

SUNRAYS TEXTILE MILLS LIMITED



QUARTERLY STATEMENT
(UN-AUDITED)

**FOR THE FIRST QUARTER
ENDED SEPTEMBER 30, 2019**

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COMPANY PROFILE

BOARD OF DIRECTORS

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

AUDIT COMMITTEE

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

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

SYMBOL OF THE COMPANY

SUTM

WEBSITE

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

REGISTRAR & SHARE TRANSFER OFFICE

JWAFFS REGISTRAR SERVICES (PVT) LTD

407 -408, Al – Ameera Center,

Shahrah-e-Iraq, Saddar Karachi.

Tel. 35662023 – 24

Fax. 35221192

FACTORY LOCATION

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

BANKERS

Muslim Commercial Bank Limited

Allied Bank Limited

Soneri Bank Limited

United Bank Limited

Meezan Bank Limited

Habib Bank Limited

Bank Alfalah

AUDITORS

M/s Deloitte Yousuf Adil

Chartered Accountants Multan

DIRECTOR'S REPORT

The Directors of the Company have pleasure in submitting their report together with the un-audited financial statements of the Company for the 1st quarter ended September 30, 2019. During the period under review Your Company earned pre-tax profit of Rs. 198.886(M).

FINANCIAL HIGHLIGHTS

	1st Quarter Ended September 30 (Rs.in million)	
	2019	2018
Sales – Net	1,826.596	1,463.777
Gross Profit	296.187	295.823
Other Income	0.500	0.688
Profit Before Taxation	198.886	196.502
Taxation	(32.284)	(33.871)
Profit After Taxation	166.602	162.631

REVIEW OF OPERATIONS

By the Grace of Almighty Allah, during the first quarter under review, sales of the Company registered a growth of 24.79 % over last corresponding period. Net profit after tax improved marginally because of more increase in operating and finance costs of the Company as compared to sales.

EARNING PER SHARE

The earnings per share for the first quarter ended September 30, 2019 is Rs.24.15 per share as compared to Rs.23.57 per share over the last corresponding period.

FUTURE PROSPECTS

Future outlook is challenging as previous devaluations has increased prices of raw material, utilities and finance costs. Abolishing of sales tax zero rating caused various difficulties for the exporters like stuck up of working capital and consequential borrowing cost. The Government needs to revisit its trade policies and relief packages for exporters to make them more competitive in international market. Moreover, cotton price in Pakistan is too high as the crop of 2019-20 is not in good condition due to severe heat and untimely rains which affected both quality and quantity of the crop. Your company aligned sourcing of cotton from other countries. Keeping in view all the hurdles, your company is focusing in exploring new and profitable arenas and maximizing efficiency in production activities by achieving economies of scale to get better results in upcoming periods.

ACKNOWLEDGEMENT

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

FOR AND ON BEHALF OF THE BOARD

Kashif Riaz

Kashif Riaz
CHIEF EXECUTIVE OFFICER

Karachi
Dated: October 30, 2019

سنرین ٹیکسٹائل ملز لمیٹڈ

ڈائریکٹرز رپورٹ سہ ماہی۔ ۳۰ ستمبر ۲۰۱۹

بورڈ آف ڈائریکٹرز اپنی رپورٹ اور اس کے ساتھ سہ ماہی ۳۰ ستمبر ۲۰۱۹ کے مالیاتی گوشوارے (غیر آڈٹ شدہ) بخوشی پیش کرتے ہیں۔
زیر مدت جس کا جائزہ لیا جا رہا ہے آپ کی کمپنی نے شاندار 19.886 کروڑ روپے قبل از ٹیکس منافع کمایا ہے۔
مالی او آپریشنل نتائج:

سہ ماہی۔ ۳۰ ستمبر		000 روپے
2018	2019	تفصیل
1,463,777	1,826,596	فروختگی
295,823	296,187	خام منافع
0.688	0.500	دیگر آمدن
196,502	198,886	قبل از ٹیکس منافع
(33,871)	(32,284)	ٹیکس
162,631	166,602	بعد از ٹیکس منافع

آپریشنل تجزیہ
اللہ کے فضل سے زیر مدت جس کا جائزہ لیا جا رہا ہے۔ کمپنی کی فروختگی میں پچھلی اسی مدت کے مقابلے میں 24.79 فیصد اضافہ ہوا۔ بعد از ٹیکس منافع میں معمولی بہتری آئی کیونکہ فروختگی کے مقابلے میں کمپنی کے آپریشنل اور فنانس لاگت میں زیادہ اضافہ ہوا۔

