



SUNRAYS TEXTILE MILLS LIMITED

ANNUAL REPORT
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 & Company
Chartered Accountants Multan.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 28th 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 Monday, October 28, 2019 at 03:45 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the Annual General Meeting held on October 27, 2018.
2. To receive, consider, approve and adopt the audited financial statements of the Company for the financial year ended June 30, 2019, 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, 2020 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 reappointment;
4. To approve the interim cash dividend already paid @250% as final cash dividend for the year ended June 30, 2019.

SPECIAL BUSINESS:

5. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2019 by passing the following resolution with or without modification:
"RESOLVED THAT all related parties transactions carried out by the Company as disclosed in Note No 35 of the Financial Statements of the Company for the year ended June 30, 2019 be and are hereby noted, ratified and approved."
6. To approve potential transactions with related parties intended to be carried out in the financial year 2019 -2020 and to authorize the Board of directors of the Company to carry out such related party transactions at its discretion from time to time, irrespective of the composition of the Board of Directors.

The resolutions to be passed in this respect (with or without modification) as special resolutions are as under:

"RESOLVED THAT in accordance with the policy approved by the Board and subject to such conditions as may be specified from time to time, the Company be and is hereby authorized to carry out transactions with the related parties for the fiscal year 2019-20.

"RESOLVED FURTHER THAT the Board of directors of the Company may, at its discretion, approve specific related party/parties transaction(s) from time to time, irrespective of the composition of the Board, and in accordance with the provisions of related laws/regulations and Company's policy pertaining to related parties transactions till the next Annual General Meeting.

RESOLVED FURTHER THAT all such transactions, as approved by the Board of Directors, shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval."

7. To transact any other business with the permission of the chair.

Karachi

Date; October 07, 2019

By Order of the Board

Ahmed Faheem Niazi

Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed for the period from October 21, 2019 to October 28, 2019 (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, Shakra -e-Iraq, Saddar Karachi. ('Registrar') at the close of business on October 19, 2019 will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2019 will be available at the website of the Company 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
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
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 CZ50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shakra -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 2019 effective July 1, 2019, 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	30%

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 30%. 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.

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. Video Conference Facility

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 _____ in respect of 61st Annual General Meeting of the Company.

Signature of Member"

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

Statement under Section 134 (3) of the Companies Act, 2017

This statement sets out the material facts concerning the special business to be transacted at the 28th Annual General Meeting of the Company to be held at **Indus Dyeing & Manufacturing Company Limited**, Plot No. 3 & 7, Sector No. 25, Korangi Industrial Area, Karachi

Explanation on Agenda Item No. 5 & 6

The related parties transactions carried out in normal course of business with associated companies and related parties were being approved by the Board of Directors as recommended by the Audit Committee on quarterly basis pursuant to Section 208 of the Companies Act, 2017 and Rule 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. However, the majority of Company Directors were interested in these transactions due to their common directorship and holding of shares in the group companies, the quorum of directors could not be formed for approval of these transactions pursuant to Section 207 of the Companies Act, 2017 and therefore, these transactions have to be approved by the shareholders in General Meeting as a special resolution in terms of section 208 of the said Act.

The transactions with related parties carried out during the fiscal year 2018 -2019 to be ratified as disclosed in Note No 35 of the Financial Statements of the Company for the year ended June 30, 2019

Since related party transactions are an ongoing process and a restriction to carry out business with related parties merely due to absence of valid quorum would adversely affect the business of the Company. Therefore shareholders are being approached to grant the broad approval for such transactions to be entered into by the Company, from time to time, at the discretion of the Board (and irrespective of its composition). The Company shall comply with its policy pertaining to transactions with related parties as stated above to ensure that the same continue to be carried out in a fair and transparent manner and on an arm's length basis. This would also ensure compliance with the Section 208(1) of the Companies Act, 2017 of which requires that shareholders' approval shall be required where the majority directors are interested in any related party transactions and regulation 4 of the Companies (Related Party Transactions and Maintenance of Related Records) Regulations, 2018 which sets out the conditions for transactions with related parties to be characterized as "arm's length transactions" and states that the parties to the transaction must be unrelated in any way.

Further; it is not possible for the Company or the directors to accurately predict the nature of the related party transaction(s) or the specific related party(ies) with which the transaction(s) shall be carried out. In view of the same and In order to ensure smooth supply during the year, the Company seeks the broad approval of the shareholders that the Board may cause the Company to enter into transactions with related party / parties from time to time in its wisdom and in accordance with the policy of the Company for the fiscal year 2019-20.

All such transactions will be clearly stipulated at the end of the next financial year in the company's Annual Report. In addition to this all such transactions shall also be placed before the shareholders in the next General Meeting for their approval/ ratification.

The Directors are interested in these resolutions to the extent of their common directorship and shareholding in the associated companies.

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

FOR THE YEAR ENDED JUNE 30, 2019

This is my pleasure to report, that in 2019 the Company achieved good financial results showing improvements in sales, profits, and control in business costs. The company excellently delivered the set operating targets during the year with notable success in the overseas markets.

The success of the company relies upon the strong strategic approach and adherence to global quality standards. Our focus on the operational excellence, customer satisfaction, and talent management has helped to achieve the key financial milestone in the year. Not only this, but it has further strengthened our long-term strategic position.

Review of Board Performance

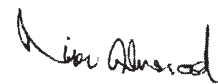
I would like to appreciate the Board who have maintained their commitment towards highest standards of corporate governance and brought outstanding returns for the shareholders even in the challenging business environment. The Board continuously monitored the compliance with the legal and ethical responsibilities while maintaining the growth and stability of the business. I would like to express my gratitude for the hard work and dedication of the board that they extended in managing the business operations.

During the year the Board closely managed the performance of its sub - committees and coordinated with effective and timely meetings during the year. Not only this, the Board members complied with the internal policies that enriched the business strategy of the company.

