interest cost		<b>3,696,210</b>	2,879,563
		<b>14,588,294</b>	<b>14,585,205</b>
<b>Allocation of charge for the year</b>			
Cost of sales	22.2	<b>12,907,490</b>	12,904,400
Administrative expenses	25.1	<b>1,680,804</b>	1,680,805
		<b>14,588,294</b>	<b>14,585,205</b>
<b>16.2 Remeasurement loss recognised in other comprehensive income</b>			
Actuarial loss from changes in experience adjustments		<b>3,168,533</b>	2,688,711
Actuarial loss from changes in financial assumptions		<b>315,637</b>	113,412
Remeasurement loss		<b>3,484,170</b>	2,802,123
As per actuarial valuation carried out as at June 30, 2018 by Nauman Associates using Projected Unit Credit Method, the followingsignificant assumptions have been used for valuation of defined benefit obligationof the Company:			
		<i>2018</i>	<i>2017</i>
Discount rate		<b>9.00%</b>	7.75%
Expected rate of salary increase in future years		<b>8.00%</b>	6.75%
Average expected remaining working life time of employees		<b>6 years</b>	6 years
Mortality rate was based on the EFU 61-66 mortality table.			

**16.3 Gratuity Sensitivity Analysis**

	<i>Increase/(decrease) in defined benefit obligation</i>
	<i>2018 2017</i>
	<i>----- Rupees -----</i>
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:	
Discount rate + 100 bps	<b>(57,055,465)</b> (49,765,665)
Discount rate - 100 bps	<b>64,783,634</b> 56,375,096
Salary Increase + 100 bps	<b>65,007,091</b> 56,577,385
Salary Increase - 100 bps	<b>(56,784,255)</b> (49,522,435)

**Maturity Profile**

Average duration of liability	6 years	6 years
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**Expected contribution for the next year**

The expected contribution to the gratuity scheme for the next year works out to Rs. 15.28 million.

**16.4 Movement in temporary differences:**

	<i>As at July 01, 2017</i>	<i>Recognised in equity</i>	<i>Recognised in profit or loss/Other comprehensive income</i>	<i>As at June 30, 2018</i>
	<i>-----Rupees-----</i>			
<b>Taxable Temporary Difference</b>				
Surplus on revaluation of property, plant and equipment	18,221,092		(2,976,451)	<b>15,244,641</b>
Accelerated tax depreciation	22,446,483	-	-	<b>22,446,483</b>
Fair value gain on other financial assets	24,924	-	-	<b>24,924</b>
<b>Deductible Temporary Difference</b>				
Provision for gratuity	(3,859,100)	-	-	<b>(3,859,100)</b>
Remeasurement of defined benefit obligation - gratuity	(216,182)	-	-	<b>(216,182)</b>
	<b>36,617,217</b>	<b>-</b>	<b>(2,976,451)</b>	<b>33,640,766</b>

**16.5** During the year, the provision for deferred tax on temporary differences has not been accounted for, as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001. Management is of the view that Company may fall under normal tax regime in the next year, so the opening balance of deferred tax liability has



	<i>Note</i>	<i>2018</i>	<i>2017</i>
<b>17. TRADE AND OTHER PAYABLES</b>		<b>----- Rupees -----</b>	
Creditors		<b>129,617,232</b>	95,000,474
Accrued liabilities		<b>168,544,923</b>	107,259,833
Workers' Profit Participation Fund	17.1	<b>16,269,707</b>	10,235,735
Workers' Welfare Fund	17.2	<b>6,987,559</b>	23,912,215
Advance from customers		<b>7,041,584</b>	5,814,746
Due to employees		<b>599,417</b>	665,427
Due to associated undertakings	17.3, 17.4 & 34.1	<b>994,955</b>	1,053,707
Income tax deducted at source		<b>513,654</b>	4,485,582
Sales tax deducted at source		<b>206,024</b>	646,341
		<b>330,775,055</b>	<b>249,074,060</b>
<b>17.1 Workers' Profit Participation Fund</b>			
Opening balance		<b>10,235,735</b>	4,159,227
Payment to the fund		<b>(10,235,735)</b>	(4,159,227)
		<b>-</b>	<b>-</b>
Charge for the year	26	<b>16,269,707</b>	10,235,735
Closing balance		<b>16,269,707</b>	<b>10,235,735</b>
<b>17.2</b>	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 petitionthere against in the Supreme Court of Pakistan. Due to this review petitionand other legal uncertainties, the Company continues to carry the payable in this respect.		
<b>17.3 Due to associated undertakings</b>			
<b>On account of trading activities</b>			
Indus Dyeing & Manufacturing Co. Limited		<b>994,955</b>	1,053,707
		<b>994,955</b>	<b>1,053,707</b>
<b>17.4</b>	The maximumoutstandingbalance duringthe year due from Indus Dyeing & ManufacturingCo. Limitedis Rs. 2.6 million.		
<b>18. ACCRUED MARKUP</b>			
Accrued markup on:			
- Short term borrowings		<b>17,805,255</b>	6,044,777
- Long term borrowings		<b>4,075,992</b>	-
		<b>21,881,247</b>	<b>6,044,777</b>
<b>19. SHORT TERM BORROWINGS</b>			
<b>Secured - under markup arrangements from banking Companies</b>			
Running finances (RF)		<b>575,586,129</b>	828,930,117
Cash finance		<b>61,297,737</b>	263,000,000
Bank / book overdraft		<b>123,157</b>	4,295,870
Short term demand finance		<b>1,390,800,000</b>	-
Foreign currency finance		<b>-</b>	94,263,562
	19.1	<b>2,027,807,023</b>	<b>1,190,489,549</b>
<b>19.1</b>	Short term facilities available from commercial banks under mark up arrangements amount to Rs. 5,900 Million (2017: Rs. 5,830 million)of which facilities aggregating to Rs. 3,872 million( 2017: Rs. 4,640 million)remained unutilizedat the year end. The rate of mark up ranges from 6.18% to 8.17% per annum (2017: 6.54% to 7.54% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.		
<b>19.2</b>	These facilitieshave been obtained from Banks for workingcapital requirements. The rate of mark up ranges from 6.18% to 8.17% per annum (2017: 6.54% to 7.54% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods and charge on current assets of the Company.		