فی حصص آمدن:

فی حصص آمدن سہ ماہی۔ ۳۰ ستمبر ۲۰۱۹ ختم ہونے پر 24.15 روپے ہے، جبکہ پچھلی اسی مدت میں یہ 23.57 روپے تھی۔
مستقبل کی صورت حال:

ستقبل کے حالات مشکل ہیں۔ روپے کی قدر میں گزشتہ کی نے خام مال، بلیوں کی ادائیگی اور مالی اخراجات کی قیمتوں میں اضافہ کیا ہے۔ سٹریٹجک زیرو ریورٹنگ کی سہولت ختم کر دیے جانے کی وجہ سے برآمد کنندگان کو مختلف مشکلات کا سامنا کرنا پڑا جیسے گروتھی سرمائے کا پھنس جانا اور ادھار لاگت میں اضافہ ہے۔ برآمد کنندگان کو بین الاقوامی مارکیٹ میں زیادہ مقابلہ کرنے کے لیے حکومت کو اپنی تجارتی پالیسیوں اور ریٹیف پروڈارہ نظر ثانی کی ضرورت ہے۔ مزید یہ کہ پاکستان میں روٹی کی قیمت بہت زیادہ ہے۔ شدید گرمی اور بے وقت بارشوں کی وجہ سے اس سال 2019-20 میں فصل کی پیداوار اچھی نہیں ہے جس کی وجہ سے کپاس کی فصل کی مقدار اور کوالٹی دونوں پر اثر پڑا ہے۔ آپ کی کمپنی نے کپاس دوسرے ممالک سے خریدنے کا انتظام کیا ہے۔ تمام رکاوٹوں کے کو مد نظر رکھتے ہوئے آپ کی کمپنی کی توجہ منافع بخش مارکیٹس کی تلاش پر مرکوز ہے۔ اور آنے والی مدت میں بہترین نتائج حاصل کرنے کے لیے پیداواری سرگرمیوں کی کارکردگی کو بہتر کرنا ہے۔
اظہار تشکر:-

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

بورڈ آف ڈائریکٹرز کی جانب سے

کاشف ریاض
چیف ایگزیکٹو آفیسر

30 اکتوبر 2019


**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019**

<i>ASSETS</i>	<i>Note</i>	Sep. 30, 2019 Rupees (000)	June. 30, 2019 Rupees (000)
<i>Non-current assets</i>			
Property, plant and equipment		1,818,247	1,847,553
Investment property		2,342	2,342
Long term deposits		6,991	6,991
		1,827,580	1,856,886
<i>Current assets</i>			
Stores and spares		77,616	80,501
Stock in trade		1,541,965	1,765,711
Trade debts		579,041	1,886,385
Loans and advances		114,025	101,685
Trade deposits and short term prepayments		6,530	6,435
Other receivables		26,851	26,874
Short term investments		238,440	112,844
Sales tax refundable		93,187	51,872
Income tax refundable		79,736	79,736
Cash and bank balances		72,971	73,497
		2,830,362	4,185,540
Total assets		4,657,942	6,042,426
<i>EQUITY AND LIABILITIES</i>			
<i>Share capital and reserves</i>			
Issued, subscribed and paid-up capital		69,000	69,000
Share premium		3,600	3,600
Surplus on revaluation of property, plant and equipment		328,682	333,981
General Reserves		750,000	750,000
Unappropriated profit		2,038,948	2,039,548
		3,190,230	3,196,129
<i>Non-current liabilities</i>			
Long term financing		793,391	827,705
Deferred liabilities		73,699	70,237
		867,090	897,942
<i>Current liabilities</i>			
Trade and other payables		431,335	380,532
Accrued markup		9,434	27,270
Short term borrowings		44,594	1,478,636
Current portion of long term financing		41,701	14,774
Unclaimed dividend		41,273	11,901
Provision for taxation		32,284	35,245
		600,621	1,948,356
Contingencies and commitments	3	-	-
Total equity and liabilities		4,657,942	6,042,426

The annexed notes from 1 to 8 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

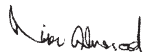
CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS (UNAUDITED)
For The First Quarter Ended September 30, 2019