Review of the Company Performance

Even in the time of rising costs of doing business, the company managed to deliver the strong balance sheet depicting stable short term and long-term financial position. With regards to revenues the company achieved 23% growth, while the after tax earning of the company increased by 67% during the year under review.

I would like to end by thanking all the Board members who have played a key role in ensuring that the Company objectives are not only met, but also exceeded expectations of all the stakeholders of the Company.



Chairman

Mian Riaz Ahmed

Dated: October 07, 2019

DIRECTOR'S REPORT

For the Year Ended June 30th, 2019

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 30th, 2019 before the Twenty Eighth Annual General Meeting of the Company.

COMPOSITION OF BOARD

The composition of the Board is in compliance with the requirements of the Code of Corporate Governance regulations, 2017 applicable on listed entities which is given below:

Total number of Directors		
a.	Male	11
b.	Female	0
Composition		
I.	Independent Director	3
II.	Executive Director	2
III.	Non - Executive Director	6

The names of the directors as at June 30, 2019 are as follows

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

Financial and operational results

The Company earned pretax profit of Rs. 474.979 (M) for the year ended June 30, 2019.

	<u>2019</u>	<u>2018</u>
	Rs.000	Rs.000
Highlights:		
Pretax profit for the period	474,979	278,908
Taxation	(3,201)	2,977
Profit after taxation	471,778	281,885
Deferred tax and others	(651)	(3,484)
Un-appropriated profit brought forward	1,604,304	1,323,932
Annual dividend for the year ended June 30, 2017	-	(27,600)-
Annual dividend for the year ended June 30, 2018	(62,100)	-
Profit available for appropriations	2,013,331	1,574,733
Transfer from surplus on revaluation of fixed assets	26,217	29,571
Un-appropriated profit carried forward	2,039,548	1,604,304

The earnings per share is Rs. 68.37 (Par value Rs. 10/= per share) (2018:Rs.40.85)

DIVIDEND

The Board of Director in their meeting held on August 19, 2019 announced an interim cash dividend @ 250% i.e. Rs.25/- per share as final cash dividend for the year ended 30th June 2019.

BUSINESS OVERVIEW

It's my pleasure to report that your company's performance during the year under review was excellent. Yours Company earned pre-tax profit Rs. 474.979(M) as compared to Rs.278.908(M) for the last corresponding year. Sales during the year was Rs.6.085 Billion (2018 : Rs. 4.952 billion) against total cost of sales of Rs. 5.120 billion(2018 : Rs.4.315 billion) resulting in a gross profit of Rs.965.314 million (2018 :Rs.636.983 million).

By the Grace of ALMIGHTY ALLAH, Company performed exceptionally well with growth in sales and profitability. The company's sales grew by 22.88% and contributed handsome margins and increased profitability. During the year Rs. 435.893 (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 we re used to finance this program .

FUTURE OUTLOOK

The future outlook is challenging as the recent devaluation in June 2019 has further increased prices of raw material, utilities and financial costs. The textile sector in which we operate is very competitive globally and locally and the USA/China trade war slowed down the economic growth. Abolishing of sales tax zero rating facility from July 2019 caused various difficulties for the exporters like stuck up of working capital and borrowing cost. Further, textile exporters are deeply concerned over stuck up rebates, sales tax and income tax refunds. Moreover, cotton price in Pakistan is too high if it may be compared to regional cotton producers like India owing to the fact that Pakistan lags behind cotton production targets each year. Crop in this year 2019 -20 is not in good condition due to severe heat and untimely rains which affected both quality and quantity of the cotton crop. We are apprehensive that production targets of cotton crop will be difficult to achieve, but your Company aligned sourcing of cotton from other countries. Quick and direct initiatives by the Government are required to make the textile industry sustainable by supplying energy at reduced rates and implementation of textile package in true spirit. The Government also needs to revisit its trade policies and relief packages for exporters to make the exporters more competitive in international market. 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.

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 party transactions have been provided in Note 35 of the annexed financial statements for the year ended June 30, 2019.

CORPORATE GOVERNANCE, FINANCIAL REPORTING AND INTERNAL CONTROL SYSTEM

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 years is annexed.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30th 2019 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.

BOARD & SUB COMMITTEE MEETINGS

Four (4), Five (5), and two (2) meetings of Board of Directors, Audit Committee and HR & Remuneration committee were respectively held during the year. Attendance by the directors/members is given below

Name of Directors	Executive/ Non Executive	Board of Directors	Audit Committee	HR &R
		Attended	Attended	Attended
Mian Riaz Ahmed	Non-Executive	2		
Mr. Shahzad Ahmed	Non-Executive	4		
Mr. Naveed Ahmed	Non-Executive	4	4	
Mr. Irfan Ahmed	Non-Executive	4		2
Mr. Imran Ahmed*	Non-Executive	3	1	
Mr. Kashif Riaz	Executive	4		
Mr. Shafqat Masood	Executive	4	4	
Mr. Shahwaiz Ahmed	Non-Executive	4		2
Mr. Sheikh Nishat Ahmed**	Non-Executive	4	5	2
Mr. Faisal Hanif*	Non-Executive	4	1	
Mian Masud Ahmed*	Non-Executive	4		

Audit Committee members are changed from March 01, 2019 Mr. Imran Ahmed and Mr. Faisal Hanif member of Audit Committee instead of Mr. Naveed Ahmed and Mr. Shafqat Masood.

DIRECTORS REMUNERATION

The directors have a formal remuneration policy for its directors (Executive/Non - Executive) duly approved by the Board of Directors. The policy has been designed as a component of HR strategy and 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

APPOINTMENT OF AUDITORS

Messer's Deloitte Yousaf Adil, Chartered Accountant, (Deloitte) member firm of Deloitte Touché Tohmatsu Limited, a reputable Chartered Accountants Firm completed its tenure of appointment with the company and being eligible has offered its services for another term. The Board of Directors of Company, based on the recommendation of the audit committee of the board, has proposed Deloitte for reappointment as auditors of the company for the ensuing year.