<b>20. CONTINGENCIES AND COMMITMENTS</b>		<b>Note</b>	<b>2018</b>	<b>2017</b>
<b>Contingencies</b>			<b>Rupees</b>	
Bank guarantees		20.1	<b>99,530,467</b>	82,911,728
Foreign bills purchased			<b>14,526,000</b>	276,567,458
In land bills purchased			-	1,270,411
			<b>114,056,467</b>	<b>360,749,597</b>
<b>20.1 Bank guarantees</b>				
<b>In favour of</b>	<b>Bank</b>			
Sui Northern Gas Pipelines Limited	MCB Bank Limited		<b>42,270,000</b>	41,651,261
Excise and taxation	Soneri Bank Limited		<b>23,985,915</b>	23,985,915
Excise and taxation	United Bank Limited		<b>33,000,000</b>	17,000,000
CCI & E	Habib Bank Limited		<b>274,552</b>	274,552
			<b>99,530,467</b>	<b>82,911,728</b>
<b>Commitments</b>				
Under letters of credit for:				
- Stores and spares			<b>6,562,379</b>	-
- Raw material			<b>270,612,059</b>	-
- Plant and machinery			<b>178,917,984</b>	342,767,487
			<b>456,092,422</b>	<b>342,767,487</b>
<b>21. SALES -net</b>				
<b>Exports</b>				
Yarn		21.1	<b>4,179,353,690</b>	2,659,524,614
Rebate claim			<b>66,680,503</b>	36,135,976
			<b>4,246,034,193</b>	2,695,660,590
<b>Local</b>				
Yarn			<b>548,834,587</b>	1,440,393,687
Doubling			<b>1,336,639</b>	1,584,500
Waste			<b>188,805,053</b>	154,196,209
			<b>738,976,279</b>	1,596,174,396
Less:				
Commission			<b>(32,839,284)</b>	(34,105,551)
			<b>4,952,171,188</b>	<b>4,257,729,435</b>
<b>21.1</b> It includes indirect export of Rs. 42446 million ( 2017: Rs. 99.8 million).				
<b>22. COST OF SALES</b>				
Raw material consumed		22.1	<b>3,187,760,295</b>	2,793,951,347
Power and fuel			<b>413,961,123</b>	362,897,211
Salaries, wages and benefits		22.2	<b>227,631,718</b>	239,132,566
Depreciation		4.3	<b>120,031,866</b>	101,405,817
Packing material consumed			<b>68,616,816</b>	61,807,457
Stores and spares consumed			<b>66,711,613</b>	58,134,630
Repairs and maintenance			<b>15,695,607</b>	8,210,264
Insurance			<b>4,959,043</b>	5,326,251
Others			<b>979,288</b>	613,295
			<b>4,106,347,369</b>	3,631,478,838
<b>Work in process</b>				
Opening stock			<b>26,495,665</b>	26,400,296
Closing stock			<b>(30,599,760)</b>	(26,495,665)
			<b>(4,104,095)</b>	(95,369)
Cost of goods manufactured			<b>4,102,243,274</b>	3,631,383,469
<b>Finished goods</b>				
Opening stock			<b>136,600,742</b>	55,964,247
Purchase of finished goods			<b>282,374,500</b>	335,203,160
Closing stock			<b>(206,030,664)</b>	(136,600,742)
			<b>212,944,578</b>	254,566,665
			<b>4,315,187,852</b>	<b>3,885,950,134</b>

		2018	2017
		----- Rupees -----	
<b>22.1 Raw material consumed</b>	<b>Note</b>		
Opening stock		998,909,641	565,545,380
Purchases including purchase expenses		3,237,442,947	3,014,340,116
Transferred from ginning unit	23.1	556,929,347	212,975,492
		<u>4,793,281,935</u>	<u>3,792,860,988</u>
Closing stock		(1,605,521,640)	(998,909,641)
		<u>3,187,760,295</u>	<u>2,793,951,347</u>
<b>22.2</b>	It includes Rs.129 million (2017: Rs. 12.9 million) in respect of staff retirement benefits - gratuity.		
<b>23. (LOSS) / PROFIT ON OTHER OPERATIONS</b>			
Profit on ginning factory	23.1	-	-
(Loss) / profit on Ice Factory	23.2	(4,381,783)	1,328,248
		<u>(4,381,783)</u>	<u>1,328,248</u>
<b>23.1 Profit on ginning factory</b>			
Transferred to spinning operations		556,929,347	212,975,492
Sales - net		-	-
		<u>556,929,347</u>	<u>212,975,492</u>
Cost of goods transferred / sold (ginning)	23.1.1	(531,256,887)	(202,037,910)
Gross profit		<u>25,672,460</u>	<u>10,937,582</u>
Administrative expenses	23.1.3	(25,656,516)	(10,928,470)
Bank charges		(15,944)	(9,112)
		<u>(25,672,460)</u>	<u>(10,937,582)</u>
Net profit		<u>-</u>	<u>-</u>
<b>23.1.1 Cost of goods transferred / sold (ginning)</b>			
Opening stock		36,157,854	9,892,230
Cost of ginning and oil	23.1.2	546,138,320	228,303,534
Closing stock		(51,039,287)	(36,157,854)
		<u>531,256,887</u>	<u>202,037,910</u>
<b>23.1.2 Cost of ginning and oil</b>			
Raw material consumed		506,382,012	206,283,070
Salaries and wages		12,163,813	8,611,650
Crushing charges		3,225,874	1,061,343
Fuel and power		13,435,287	6,432,589
Packing material		1,355,337	438,248
Repair and maintenance		2,509,438	1,854,572
Insurance		3,188,016	1,456,271
Others		3,878,543	2,165,791
		<u>546,138,320</u>	<u>228,303,534</u>
<b>23.1.3 Administrative expenses</b>			
Office staff		21,556,236	8,672,882
Printing and stationery		253,542	70,404
Travelling		223,090	202,492
Entertainment		471,230	270,971
Telephone		258,138	155,958
News papers		31,025	15,278
Scholarship		41,526	43,000
Donation		30,655	31,495
Medical		205,727	112,707
Sui Gas		394,230	240,800
Electricity		1,847,725	862,981
Legal & professional charges		242	25,583
Licence renewal fee		275,401	150,262
Misc.		67,749	73,657
		<u>25,656,516</u>	<u>10,928,470</u>