	<i>Note</i>	Sep. 30 2019	Sep. 30 2018
		----- Rupees ----- (000)	(000)
Sales-net		1,826,596	1,463,777
Cost of sales	6	(1,530,409)	(1,167,954)
Gross profit		296,187	295,823
Profit on other operations		-	755
		296,187	296,578
Distribution cost		(22,853)	(15,263)
Administrative expenses		(35,448)	(35,377)
Other expenses		(18,272)	(10,492)
Finance cost		(21,228)	(39,632)
Other income		500	688
		(97,301)	(100,076)
Profit before taxation		198,886	196,502
Taxation		(32,284)	(33,871)
Profit for the year		166,602	162,631
<i>Earnings per share - basic and diluted</i>		24.15	23.57

The annexed notes from 1 to 8 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
For The First Quarter Ended September 30, 2019

	<i>Note</i>	<i>2019</i> ----- <i>Rupees</i> ----- <i>(000)</i>	<i>2018</i> ----- <i>(000)</i>
Profit for the year		166,602	162,631
Other comprehensive income - net of tax			
Remeasurement of defined benefit obligation - gratuity		-	-
Related deferred tax		-	-
Total comprehensive income for the year		166,602	162,631

The annexed notes from 1 to 8 form an integral part of these financial statements.


 Shabbir Kausar
 Chief Financial Officer


 Kashif Riaz
 Chief Executive


 Mian Riaz Ahmed
 Chairman

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For The First Quarter Ended September 30, 2019

	Capital reserve		Revenue reserves		Total
	Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit	
Balance as at June 30, 2018 - restated	69,000	3,600	278,596	1,604,304	2,705,500
Comprehensive income for the year	-	-	-	-	471,778
Profit for the year	-	-	81,602	(651)	80,951
Other comprehensive loss	-	-	81,602	471,127	552,729
Total comprehensive income for the year	-	-	-	(62,100)	(62,100)
Transactions with owners	-	-	-	-	-
Annual dividend for the year ended June 30, 2018 @ Rs. 9 per share	-	-	(19,399)	19,399	-
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	-	-	-
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of assets (net of deferred tax)	-	-	(6,819)	6,819	-
Balance as at June 30, 2019	69,000	3,600	333,981	2,039,548	3,196,129
Comprehensive income for the year	-	-	-	-	166,602
Profit for the year	-	-	-	-	166,602
Other comprehensive loss	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	166,602
Transactions with owners	-	-	-	-	(172,500)
Annual dividend for the year ended June 30, 2019 @ Rs. 25 per share	-	-	-	-	(172,500)
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	(5,298)	5,298	-
Balance as at Sep 30, 2019	69,000	3,600	328,682	2,038,948	3,190,230

Balance as at June 30, 2018 - restated
Comprehensive income for the year

Profit for the year

Other comprehensive loss

Total comprehensive income for the year

Transactions with owners

Annual dividend for the year ended June 30, 2018 @ Rs. 9 per share
 Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation
 Transfer from surplus on revaluation of property, plant and equipment on account of disposal of assets (net of deferred tax)

Balance as at June 30, 2019

Comprehensive income for the year

Profit for the year

Other comprehensive loss

Total comprehensive income for the year

Transactions with owners

Annual dividend for the year ended June 30, 2019 @ Rs. 25 per share
 Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment

Balance as at Sep 30, 2019

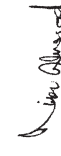
The annexed notes from 1 to 8 form an integral part of these financial statements.



Shabbir Kausar
 Chief Financial Officer



Kashif Riaz
 Chief Executive



Mian Riaz Ahmed
 Chairman

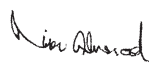
**CONDENSED INTERIM STATEMENT OF CASH FLOW STATEMENT (UNAUDITED)
FOR THE FIRST QUARTER ENDED SEPTEMBER 30, 2019**