AUDIT COMMITTEE

The Board of Directors constituted a fully functional Audit Committee comprising three members, one is Independent Director and two are non-executive Director. The terms of reference of the committee, inter alia, consists of ensuring transparent internal audits, accounting and control systems, adequate reporting structure as well as determining appropriate measure to safeguard the Company's assets.

PATTERN OF SHARE HOLDING

The pattern of share holding as at June 30th, 2019 as required under the Companies Act 2017, and the code of Corporate Governance, is annexed to this report.

INTERNAL AUDIT FUNCTION

The board have setup efficient and energetic internal control system with operational, financial and compliance controls to carry on the business of the company. Internal audit findings are reviewed by the Audit Committee, and where necessary, action is taken in the basis of recommendations contained in the internal audit reports.

WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company <http://indusgroup.com> 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.

On Behalf of the board of Directors



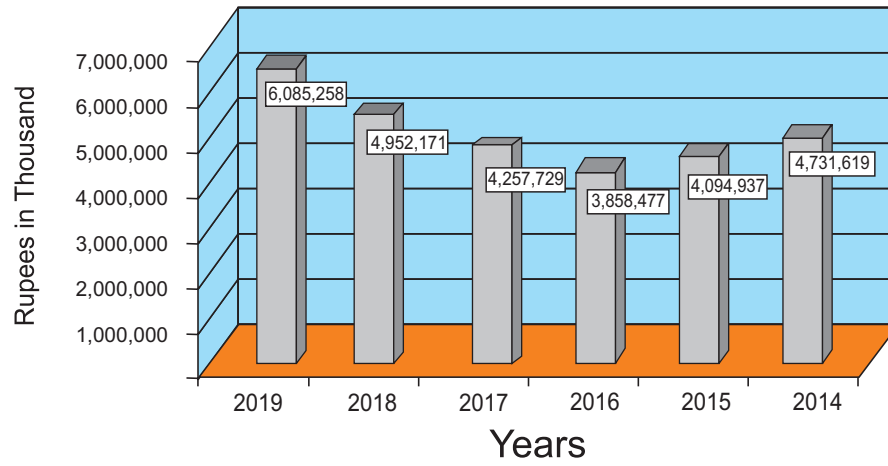
Kashif Riaz

Chief Executive Officer

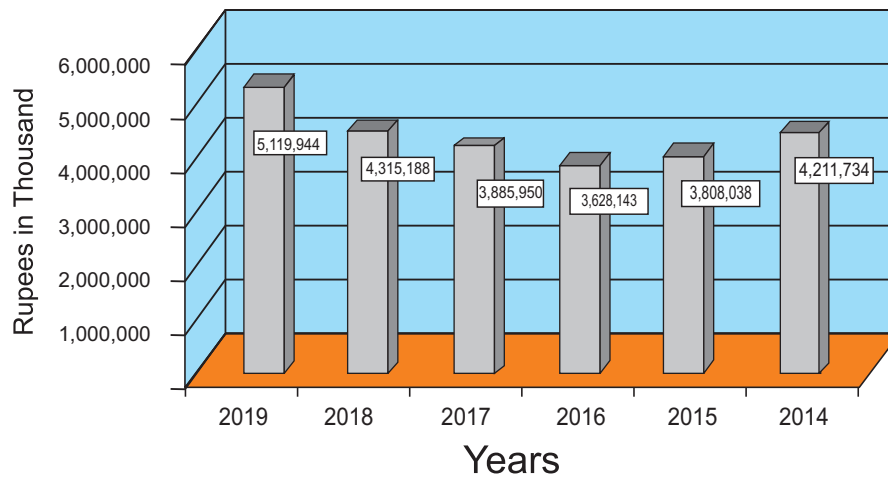
Karachi

Dated: October 07, 2019

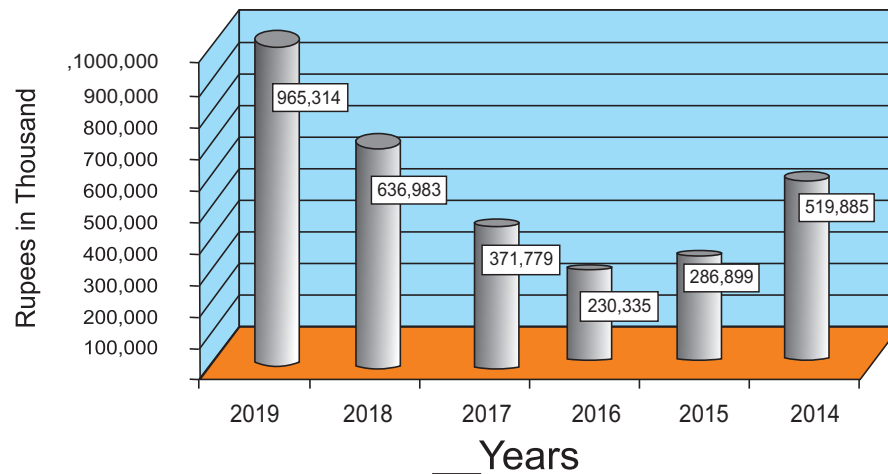
Sales



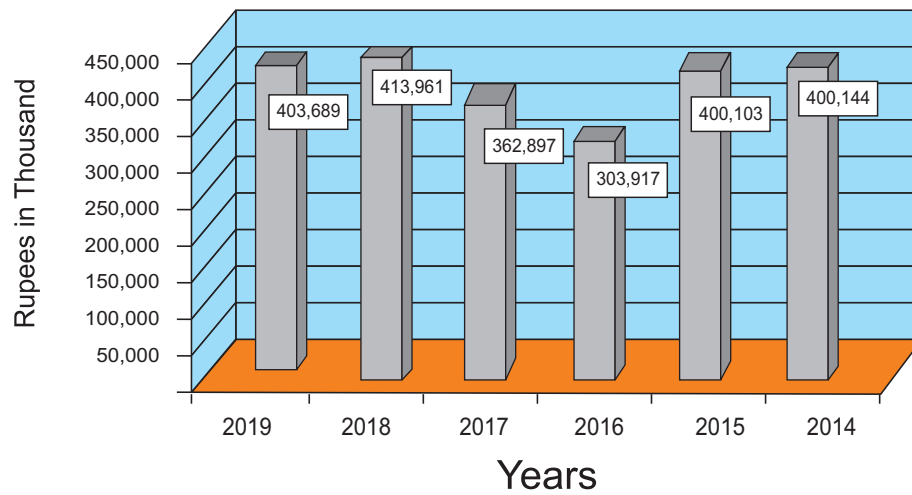
Cost Of Goods Sold



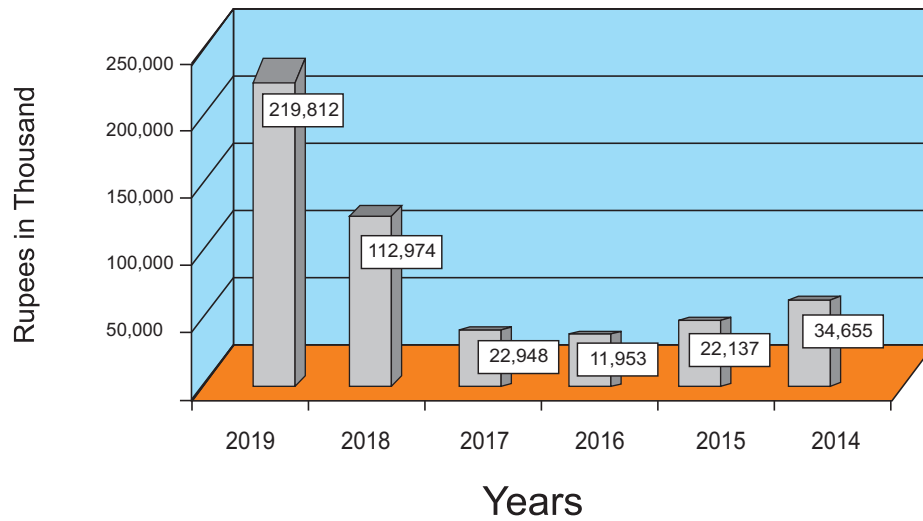
Gross Profit



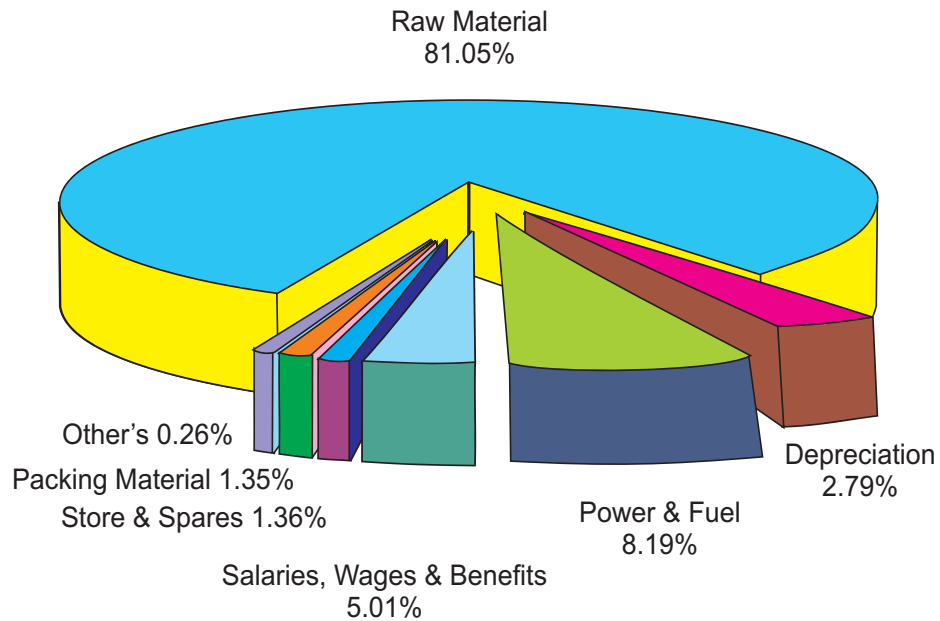
Power and Fuel Charges



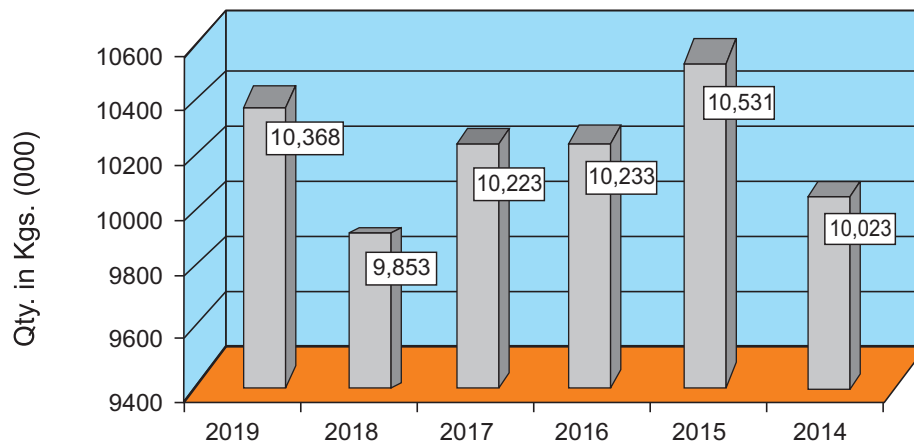
Financial Charges



Manufacturing Cost



Production in 20/S Count



SIX YEAR KEY OPERATING AND FINANCIAL DATA FROM 2014 TO 2019 (Rupees in 000)