			2018	2017
			Rupees	
<b>23.2 (Loss) / Profit on Ice Factory</b>	<b>Note</b>			
Sales - net			16,238,105	23,232,454
Cost of goods sold			(19,584,451)	(21,008,836)
Gross (loss) / profit			(3,346,346)	2,223,618
Administrative expenses			(1,035,437)	(895,370)
			(4,381,783)	1,328,248
23.3 (Loss) / profit from other operations arises from the Company's operation of Ice Factory on leasing arrangements.				
<b>24. DISTRIBUTION COST</b>				
Export development surcharge			9,790,279	6,032,051
Ocean freight			19,486,960	14,005,032
Forwarding expenses			14,587,155	10,185,462
Local freight			22,374,034	18,023,319
Others			340,541	397,965
			66,578,969	48,643,829
<b>25. ADMINISTRATIVE EXPENSES</b>				
Salaries, wages and benefits	25.1		64,157,688	55,907,115
Director's remuneration			21,629,296	21,423,858
Depreciation	4.3		9,568,156	10,251,173
Vehicle running and maintenance			8,633,219	7,390,546
Travelling and conveyance			8,040,153	5,312,634
Postage, telephone and fax			3,009,706	2,752,338
Electricity, gas & fuel			1,866,708	2,529,514
Printing and stationery			1,531,040	1,043,977
Auditors' remuneration	25.2		1,350,000	1,150,000
Rent, rates and taxes			1,843,799	1,678,659
Donations	25.3		2,801,380	2,105,830
Insurance			1,487,119	1,202,518
Fees, subscription and periodicals			1,982,212	1,560,678
Entertainment			1,524,989	1,414,403
Repairs and maintenance			151,832	184,001
Legal and professional charges			986,500	1,320,770
Bad debts	8.3		178,757	-
Others			1,613,906	1,355,574
			132,356,460	118,583,588
25.1 It includes Rs. 1.68 million (2017: Rs. 1.68 million) in respect of staff retirement benefits - gratuity.				
<b>25.2 Auditors' remuneration</b>				
Statutory audit			1,000,000	1,000,000
Review report on compliance with CCG			50,000	50,000
Half year review			200,000	100,000
Certificate for CDC and free float shares			100,000	-
			1,350,000	1,150,000
25.3 It includes Rs. 512,500 given to Social Security Hospital, Muzaffar Garh. None of the directors or their spouses has any interest in the donee's fund.				
<b>26. OTHER EXPENSES</b>				
Workers' Profit Participation Fund	17.1		16,269,707	10,235,735
Workers' Welfare Fund			6,024,039	1,247,443
Loss on sale of property, plant and equipment	4.2		6,733,242	450,000
Unrealized loss on short term investments			24,192,174	1,844,183
			53,219,162	13,777,361
<b>27. FINANCE COST</b>				
Interest / mark up on:				
Long term financing			15,276,798	-
Short term borrowings			91,571,863	18,679,624
Bank charges and commission			6,125,806	4,268,535
			112,974,467	22,948,159

<b>28. OTHER INCOME</b>			<b>2018</b>	<b>2017</b>
<i>Income from financial assets</i>		<i>Note</i>	<i>Rupees</i>	
Unrealized gain on remeasurement of short term investments			<b>1,893</b>	323,059
Realized gain on disposal of short term investments			<b>6,793,628</b>	16,934,775
Interest / profit on bank deposits			<b>386,401</b>	229,234
Dividend income			<b>3,921,726</b>	4,560,239
<i>Income from non financial assets</i>				
Gain on sale of property, plant and equipment	4.2		<b>332,068</b>	185,428
<b>29. TAXATION</b>			<b>11,435,716</b>	<b>22,232,735</b>
Current year:				
Current	29.1		-	40,782,045
Deferred			<b>(2,976,451)</b>	5,770,810
Prior year adjustment			-	510,860
			<b>(2,976,451)</b>	<b>47,063,715</b>

**29.1** The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 for the current year. The company has not recognized any provision for taxation in current year due to adjustable tax credits available to the Company under section 65B of the Income Tax Ordinance, 2001.

**29.2** Provision for deferred income tax is not required as the Company is chargeable to tax under section 169 of the Income Tax Ordinance, 2001 and no temporary differences are expected to arise in the foreseeable future.

**29.3** Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.

**29.4** Management is of view that the income tax provision for the year is sufficient to discharge the tax liability. Comparison of tax provision as per accounts viz a viz tax assessment for last three years is as follows:

<i>Tax Year</i>	<i>As per income tax return</i>	<i>As per Accounts</i>
	<i>Rupees</i>	
2015	<b>43,630,649</b>	<b>43,687,220</b>
2016	<b>28,069,920</b>	<b>29,694,153</b>
2017	<b>34,332,021</b>	<b>40,782,045</b>

<b>30. EARNINGS PER SHARE - BASIC AND DILUTED</b>		<b>2018</b>	<b>2017</b>
Profit after tax	<i>Rupees</i>	<b>281,884,662</b>	144,323,632
Weighted average number of ordinary shares outstanding during the year	<i>Numbers</i>	<b>6,900,000</b>	6,900,000
Earnings per share - basic and diluted	<i>Rupees</i>	<b>40.85</b>	20.92

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

**31. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR**

	<i>Director</i>	<i>Chief executive</i>	<i>Executives</i>
<b>2018</b>	<i>Rupees</i>		
Remuneration	6,480,000	6,480,000	13,894,661
House rent and other benefits	720,000	720,000	1,543,851
Conveyance - cars	921,822	1,768,890	2,185,341
Other benefits	2,100,000	5,129,296	-
	<b>10,221,822</b>	<b>14,098,186</b>	<b>17,623,853</b>
Number of persons	<b>1</b>	<b>1</b>	<b>13</b>
<b>2017</b>			
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	-
	<b>11,254,444</b>	<b>12,828,593</b>	<b>14,680,641</b>
Number of persons	<b>1</b>	<b>1</b>	<b>13</b>

**31.1** Chief Executive 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:

	2018	2017
	----- Rupees -----	
Long term deposits	6,991,200	6,991,200
Trade debts	1,364,392,085	304,386,034
Loans and advances (due from employees)	10,227,810	9,276,565
Trade deposits	6,093,984	5,494,410
Other receivables	93,803,831	37,021,397
Short term investments	128,848,309	1,007,808,092
Bank balances	50,336,604	32,950,074
	<u>1,660,693,823</u>	<u>1,403,927,772</u>

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:

	2018		2017	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Not yet due	1,364,089,758	-	304,280,072	-
Past due for:				
- more than 03 months but less than 01 year	433,929	131,602	90,008	-
- more than 01 year but less than 02 years	33,886	33,886	16,169	-
- more than 02 years	123,214	123,214	109,730	109,730
	<u>1,364,680,787</u>	<u>288,702</u>	<u>304,495,979</u>	<u>109,730</u>

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.