	<u>2019</u>	<i>Rupees</i>	<u>2018</u>
	(000)		(000)
A. CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation	198,886		196,502
Adjustments for:			
Depreciation on property, plant and equipment	42,406		35,188
Unrealized loss/gain) on re-measurement of other financial assets-net	7,804		188
Realized gain on disposal of other financial assets-net	(214)		(285)
Provision for staff retirement benefits - gratuity	5,287		4,347
Finance cost	21,228		39,632
Operating cash flows before changes in working capital	76,511		79,070
Changes in working capital			
<i>(Increase) / decrease in current assets</i>			
Stores and spares	2,886		(3,026)
Stock in trade	223,746		91,694
Trade debts	1,307,344		452,358
Loans and advances (excluding advance income tax)	(14,071)		9,598
Trade deposits and short term prepayments	(95)		(74)
Sales tax refundable	(41,315)		(10,478)
Other receivables	23		5,195
<i>Increase in current liabilities</i>			
Trade and other payables	50,802		18,447
	1,529,320		563,714
Cash (used in) operations	1,804,717		839,286
Finance cost paid	(39,063)		(40,582)
Staff retirement benefits - gratuity paid	(1,824)		(1,994)
Income taxes paid/adjusted	(33,513)		(22,208)
Net cash (used in) operating activities	1,730,317		774,502
B. CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to property, plant and equipment	(13,100)		(28,045)
Payment for purchase of short term investments	(583,400)		(19,794)
Proceeds from disposal of short term investments	450,214		5,317
Net cash generated from / (used in) investing activities	(146,286)		(42,522)
C. CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	-		-
Repayment long term financing	(7,387)		
Short term borrowings - net	(1,434,042)		(715,247)
Dividends paid	(143,128)		-
Net cash generated from financing activities	(1,584,557)		(715,247)
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(526)		16,733
Cash and cash equivalents at beginning of the year	73,497		51,247
Cash and cash equivalents at end of the year	72,971		67,980

The annexed notes from 1 to 8 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENT
(UNAUDITED)
For The First Quarter Ended September 30, 2019**

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 repealed Companies Ordinance, 1984 (Now Companies Act 2017) and its shares are quoted on the Pakistan Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The registered office of the Company is situated at Office no. 508, 5th floor, Beaumont Plaza, Beaumont Road, Civil Lines Quarters, Karachi. The area of the mill is 114 kanals and 10 marlas, and is located at Khanpur Shumali khewat no. 359, District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These condensed interim financial statements of the company for the 1st quarter ended 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 (IFRSs) 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 IFRSs, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Functional and presentation currency

The condensed interim financial statements are presented in Pakistani Rupees, which is the Company's functional and presentation currency.

2.3 Significant accounting estimates and judgments

The preparation of condensed interim 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 estimates 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 plant and machinery and fair value of investment property;
- staff retirement benefits;
- net realizable value of stock-in-trade.

2.4 Basis of preparation

These condensed interim financial statements have been prepared under the "historical cost convention" except staff retirement gratuity carried at present value. These condensed interim financial statements do not include all the information required for complete set of financial statements and should be read in conjunction with the Company's published audited financial statements for the year ended June 30, 2019.


3-	CONTINGENCIES AND COMMITMENTS	Sep 30, 2019 Rupees (000)	Sep 30, 2018 Rupees (000)
	CONTINGENCIES		
	Bank/financial institution/insurance guarantees	649,921	247,416
	COMMITMENTS		
	Under letters of credit	6,019	643,925
4-	AGGREGATE TRANSACTION WITH ASSOCIATED UNDERTAKING		
	Sales of goods and services	64,460	61,688
	4.1 These transaction have been carried out on the commercial terms and conditions.		
5-	ACQUISITION OF PROPERTY PLANT AND MACHINERY		
	Acquisition	13,100	28,045
6-	COST OF GOODS SOLD		
	Raw Material	1,108,927	872,592
	Stores and Spares	28,629	13,216
	Packing material	18,621	17,176
	Salaries ,wages and benefits & Doubling Charges	68,970	60,505
	Power and fuel	103,457	117,946
	Insurance	1,800	1,600
	Repair and maintenance	2,167	1,336
	Depreciation	39,752	32,699
	Others	247	208
		1,372,570	1,117,278
	Work in process		
	Opening stock	39,143	30,600
	Closing stock	(34,733)	(29,730)
		<u>4,410</u>	<u>870</u>
	Cost of goods manufactured	1,376,979	1,118,148
	Purchase of yarn	37,713	25,974
	Finished Goods		
	Opening stock	283,366	206,031
	Closing stock	(167,649)	(182,199)
		<u>115,717</u>	<u>23,832</u>
		1,530,409	1,167,954

7- These financial statements were authorised for issue by the Board of Directors of the company on October 30, 2019

8- Figures have been rounded off to the nearest thousand rupee.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive


Mian Riaz Ahmed
Chairman