	2019	2018	2017	2016	2015	2014
OPERATING DATA						
Sales	6,085,258	4,952,171	4,257,729	3,858,477	4,094,937	4,731,619
Cost of Goods Sold	5,119,944	4,315,188	3,885,950	3,628,143	3,808,038	4,211,734
Gross Profit	965,314	636,983	371,779	230,335	286,899	519,885
Profit Before Taxation	474,979	278,908	191,387	77,445	119,231	310,808
Profit After Taxation	471,778	281,885	141,738	33,704	66,624	284,279
FINANCIAL DATA						
Paid Up Capital	69,000	69,000	69,000	69,000	69,000	69,000
Fixed Assets	1,769,886	1,508,584	1,185,010	1,170,645	1,074,830	1,125,457
Current Assets	4,185,540	4,184,174	2,859,534	2,278,545	1,753,844	2,446,464
Current Liabilities	1,948,356	2,398,481	1,500,404	999,157	423,167	1,045,447
KEY RATIOS						
Gross Margin	15.86%	12.86%	8.73%	5.97%	7.01%	10.99%
Net Profit	7.75%	5.69%	3.33%	0.87%	1.63%	6.01%
Current Ratio	2.15	1.74	1.91	2.28	4.14	2.34
Earning Per Share(Rupees)	68.37	40.85	20.92	5.47	10.95	41.2
Cash Dividend						
STATISTICS						
Number Of Spindle	33468	32994	34912	34405	34526	35093
Production in to 20/S Count(in 000 Kgs)	10368	9853	10223	10233	10531	10023

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017
FOR THE YEAR ENDED JUNE 30, 2019**

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

1. The total number of directors are 10 as per follows;

- a) Male 11
b) Female -

2. The composition of Board is as followed;

Category	Names
Independent Director	Mr. Sheikh Nishat Ahmed Mr. Masood Ahmed Mr. Faisal Hanif
Executive Directors	Mr. Kashif Riaz Mr. Sheikh Shafqat Masood
Non-Executive Directors	Mian Shahzad Ahmed Mr. Naveed Ahmed Mr. Shahwaiz Ahmed Mr. Riaz Ahmed Mian Imran Ahmed Mr. Irfan 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 programor has obtained the certificate.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 employmentand complied with relevant requirements of the Regulations.

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. Imran Ahmed Mr. Faisal Hanif

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 5meetings including 4Quarterly meetings

b) HR and Remuneration Committee 2 Annual meeting

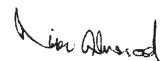
15. The board has set up an effective internal audit function. The staff of Internal Audit Function is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.

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 no female director has been appointed by the board of directors as per the required regulations.

On behalf of the Board of Directors



Mian Riaz Ahmed
Chairman

Date: October 07, 2019

INDEPENDENT AUDITOR'S 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, 2019 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, 2019.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where this is stated in the Statement of Compliance:

Sr #	Paragraph reference	Description
1	7	No female director has been appointed by the board of directors as per the required regulations.



Chartered Accountants

Place : MULTAN

Date: October 07, 2019

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, 2019, 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, 2019 and of the profit and its comprehensive income, 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
1. Revenue Recognition <p>The Company's sales comprise of revenue from local and export sale of yarn which has been disclosed in note 22 to the financial statements.</p> <p>Revenue from the sale is recognized, when control of goods is transferred to the customer and the performance obligation is satisfied i.e. on dispatch of goods (note 4.13).</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 control 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 to address the Key Audit Matter included the following:</p> <ul style="list-style-type: none"> Obtained an understanding of and assessing the design and implementation and operating effectiveness of controls around recognition of revenue; Assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; Checked on a sample basis whether the recorded sales transactions are based on transfer of goods to the customer, satisfying the performance obligation and were recorded in the appropriate accounting period. Assessed the adequacy of disclosure in the financial statements.

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.

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

Place : MULTAN

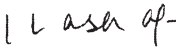
Date: October 07, 2019


STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2019

		2019	2018
	Note	----- Rupees -----	
ASSETS			
Non-current assets			
Property, plant and equipment	5	1,847,552,707	1,499,250,391
Investment property	6	2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200
		1,856,885,962	1,508,583,646
Current assets			
Stores and spares	7	80,501,483	79,576,616
Stock in trade	8	1,765,710,978	2,280,014,689
Trade debts	9	1,886,384,813	1,364,392,085
Loans and advances	10	101,685,107	114,231,799
Trade deposits and short term prepayments	11	6,434,913	6,257,107
Other receivables		26,873,566	93,803,831
Short term investments	12	112,844,221	118,866,830
Sales tax refundable		51,871,768	45,992,819
Income tax refundable		79,736,415	19,809,573
Cash and bank balances	13	73,497,191	61,228,414
		4,185,540,455	4,184,173,763
Total assets		6,042,426,417	5,692,757,409
EQUITY AND LIABILITIES			
Share capital and reserves			
Issued, subscribed and paid-up capital	14	69,000,000	69,000,000
Share premium		3,600,000	3,600,000
Surplus on revaluation of property, plant and equipment	15	333,980,558	278,595,889
General reserves		750,000,000	750,000,000
Unappropriated profit		2,039,548,036	1,604,303,678
		3,196,128,594	2,705,499,567
Non-current liabilities			
Long term financing	16	827,705,100	494,501,195
Deferred liabilities	17	70,236,555	94,276,037
		897,941,655	588,777,232
Current liabilities			
Trade and other payables	18	380,532,419	330,775,055
Accrued markup	19	27,269,544	21,881,247
Short term borrowings	20	1,478,635,527	2,027,807,023
Current portion of long term financing	16	14,773,530	7,386,765
Unclaimed dividend		11,900,626	10,630,520
Provision for taxation		35,244,522	-
		1,948,356,168	2,398,480,610
Contingencies and commitments	21		
Total equity and liabilities		6,042,426,417	5,692,757,409