Bank Name	Rating Agency	Long term Loans	Short Term Loans
The Bank of Punjab	PACRA	A1+	AA
Askari Bank Limited	PACRA	AA+	A1+
Bank Islami Pakistan Limited	PACRA	A1	A+
Bank Alfalah Limited	PACRA	A1+	AA+
Bank AL Habib Limited	PACRA	A1+	AA+
Faysal Bank Limited	PACRA	A1+	AA
Habib Bank Limited	JCR-VIS	A-1+	AAA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
United Bank Limited	JCR-VIS	A-1+	AAA
National Bank of Pakistan	PACRA	A1+	AAA
MCB Bank Limited	PACRA	A1+	AAA

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	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
Long term financing	-	7,386,765	302,603,569	191,897,626	501,887,960
Short term borrowings	-	2,027,807,023	-	-	2,027,807,023
Trade and other payables	-	299,756,527	-	-	299,756,527
Accrued mark up	21,881,247	-	-	-	21,881,247
Unclaimed dividend	10,630,520	-	-	-	10,630,520
2018	32,511,767	2,334,950,315	302,603,569	191,897,626	2,861,963,277
Short term borrowings	-	1,190,489,549	-	-	1,190,489,549
Trade and other payables	-	203,979,441	-	-	203,979,441
Accrued mark up	6,044,777	-	-	-	6,044,777
Unclaimed dividend	14,013,861	-	-	-	14,013,861
2017	20,058,638	1,394,468,990	-	-	1,414,527,628

Off balance sheets items

	2018	2017
Letters of credit	456,092,422	342,767,487
Bank guarantees	99,530,467	82,911,728
Foreign bills discounted	14,526,000	276,567,458
In land bills purchased	-	1,270,411
Off balance sheet gap	570,148,889	703,517,084



### 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 the 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:

	2018		2017	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	1,275,154,220	10,503,742	202,547,457	1,936,770
	<b>1,275,154,220</b>	<b>10,503,742</b>	<b>202,547,457</b>	<b>1,936,770</b>

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

	2018	2017
	Rupees	Rupees
Average rate	109.52	104.33
Balance sheet date rate	121.40	104.58

##### *Sensitivity analysis - foreign currency*

At June 30, 2018, if the Rupee had weakened / strengthened by 10% (2017: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 127.51 million (2017: Rs. 20.14 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 2018 than 2017 because of high fluctuation in foreign currency exchange rate.

#### 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 month and 6 month 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.

	2018		2017	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
<b>Fixed rate instruments</b>				
<b>Financial assets:</b>				
- Deposit Accounts	6.00% - 7.25%	900,062	5.61% - 7.13%	150,110
<b>Variable rate instruments</b>				
<b>Financial liabilities:</b>				
- Long term financing	2.5% - 3%	501,887,960	-	-
- Short term borrowings	6.18% - 8.17%	2,027,807,023	6.54% - 7.54%	1,190,489,549
		<b>2,530,595,045</b>		<b>1,190,639,659</b>

##### *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, 2018 would decrease / increase by Rs. 25.29 million (2017: Rs. 9.5 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, except as mentioned in note 32.4.4.

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 fair value of those equity instruments.

Sensitivity analysis - Equity share price risk

A 1% increase / decrease in share prices at year end would have increased / decreased profit for the year as follows :

	2018	2017
	----- Rupees -----	
Effect on profit and loss	1,188,668	10,028,266

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

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 and non financial assets.

- 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 "Short term investments" 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 the 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 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 these non financial assets approximate its fair market value.

Short term investments include quoted equity shares. The investments are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited ("PSX").

**June 30, 2018**

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>-----Rupees-----</i>			
Short term investments	128,848,309	-	-	128,848,309
Free hold land	-	157,893,052	-	157,893,052
Building on free hold land	-	129,261,036	-	129,261,036
Plant and machinery	-	1,120,860,804	-	1,120,860,804
Total	<b>128,848,309</b>	<b>1,408,014,892</b>	<b>-</b>	<b>1,536,863,201</b>

**June 30, 2017**

	<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	<b>1,007,808,092</b>	<b>1,091,123,605</b>	<b>-</b>	<b>2,098,931,697</b>

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

**Financial instruments by category**

The Company finances 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.

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

32.6

	<i>2018</i>	<i>2017</i>
	<i>----- Rupees -----</i>	
<b>Assets carried at fair value</b>		
Carrying value of investments at fair value through profit and loss - held for trading	<b>118,866,830</b>	1,002,826,613
	<b>118,866,830</b>	<b>1,002,826,613</b>
<b>Assets categorized as loan and receivables</b>		
Long term deposits	<b>6,991,200</b>	6,991,200
Trade debts	<b>1,364,392,085</b>	304,386,034
Loans and advances (excluding advance income tax)	<b>10,227,810</b>	9,276,565
Trade deposits	<b>6,093,984</b>	5,494,410
Other receivables	<b>93,803,831</b>	37,021,397
Cash and bank balances	<b>51,246,935</b>	34,977,344
	<b>1,532,755,845</b>	<b>398,146,950</b>
<b>Liabilities carried at amortized cost</b>		
Trade and other payables	<b>299,756,527</b>	203,979,441
Long term financing	<b>501,887,960</b>	-
Short term borrowings	<b>2,027,807,023</b>	1,190,489,549
Accrued mark up	<b>21,881,247</b>	6,044,777
	<b>2,851,332,757</b>	<b>1,400,513,767</b>

### 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, 2018 and June 30, 2017 were as follows:

	2018	2017
	----- Rupees -----	
Total debt	2,529,694,983	1,190,489,549
Less: Cash and cash equivalents	(51,246,935)	(34,977,344)
Net debt	2,478,448,048	1,155,512,205
Total equity	2,705,499,567	2,454,699,075
Adjusted capital	5,183,947,615	3,610,211,280
Debt-to-adjusted capital ratio	47.81%	32.01%

### 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 8.2), trade and other payables (note 17.3) and remuneration of Chief Executive and director (note 31). Other significant transactions with related parties are as follows:

**34.1** The Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common Directorship

	2018	2017
	----- Rupees -----	
<b>Transactions with associated undertakings</b>		
<b>Indus Home Limited</b>		
Sale of goods and services	82,016,591	78,105,556
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	33,936	35,328
Number of spindles worked	32,994	34,912
Number of shifts/ day	3	3
Installed capacity after conversion into 20/s count Kgs	11,588,245	12,063,655
Actual production of yarn after conversion into 20/s count Kgs	9,852,964	10,222,528

#### Reasons for shortfall

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. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

	<i>2017</i> <i>Rupees</i>	<i>Cash flow</i>	<i>2018</i> <i>Rupees</i>
Long term finances	-	501,887,960	501,887,960
Short term borrowings	1,190,489,549	837,317,474	2,027,807,023
Dividend	14,013,861	(3,383,341)	10,630,520
	<b>1,204,503,410</b>	<b>1,335,822,093</b>	<b>2,540,325,503</b>

**37. SEGMENT REPORTING**

The Company's core business is manufacturing and sale of yarn and it generates more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office led by Chief Executive who is continuously involved in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently 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. The Company also has an ice factories and ginning units results of these operations are separately disclosed in note 23 of these financial statements. The assets & liabilities of the ice factory & ginning units are unallocated.

**38. NUMBER OF EMPLOYEES**

The total average number of employees during the year and as at June 30, 2018 and 2017 respectively are as follows:

	<i>At year end</i>		<i>Average</i>	
	<i>2018</i>	<i>2017</i>	<i>2018</i>	<i>2017</i>
Head office	64	59	61	62
Plant	724	687	722	720
	<b>788</b>	<b>746</b>	<b>783</b>	<b>782</b>

**39. CORRESPONDING FIGURES**

The preparation and presentation of these financial statements for the year ended June 30, 2018 is in accordance with requirements in the Companies Act, 2017. The fourth schedule to the Companies Act, 2017 has introduced certain presentation and classification requirements for the elements of financial statements. Accordingly, the corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017. Following major reclassifications due to the Companies Act, 2017 together with other changes have been made during the year:

<i>Reclassified from</i>	<i>Reclassified to</i>	<i>Reason</i>	<i>Rupees</i>
Trade and other payables	Unclaimed dividend (Presented on face of statement of financial position)	The Companies Act, 2017	14,013,861

**40. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

In respect of current year, the directors proposed to pay cash dividend of Rs. \_\_\_ million (2017: Rs. 27.6 million) @ Rs. (2017 : @ Rs. 4) 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.

**41. DATE OF AUTHORIZATION FOR ISSUE**

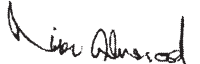
These financial statements were authorized for issue on October 05, 2018 by the Board of Directors of the Company.

**42. GENERAL**

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

  
Shabbir Kausar  
Chief Financial Officer

  
Kashif Riaz  
Chief Executive

  
Mian Riaz Ahmed  
Chairman

## میاں محمد احمد اپنی تین سال کی مدت پوری ہونے کے بعد ریٹائر ہو چکے ہیں اور میاں عمران احمد، فیصل حنیف اور میاں مسعود احمد کو ۱۶ مارچ ۲۰۱۸ کو ایکسٹرا آرڈینری جنرل میٹنگ میں ڈائریکٹر مقرر کیا گیا۔

میاں محمد احمد کی جگہ مسٹر نشاط احمد کو HR&R کمیٹی کا چیئر مین بنایا گیا۔

ڈائریکٹر ان کے مشاہرے:

کمپنی ڈائریکٹر ان (فعل اور غیر فعل) کے مشاہروں کے بارے میں کمپنی کے بورڈ آف ڈائریکٹر کی جانب سے منظور شدہ پالیسی پر عمل درآمد کیا جاتا ہے۔ اس پالیسی کو اس طرح سے تیار کیا گیا ہے کہ جو انسانی وسائل اور کاروباری ضروریات دونوں کی حکمت عملی کو ساتھ لے کر چلے۔ بورڈ اس بات پر یقین رکھتا ہے کہ پالیسی اس قدر پراثر ہونی چاہیے کہ جو ڈائریکٹر ان کو اپنی جانب راغب کرے اور ان کو اس بات پر آمادہ کرے کہ وہ کمپنی کے معاملات کو اپنی بہترین صلاحیتوں کے مطابق سرانجام دے سکیں۔

ڈیویڈنڈ:-

ادارے کے ڈائریکٹرز اختتام سال 30 جون 2018 کیلئے % 90 فیصد ڈیویڈنڈ تجویز کرتے ہیں۔ جو کہ 9 روپے فی شیئر بنتا ہے۔

ڈیٹرز:-

کمپنی کے موجودہ آڈیٹرز میسرز ڈیلائیٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ جو کہ ممبر ہیں Deloitte Touche Tohmatsu Limited نے اہلیت کی بنیاد پر خود کہ 30 جون 2019 کو ختم ہونے والے سال کیلئے دوبارہ تقرری کیلئے پیش کیا ہے۔ آڈٹ کمیٹی نے بھی اس کی سفارش کی ہے۔

ممبران کی ترتیب:-

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

اندرونی کنٹرول:-

بورڈ نے ایک متحرک اندرونی پالیسی اور طریقہ کار وضع کیا ہے جو کہ کمپنی کے کاروباری امور کے ساتھ ساتھ اس کے اثاثوں کی حفاظت، دھوکہ دہی اور غلطیوں کی روک تھام اور حساب کتاب کی درستگی اور مکمل اور قابل اعتماد مالیاتی معلومات کی بروقت تیاری کو یقینی بناتا ہے۔

ویب پر موجودگی:

کمپنی کے سالانہ اور مختلف مدت کے مالیاتی بیانات کو کمپنی کی ویب سائٹ <http://indus-group.com/> پر موجود ہیں جہاں سے شیئر ہولڈر اور دوسرے لوگ معلومات حاصل کر سکتے ہیں۔

اظہار تشکر:-

ادارے کے ڈائریکٹرز تمام ملازمین کی کوششوں کا اعتراف کرتے ہیں۔ اور آنے والے سالوں میں اسی طرح کے تعلقات دیکھتے ہیں۔ اس کے ساتھ ساتھ کمپنی اپنے صارفین، بینکرز، سپلائرز اور حصہ داروں کے مشکور ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے

- I l ash af

کاشف ریاض

چیف ایگزیکٹو آفیسر

15 اکتوبر 2018

- ☆ کمپنی کے حساب کتاب سے متعلق دستاویزات وضاحت و مہارت کے ساتھ تیار کی گئی ہیں۔
- ☆ حساب نویسی سے متعلق تمام پالیسیوں کو ملکی اور بین الاقوامی قوانین کے مطابق تیار کیا گیا ہے اور جہاں ضرورت محسوس کی گئی وہاں وضاحتیں بھی پیش کی گئی ہیں۔
- ☆ اندرونی کنٹرول کا نظام مضبوط بنیادوں پر استوار ہے جس پر عمل درآمد کیا جاتا ہے۔
- ☆ جولسٹنگ قواعد و ضوابط میں بیان کیا گیا ہے اس سے انحراف نہیں کیا جاتا۔
- ☆ پچھلے چھ سالوں کے متعلقہ اعداد و شمار بھی منسلک کیئے گئے ہیں۔
- ☆ ٹیکس ڈیوٹیوں اور ادا طلب ادائیگیوں کو 30 جون 2018 کے لئے نہیں روکا گیا سوائے ان کے جن کا اظہار Statement Financial برائے 30 جون 2018 میں کیا گیا ہے۔
- ☆ کمپنی کے ڈائریکٹر، اعلیٰ افسران اور ان کے اہل خانہ اور نابالغ بچے کمپنی کے حصص کی لین دین میں شامل نہیں ہیں۔
- ☆ کمپنی نے اپنے ڈائریکٹر ان کے لئے اس سال کسی طرح کا کوئی تربیتی پروگرام منعقد نہیں کیا۔
- بورڈ آف ڈائریکٹرز اور مینٹنرز:-
- ”بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی کی مینٹنگ مندرجہ ذیل شیڈول کے مطابق ہوئیں۔