The annexed notes from 1 to 43 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive Officer



Mian Riaz Ahmed
Chairman


STATEMENT OF PROFIT AND LOSS FOR FOR THE YEAR ENDED JUNE 30, 2019

		2019	2018
	<i>Note</i>	----- Rupees -----	
Sales-net	22	6,085,258,332	4,952,171,188
Cost of sales	23	(5,119,943,861)	(4,315,187,852)
Gross profit		965,314,471	636,983,336
Loss on other operations	24	(907,091)	(4,381,783)
		964,407,380	632,601,553
Distribution cost	25	(78,883,916)	(66,578,969)
Administrative expenses	26	(140,618,058)	(132,356,460)
Other expenses	27	(66,161,529)	(52,887,094)
Finance cost	28	(219,811,517)	(112,974,467)
Other income	29	16,046,441	11,103,648
		(489,428,579)	(353,693,342)
Profit before taxation		474,978,801	278,908,211
Taxation	30	(3,201,179)	2,976,451
Profit for the year		471,777,622	281,884,662
Earnings per share - basic and diluted	31	68.37	40.85

The annexed notes from 1 to 43 form an integral part of these financial statements.


 Shabbir Kausar
 Chief Financial Officer


 Kashif Riaz
 Chief Executive Officer



 Mian Riaz Ahmed
 Chairman


STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	<i>Note</i>	<i>2019</i> ----- <i>Rupees</i> -----	<i>2018</i> ----- <i>Rupees</i> -----
Profit for the year		471,777,622	281,884,662
Other comprehensive income - net of tax			
Remeasurement of defined benefit obligation - gratuity	17.2	(650,770)	(3,484,170)
Surplus on revaluation of property, plant and equipment	15.1	81,602,175	-
Total comprehensive income for the year		<u><u>552,729,027</u></u>	<u><u>278,400,492</u></u>

The annexed notes from 1 to 43 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive Officer


Mian Riaz Ahmed
Chairman

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Share capital	Capital reserves		Revenue reserves		Total
		Share premium	Surplus on revaluation of fixed assets	General reserve	Unappropriated profit	
Balance at June 30, 2017	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)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(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
Comprehensive income for the year						
Profit for the year	-	-	-	-	471,777,622	471,777,622
Other comprehensive loss	-	-	81,602,175	-	(650,770)	80,951,405
Total comprehensive income for the year	-	-	81,602,175	-	471,126,852	552,729,027
Transactions with owners						
Annual dividend for the year ended June 30, 2018 @ Rs. 4 per share	-	-	-	-	(62,100,000)	(62,100,000)
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation	-	-	(19,398,895)	-	19,398,895	-
Transfer from surplus on revaluation of property, plant and equipment on account of disposal of assets (net of deferred tax)	-	-	(6,818,611)	-	6,818,611	-
Balance as at June 30, 2019	69,000,000	3,600,000	333,980,558	750,000,000	2,039,548,036	3,196,128,594

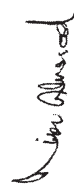
The annexed notes from 1 to 43 form an integral part of these financial statements.



Shabbir Kausar
Chief Financial Officer



Kashif Riaz
Chief Executive Officer




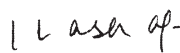
Mian Riaz Ahmed
Chairman

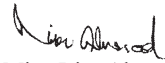
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2019

	2019	2018
	----- Rupees -----	
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	474,978,801	278,908,211
Adjustments for:		
Depreciation on property, plant and equipment	148,558,603	129,600,022
Unrealized loss on re-measurement of other financial assets-net	40,887,501	24,190,281
Realized gain on disposal of other financial assets-net	(1,612,733)	(6,793,628)
Provision for staff retirement benefits - gratuity	19,851,155	14,588,294
(Gain) / loss on sale of property, plant and equipment- net	(416,752)	6,401,174
Allowance for expected credit losses	-	178,757
Dividend income	(6,065,136)	(3,921,726)
Interest income	(689,117)	(386,401)
Finance cost	219,811,518	112,974,467
Operating cash flows before changes in working capital	895,303,840	555,739,451
Changes in working capital		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	(924,867)	3,802,205
Stock in trade	514,303,711	(1,063,412,074)
Trade debts	(521,992,728)	(1,060,184,808)
Loans and advances (excluding advance income tax)	19,658,604	(26,167,864)
Trade deposits and short term prepayments	(177,806)	(711,115)
Sales tax refundable	(5,878,949)	13,332,432
Income tax refundable	(59,926,842)	12,012,262
Other receivables	66,930,265	(56,782,434)
<i>Increase in current liabilities</i>	49,757,364	81,700,995
Trade and other payables	61,748,752	(2,096,410,401)
Cash generated from / (used in) operations	957,052,592	(1,540,670,950)
Finance cost paid	(214,423,221)	(97,137,997)
Staff retirement benefits - gratuity paid	(10,942,306)	(10,260,460)
Income taxes paid	(8,667,670)	(50,179,180)
Net cash generated from / (used in) operating activities	723,019,395	(1,698,248,587)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property, plant and equipment	(435,893,351)	(473,705,508)
Proceeds from disposal of property, plant and equipment	21,051,359	14,130,336
Payment for purchase of short term investments	(52,850,028)	(568,364,217)
Proceeds from disposal of short term investments	19,597,869	1,439,908,826
Dividend income	6,065,136	3,921,726
Interest income	689,117	386,401
Net cash (used in) / generated from investing activities	(441,339,898)	416,277,564
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from long term financing	340,590,670	501,887,960
Short term borrowings - net	(549,171,496)	837,317,474
Dividends paid	(60,829,894)	(30,983,341)
Net cash (used in) / generated from financing activities	(269,410,720)	1,308,222,093
Net increase in cash and cash equivalents (A+B+C)	12,268,777	26,251,070
Cash and cash equivalents at beginning of the year	61,228,414	34,977,344
Cash and cash equivalents at end of the year	73,497,191	61,228,414

The annexed notes from 1 to 43 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive Officer


Mian Riaz Ahmed
Chairman

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 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 Company is also operating ginning units and ice factories under leasing arrangements. 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 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 (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 Basis of measurement

These financial statements have been prepared under historical cost convention except indicated in note 4.1, 4.4, 4.6 and

2.3 Functional and presentation currency

The financial statements are presented in Pakistani 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 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;
- allowance for expected credit losses;
- 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.

3. STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING THE YEAR

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

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

- 3.1.1** The following standards, amendments and interpretations are effective for the year ended June 30, 2019.

Standards or Interpretations with no significant impact	Effective from accounting period beginning on or after:
Amendments to IFRS 2 'Share-based Payment' - Clarification on the classification and measurement of share-based payment transactions.	January 01, 2018
IFRS 4 'Insurance Contracts': Amendments regarding the interaction of IFRS 4 and IFRS 9.	January 01, 2018

Amendments to IAS 40 'Investment Property': Clarification on transfers of property to or from investment property. January 01, 2018

'IFRIC 22 'Foreign Currency Transactions and Advance Consideration': Provides guidance on transactions where consideration against non-monetary prepaid asset / deferred income is denominated in foreign currency. January 01, 2018

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

- 3.1.2 The following new standards become applicable for the year ended June 30, 2019 which have required changes to the Company's accounting policies:

Standards impacting financial statements

**Effective from accounting period
beginning on or after:**

'IFRS 9 'Financial Instruments' - This standard supersedes IAS 39 Financial Instruments: Recognition and Measurement upon its effective date. July 01, 2018

IFRS 15 'Revenue from contract with customer' - This standard supersedes IAS 18, IAS 11, IFRIC 13, 15 and 18 and SIC 31 upon its effective date. July 01, 2018

The impact of adoption of this new standard is disclosed in note 3.4

3.2 New accounting standards / amendments and IFRS interpretations that are not yet effective

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 the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Standards impacting financial statements

**Effective from accounting period
beginning on or after:**

Amendments to IFRS 3 'Business Combinations' - Amendments regarding the definition of business. January 01, 2020

Amendments to IFRS 9 'Financial Instruments' - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities. January 01, 2019

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' - Sale or contribution of assets between an investor and its associate or joint venture. Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.

IFRS 16 'Leases': This standard will supersede IAS 17 'Leases', IFRIC 4, SIC 15 and SIC 27 upon its effective date. January 01, 2019

Amendments to References to the Conceptual Framework in IFRS January 01, 2020

Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 January 01, 2020

'Accounting Policies, Changes in Accounting Estimates and Errors' - Amendments regarding the definition of material.

Amendments to IAS 19 'Employee Benefits' - Amendments regarding plan amendments, curtailments or settlements. January 01, 2019

Amendments to IAS 28 'Investments in Associates 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. January 01, 2019

IFRIC 23 'Uncertainty over Income Tax Treatments': Clarifies the accounting treatment in relation to determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 'Income Taxes'. January 01, 2019

Management anticipates that these new standards, interpretations and amendments will be adopted in the Company's financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, except as highlighted in previous paragraphs, may have no material impact on the financial statements of the Company in the period of initial application. The management of the Company is still in process of assessing the potential impact of application of IFRS 16 to the Company's financial statements.

- 3.3 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

3.4 Adoption of new accounting standards

The following changes in standards have taken place effective from July 01, 2018:

3.4.1 Impact of IFRS 9 - Financial Instruments

IFRS 9 replaces certain provisions of IAS 39 - "Financial Instruments: Recognition and Measurement" that relate to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Under IFRS 9, the financial instruments, excluding derivatives, are accounted for at amortised cost, fair value through other comprehensive income or fair value through profit or loss depending on the nature of the relevant contractual cash flows and the business model in which these are held.

The adoption of IFRS 9 from July 01, 2018 has resulted in changes in relevant accounting policies and adjustment to the trade debts amount recognised in the financial statements. IFRS 9 requires implementation of a new impairment model based on Expected Credit Losses (ECL), resulting in transition adjustment summarised below. In accordance with the transition provisions of IFRS 9, the Company has followed modified retrospective transitional method, taking into consideration the exemption allowing it not to restate comparative information of prior periods.

Financial Assets	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- Rupees -----				
Trade debts	Loans and receivables	At amortized cost	1,364,392,085	1,364,392,085
Short term investments	Held for trading	At FVTPL	118,866,830	118,866,830
Cash and bank balances	Loans and receivables	At amortized cost	61,228,414	61,228,414
Financial Liabilities	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
----- Rupees -----				
Trade and other payables	At amortized cost	At amortized cost	330,775,055	330,775,055
Long term financing	At amortized cost	At amortized cost	494,501,195	494,501,195
Short term borrowings	At amortized cost	At amortized cost	2,027,807,023	2,027,807,023
Accrued markup	At amortized cost	At amortized cost	21,881,247	21,881,247
Unclaimed dividend	At amortized cost	At amortized cost	10,630,520	10,630,520

The management has concluded that the impact of impairment of these financial assets under IFRS 9 is insignificant for the Company's financial statements of prior year and accordingly no adjustment has been made to the figures reported in previous year. In addition to this, in the current year, ECL working has been performed and its impact is insignificant for the Company's financial statements.