بورڈ مینٹنرز	آڈٹ کمیٹی مینٹنرز	انسانی وسائل اور معاوضہ کمیٹی کی مینٹنرز
5	4	1
کل مینٹنرز		

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

نام	ایگزیکٹو/نان ایگزیکٹو	حاضری	حاضری	حاضری
میاں محمد احمد	نان ایگزیکٹو	3	-	1
میاں ریاض احمد	نان ایگزیکٹو	3	-	-
شہزاد احمد	نان ایگزیکٹو	4	-	-
نوید احمد	نان ایگزیکٹو	5	4	-
عرفان احمد	نان ایگزیکٹو	4	-	1
عمران احمد	نان ایگزیکٹو	1	-	-
کاشف ریاض	ایگزیکٹو	5	-	-
شفقت مسعود	ایگزیکٹو	5	4	-
شاویر احمد	نان ایگزیکٹو	5	-	1
شیخ نشاط احمد	نان ایگزیکٹو	5	4	-
فیصل حنیف	نان ایگزیکٹو	1	-	-
میاں مسعود احمد	نان ایگزیکٹو	1	-	-



ہم امید رکھتے ہیں کہ حکومت اس صنعت کے فروغ کے لیے ٹیکسٹائل کی برآمد میں اضافہ اور قومی صنعت میں اضافی ملازمتیں پیدا کرنے کے لیے قومی ٹیکسٹائل پالیسی بنائے گی۔ اس کے علاوہ میں یہ بھی شامل کرنا چاہوں گا کہ دنیائے تجارتی قوانین قائم کیے ہیں جس میں عالمی اقتصادی پالیسی سازی کی نگرانی کے ذریعہ تجارتی پالیسیوں کی قابلیت اور شفافیت کو ترقی پذیر اور کم آمدنی کا شمار کرنے میں مدد ملتی ہے۔ لیکن بظاہر ایسا نظر آتا ہے کہ بہت سے ملک ڈیوٹیاں لگا کر تجارتی سامان کے آسان بہاؤ میں مشکلات پیدا کر رہے ہیں۔ حکومت پاکستان درآمدی کپاس پر ٹیکس اور ڈیوٹیاں عائد کر رہی ہے جبکہ پاکستانی ٹیکسٹائل انڈسٹری گزشتہ چند برسوں سے کپاس کی سخت قلت کا سامنا کر رہی ہے۔ میں اس بات سے اتفاق کرتا ہوں یہ حکومت کی ذمہ داریوں میں شامل ہے کہ کسانوں کے لیے کم از کم معاونت کی قیمت کا تعین کرے۔ لیکن بد قسمتی سے حکومت کم از کم معاونت کی قیمت کا اعلان کرنے کی بجائے درآمدی کاٹن پر پابندی عائد کر دیتی ہے جس سے کپاس کی قیمتوں میں اضافہ ہو جاتا ہے۔ گزشتہ تین برسوں کے میں کپاس کی پیداوار کے اعداد کے حصول میں ناکامی کا سامنا کرنا پڑ رہا ہے اور صنعت کو تقریباً 3.5 ملین گانٹھیں درآمد کرنا پڑ رہی ہیں اور اس سال پھر پانی کی کمی اور دیگر مسائل کی وجہ سے ملک میں کپاس کی امداد میں کمی نظر آ رہی ہے۔ اور ابھی تک حکومت نے درآمدی کپاس پر 3% ڈیوٹی، 2% اضافی کسٹم ڈیوٹی اور 1% اکم ٹیکس نہیں ہٹایا۔ اس کے علاوہ ملک میں کپاس کی فصل کی بہتری کے لیے کوئی سنجیدہ اقدام نہیں کیا گیا اور نہ ہی کھادوں، بیجوں اور جدید ٹیکنالوجی کی دستیابی پر کوئی پیش رفت کی گئی۔ اس کے علاوہ کپاس کی چنائی سے لے کر گانٹھ بنانے تک کا عمل ابھی تک پرانے طریقے سے ہو رہا ہے جس کی وجہ سے مقامی معیاری کپاس کی خریداری ایک مشکل مرحلہ ہے۔

توانائی کی قیمت:-

اگر ہم ٹیکسٹائل میں اپنے مقابلہ کرنے والے ملک سے موازنہ کریں تو یہ تسلیم شدہ حقیقت ہے کہ خطہ میں ہماری توانائی کی قیمت سب سے زیادہ ہے۔

کمپنی کی سماجی ذمہ داریاں:-

کمپنی نے ہمیشہ اپنے سماجی ذمہ داریوں کو تمام حصول داروں اور مجموعی طور پر کاروباری ماحول پر ترجیح دی ہے یہ ایک مسلسل عمل ہے۔ کمپنی قدرتی وسائل کے تحفظ، ضائع میں کمی، ری سائیکلنگ کو بہتر بنانے، توانائی کی کارکردگی میں بہتری اور ماحولیاتی کارکردگی کو بہتر بنانے میں کوشاں ہے۔ پچھلے سال کی طرح اس سال بھی ہم نے قدرتی گیس کی کھپت اور پانی کے استعمال میں کمی کے اعداد مقرر کئے ہیں۔ ہماری طرف سے مندرجہ ذیل کوششیں جاری ہیں۔

☆ گندے پانی کی صفائی

☆ قدرتی وسائل کے تحفظ

☆ مال کے ضائع ہونے میں کمی

☆ ری سائیکلنگ میں اضافہ، توانائی کی کارکردگی میں بہتری اور

ماحولیاتی کارکردگی میں اضافہ

بیلنس شیٹ بنانے کے بعد کے معاملات:-

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

متعلقہ فریقین سے لین دین:-

کارپورٹ گورننس کی ضروریات کے مطابق کمپنی نے تمام متعلقہ پارٹی ٹرانزیکشن آڈٹ کمیٹی اور بورڈ کے سامنے جائزہ اور منظوری کے لیے پیش کیے۔

۳۰ جون ۲۰۱۸ کو ختم ہونے والے سال کے لیے ملحق شدہ مالی گوشوارے نوٹ 34 میں تمام متعلقہ لین دین کی تفصیلات فراہم کی گئی ہیں۔

ڈائریکٹروں کی ذمہ داریوں کی تفصیل:-

ڈائریکٹروں اسٹاک ایکسچینج کی فہرست سازی کے مطابق کارپوریٹ اور مالی رپورٹنگ کے فریم ورک کے مطابق عمل کرتے ہیں۔

☆ کمپنی کے مالیاتی گوشوارے جو کہ کمپنی کی انتظامیہ نے تیار کئے ہیں اس میں تمام لین دین کو شفافیت کے ساتھ درج کیا گیا ہے اس کے ساتھ ساتھ نتائج اور کیش کی آمد و رفت کا بھی واضح اظہار ہے۔

جون ۲۰۱۸، ۳۰

## ڈائریکٹرز رپورٹ سٹریٹجک ٹیکسٹائل ملز لمیٹڈ

سن ریٹرن ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 27 ویں سالانہ اجلاس ۳۰ جون ۲۰۱۸ کے مالی سال کے اختتام کی سالانہ رپورٹ ہمراہ آڈٹ شدہ مالیاتی گوشوارہ مسرت کے ساتھ پیش کرتے ہیں۔

مالی اور آپریشنل نتائج:۔ آپ کی کمپنی کا قبل از ٹیکس منافع سال ۲۰۱۸ کے اختتام پر 27.891 کروڑ رہا۔

<u>2017</u> <u>000 روپے</u>	<u>2018</u> <u>000 روپے</u>	
191,387	278,908	قبل از ٹیکس منافع
(47,064)	2.977	ٹیکس
144,323	281,885	بعد از ٹیکس منافع
(2,586)	(3,484)	دیگر
1,226,977	1,323,932	ابتدائی جمع شدہ منافع
(34,500)	-	سالانہ ڈیویڈنڈ برائے سال ۲۰۱۶
(34,500)	-	انٹیرم ڈیویڈنڈ برائے سال ۲۰۱۷
-	(27,600)	سالانہ ڈیویڈنڈ برائے سال ۲۰۱۷
1,299,714	1,574,733	منافع برائے تصرفات
24,218	29,571	فلسڈ اثاثہ جات کے ریلویشن پرسرپلس سے منتقل
1,323,932	1,604,304	آگے کیا گیا جمع شدہ منافع
20.92 روپے	40.85 روپے	فی حصص آمدن

آپریشنل تجزیہ:-

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ زیر نظر مدت جس کا جائزہ لیا جا رہا ہے آپ کی کمپنی کی کارکردگی شاندار رہی۔ آپ کی کمپنی کا قبل از ٹیکس منافع 27.891 کروڑ رہا جو کہ (19.139 کروڑ 2017) تھا۔ دوران سال فروخت 4.952 ارب روپے تھی (4.258 ارب روپے 2017)۔ مصنوعات کی کل لاگت 4.315 ارب تھی (3.886 ارب روپے 2017)۔ جس کے نتیجے میں مجموعی منافع 63.699 کروڑ رہا (37.178 کروڑ 2017)۔ اللہ تعالیٰ کے فضل سے آپ کی کمپنی نے فروختگی اور منافع میں بہت زیادہ ترقی کے ساتھ غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔ کمپنی کی فروخت میں 16.31 فیصد اضافہ ہوا جس سے مارجن اچھا ملا اور منافع میں اضافہ ہوا۔ دوران سال 473.705 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 کے لیے بیرونی قرضہ اور کمپنی کے اندرونی ذرائع سے وسائل مہیا کیے گئے۔

ٹیکسٹائل انڈسٹری:-

وہ عوامل جنہوں نے سال کے دوران غیر معمولی منافع حاصل کرنے میں حصہ لیا ان میں دھاگہ کی قیمتوں میں اضافہ اور ڈالر کے مقابلہ میں روپے کی کمی شامل ہے۔ تاہم آنے والے برسوں میں ٹیکسٹائل انڈسٹری کو عام طور پر، یہ غیر معمولی کامیابی حاصل کرنے میں دشواری ہوگی۔ اگر خاص طور پر برآمد صنعتوں کے مسائل حل نہیں کیے گئے۔

دیگر خدشات جن سے پاکستان میں ٹیکسٹائل کے کاروبار کرنے میں مشکلات ہیں ان میں لیبر کی زیادہ قیمت، توانائی کی زیادہ قیمت، سیلز ٹیکس اور آمدنی ٹیکس کی رقم کی واپسی میں تاخیر اور ڈی ایل ٹی ایل سکیم کی واپسی ہے۔

## سن ریز ٹیکسٹائل ملز لمیٹڈ

چئیرمین رپورٹ -

جون ۳۰، ۲۰۱۸۔

مالی سال ۳۰ جون ۲۰۱۸ کے اختتام پر کمپنی اور بورڈ آف ڈائریکٹرز کی کارکردگی کے جائزہ لیتے ہوئے مجھے خوشی محسوس ہو رہی ہے کہ موجودہ مالی سال میں کمپنی نے اعلیٰ کارکردگی کا مظاہرہ کرتے ہوئے فروخت میں 16.31 فیصد اضافہ ہوا۔

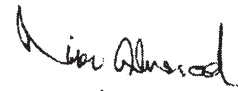
بورڈ آف ڈائریکٹرز کی تشکیل میں مختلف شعبہ جات تجارت، مالیات بینکاری کے ماہرین کی شرکت اور ان کے تجربہ سے کمپنی کے امور میں بہتری واقع ہوئی ہے۔ جو کہ تمام ریگولیٹری معاملات میں بہترین رہنمائی مہیا کرتے ہیں۔ بورڈ بجٹ کی منظوری دیتا ہے۔ اس بات کو یقینی بناتا ہے کہ ایک قابل اور محنتی ٹیم بورڈ کے مقرر کردہ اہداف کو یقینی بنانے کے لیے مستعد رہے۔

بورڈ کی طرف سے تمام انضباطی ضروریات کو یقینی بنایا جاتا ہے۔ آڈٹ کمیٹی مالی معاملات کا جائزہ لے کر اس بات کو یقینی بناتی ہے کہ تمام مالی معاملات کی منصفانہ نمائندگی کی جائے۔ یہ بورڈ اندرونی کنٹرول کو مؤثر انداز میں چلانے کے لیے رہنمائی پیش کرتا ہے۔

ایچ۔ آر کمپنی پالیسی فریم ورک، سینئر مینجمنٹ کے انتخاب، معاوضہ اور آئندہ کے لیے منصوبہ بندی کے لیے فریم ورک میں معاونت کرتی ہے۔ سال ۲۰۱۸-۲۰۱۷ میں بورڈ نے پانچ بار ملاقات کی۔ اور تمام قوانین کی تعمیل، بہترین طریقہ کار اور تمام انضباطی ضروریات کی جو کہ قانون کے تحت ضروری ہیں کا جائزہ لیا۔

اظہار تشکر:-

اور آخر میں کمپنی کی ترقی اور بہتری میں اعلیٰ ترین تعاون پر چیف ایگزیکٹو آفیسر اور ان کی ٹیم کا شکریہ ادا کرتا ہوں۔ میں تمام کاروباری شراکت داروں اور گاہکوں کا بھی مسلسل رہنمائی فراہم کرنے پر مشکور ہوں۔



میاں ریاض احمد  
چئیرمین

15 اکتوبر 2018

**SUNRAYS TEXTILE MILLS LIMITED**  
**FORM 34 (A)**  
**PATTERN OF SHARE HOLDING OF SHARES HELD BY THE SHARE HOLDERS**  
**AS AT June 30, 2018**

NUMBER OF SHARE HOLDERS	SHARE - HOLDING		TOTAL SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
	FROM	TO		
1,059	1	100	43,247	0.63
550	101	500	232,563	3.37
31	501	1,000	25,122	0.36
25	1,001	5,000	66,398	0.96
4	5,001	15,500	36,653	0.53
6	15,501	30,000	140,045	2.03
4	35,001	150,000	288,495	4.18
1	160,001	300,000	166,557	2.41
1	300,001	530,000	318,842	4.62
5	530,001	795,000	3,445,566	49.94
1	900,000	2,200,000	2,136,512	30.96
1,687			<b>6,900,000</b>	<b>100.00</b>

**CATEGORIES OF SHARE HOLDERS**

AS AT June 30, 2018

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1. Individuals	1,653	448609	6.50
2. Associated companies	1	70684	1.02
3. Financial Institution	1	24243	0.35
4. Insurance Companies	1	34599	0.50
5. Mutual Fund	1	40194	0.58
5. Joint Stock companies	12	318842	4.62
6. Directors, CEO their Spouses & Minor Childrens	18	5962829	86.42
<b>TOTAL</b>	<b>1,687</b>	<b>6900000</b>	<b>100.00</b>

**DETAIL OF CATEGORIES OF SHARE HOLDERS**

AS AT June 30, 2018

<u>Name</u>	<u>Number of Shareholders</u>	<u>Shares</u>	<u>Shares Held</u>
<b>INDIVIDUAL</b>	1,653		448,609
<b>ASSOCIATED COMPANIES</b>	01		
M/s Indus Dyeing & Mfg Co.Ltd.			70,684
<b>FINANCIAL INSTITUTIONS</b>	01		
National Bank of Pakistan			24,243
			<b>24,243</b>
<b>JOINT STOCK COMPANIES</b>	12		
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
TREET CORPORATION LIMITED			30,663
NH Capital (Pvt) Ltd			1
Maple leaf Ca[otal Limited			1
Black Stone (Ovt) Ltd			10
Alfa Adhi Securities (Pvt) Ltd			600
M/s Azeem Services (Pvt) Ltd			100
M/s First Capital Equiteis Ltd			24
			<b>34,599</b>

<b>INSURANCE COMPANIES</b>	01	
State Life Insurance Company		40,194
<b>MUTUAL FUND</b>	01	
CDC-Trustee National Investment (Unit) Trust		318,842
		<b>318,842</b>

<b>DIRECTORS, CEO, THEIR SPOUSES &amp; MINOR CHILDERN</b>	18	<b>Shares Held</b>
Mian Muhammad Ahmad		666,893
Mian Riaz Ahmad		1
Shahzad Ahmad		648,481
Naveed Ahmad		770,093
Kashif Riaz		2,136,512
Imran Ahmad		773,161
Irfan Ahmad		586,938
Shazia Naveed		4,482
Shafqat Masood		4,573
Shahwaiz Ahmed		198
Seikh Nishat Ahmed		100
Faisal Hanif		100
Mian Masud Ahmed		100
Aisha Irfan		166,557
Mrs. Salma Jabeen		23,605
Mrs. Lozina Shahzad		126,695
Fadia Kashif		52,952
Tahia Imran		1,388
		<b>5,962,829</b>
<b>GRAND TOTAL</b>	<b>1,687</b>	<b>6,900,000</b>

<b>Shareholders Holding 10% or More Voting Interest in the Company</b>
<b>AS AT June 30, 2018</b>

<b>DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDERN</b>	<b>SHARES HELD</b>	<b>PERCENTAGE %</b>
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 2017-2018

## FORM OF PROXY

### 27<sup>th</sup> 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 27<sup>th</sup> Annual General Meeting of the company to be held on the 27<sup>th</sup> day  
of October 2018 and at my adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2018.

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.			

(\*) upon failing  
of appointed  
proxy.

Affix  
Revenue  
Stamp Rs.  
5/-

**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 form.*
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 for Members.*
8. *The proxy shall produce his / her original CNIC passport at the time of the meeting.*

<p>The Company Secretary <b>SUNRAYS TEXTILE MILLS LIMITED</b> 5<sup>th</sup> Floor 508 Beaumont Plaza Beaumont Road Civil Lines Qtrs Karachi</p>	<p>AFFIX CORRECT POSTAGE</p>
--	--------------------------------------



DIVIDEND MANDATE FORM

The Company Secretary,  
Subject Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/we/Messrs.,\_\_\_\_\_ being the  
shareholder(s) of Indus Dyeing & Manufacturing Company Limited [the “Company”], hereby, authorize the Company,  
to directly credit cash dividend declared by it, my bank account as detailed below:

(i) Shareholder’s details:	
Name of the Shareholder	
CDC Participant ID & Sub-Account No. / CDC IAS	
CNIC/NICOP/Passport/NTN No. (Please attach copy)	
Contact Number (landline & Cell Nos.)	
Shareholder’s Address	
(ii) Shareholder’s Bank account details:	
Title of Bank Account	
IBAN (see Note 1 below)	
Bank’s Name	
Branch Name & Code No.	
Branch Address	

It is stated that the above particulars given by me are correct and I shall keep the Company, informed in case of any changes in the said particulars in future.

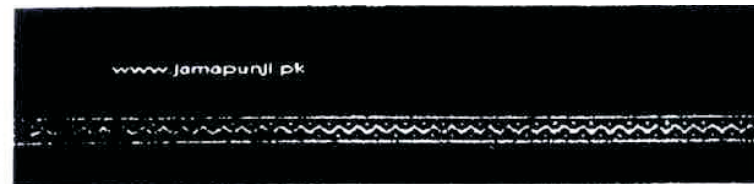
Yours Sincerely

\_\_\_\_\_  
Signature Of Shareholder  
(Please affix Company stamp in case of corporate entity)

- Notes:
- (i) Please provide complete IBAN, after checking with your concerned branch to enable electronic credit directly into your bank account.
  - (ii) This letter must ne sent to shareholder’s participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of banks account details for credit of ash dividend declared by the Company from time to time.

AFFIX  
CORRECT  
POSTAGE

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



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