3.4.2 Impact of IFRS-15 - Revenue from Contracts with Customers

IFRS 15 replaced IAS 18 - Revenue, IAS 11 - Construction contracts, IFRIC 13 - Customer Loyalty Programmes, IFRIC 15 - Agreements for the Construction of Real Estate, IFRIC 18 - Transfers of Assets from Customers and SIC 31 - Revenue - Barter Transactions Involving Advertising Services. IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers and focuses on the identification of performance obligations in a contract and requires revenue to be recognised when or as those performance obligations in a contract are satisfied. The Company has adopted IFRS 15 by applying the modified retrospective approach according to which the Company is not required to restate the prior year results. However, the adoption of IFRS 15 does not have any impact on the reported revenue of the Company for the year ended June 30, 2019 or June 30, 2018.

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 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 17.1 to these financial statements.

4.2 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 differences.

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.

4.3 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.

4.4 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.

4.5 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 5. In respect of additions and disposals during the year, depreciation is charged from the month of acquisition up to the month preceding the disposal respectively.

Gains / losses on disposal of operating assets, if any, are recognized in profit or 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 or 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.

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.

4.6 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 or loss account.

4.7 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.

4.8 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

- In transit

Work in process

Finished goods

Waste

Weighted average cost

At cost incurred to the balance sheet date.

Average manufacturing cost

Average manufacturing cost

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.

4.9 Trade receivables

Trade debts and other receivables are initially recognised at fair value, which is usually the original invoiced amount and subsequently carried at amortised cost using the effective interest method less allowance for expected credit losses.

4.10 Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that 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 amount and the resulting impairment loss is recognized in profit or 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 assets is increased to the revised recoverable amount but limited to the extent of carrying amount that would have been determined had no impairment loss been recognized in prior periods. Reversal of impairment loss is recognized as income.

4.11 Financial Instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

4.11.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

a) Debt instruments measured at amortised cost

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Amortised cost and effective interest method

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

As at reporting date, the Company carries cash and cash equivalents, trade receivables and sales tax refund bonds at amortized cost.

b) Debt instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments that meet specified conditions and are measured subsequently at fair value through other comprehensive income (FVTOCI).

As at reporting date, the Company does not hold any debt instrument classified as at FVTOCI.

c) Equity instruments designated as at FVTOCI

On initial recognition, the Company may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI.

As at reporting date, the Company does not hold any equity instrument classified as at FVTOCI.

d) Financial assets measured subsequently at fair value through profit or loss (FVTPL)

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

As at reporting date, the Company carries investments in shares of listed companies and units of mutual funds classified as at FVTPL.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on financial assets that are measured at amortised cost or at FVTPL, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables. For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

Definition of default:

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Write-off policy

The Company writes off financial assets when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made against financial assets written-off are recognised in profit or loss.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

4.11.2 Financial liabilities

Subsequent measurement of financial liabilities

Financial liabilities that are not

- contingent consideration of an acquirer in a business combination,
- held-for-trading, or
- designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction

4.11.3 Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

4.11.4 Off setting of financial assets and financial liabilities

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Company has a current legal enforceable right to set off the recognized amount and the Company also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.12 Trade and other payables

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

4.13 Revenue recognition

The Company is in the business of sale of goods. Revenue from contracts with customers is recognised when control of the goods is transferred to the customer and the performance obligation is satisfied under the contract at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company has generally concluded that it is the principal in its revenue arrangements because it typically controls the goods or services before transferring them to the customer.

- Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods.
- Export rebate is recognized on accrual basis at the time of making the export sales.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., right of returns, volume rebates). In determining the transaction price for the sale of goods, the Company considers the effects of variable consideration, the existence of significant financing components, non cash consideration, and consideration payable to the customer (if any).

4.14 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.

4.15 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.

4.16 Borrowings

Loans and borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method. Finance cost is accounted for on an accrual basis and are included in mark-up accrued on loans to the extent of amount remaining unpaid, if any.

4.17 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 ordinary shares.

5. PROPERTY, PLANT AND EQUIPMENT

	Note
Operating assets	5.1
Capital work-in-progress	5.4

2019	2018
Rupees	
1,846,413,281	1,496,666,636
1,139,426	2,583,755
1,847,552,707	1,499,250,391

5.1 Operating assets

Particulars	Cost / revalued amount				Depreciation			Written down value as at June 30	Rate
	Opening	Revaluation adjustment	Additions / (disposal)	Closing	Opening	Depreciation for the year / (on disposal)	Closing		
-----Rupees-----									
Owned									
Freehold land	157,893,052	46,936,448	-	204,829,500	-	-	-	204,829,500	-
Building on freehold land	233,290,761	105,813,970	10,750,760	349,855,491	104,029,725	13,446,486	117,476,211	232,379,280	10%
Plant and machinery	2,008,930,555	(71,148,243)	412,148,070	2,262,265,477	888,069,751	119,966,489	940,104,477	1,322,161,000	10%
			(87,664,905)			(67,931,763)			
Electric installations	69,644,240	-	-	69,644,240	32,270,298	3,737,394	36,007,692	33,636,548	10%
Factory equipments	4,255,496	-	-	4,255,496	2,134,947	212,055	2,347,002	1,908,494	10%
Office equipments	4,708,546	-	-	4,708,546	3,692,900	101,565	3,794,465	914,081	10%
Electric appliances	4,617,405	-	-	4,617,405	2,841,238	177,617	3,018,855	1,598,550	10%
Furniture and fittings	8,158,579	-	1,025,050	9,183,629	5,746,554	331,074	6,077,628	3,106,001	10%
Vehicles	103,969,395	-	13,413,800	112,273,026	60,015,980	10,585,923	66,393,199	45,879,827	20%
			(5,110,169)			(4,208,704)			
2019	2,595,468,029	81,602,175	437,337,680	3,021,632,810	1,098,801,393	148,558,603	1,175,219,529	1,846,413,281	
			(92,775,074)			(72,140,467)			
-----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	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)			

5.2 Disposal of property, plant and equipment of book value exceeding Rs. 500,000

Particulars	Cost	Accumulated Depreciation	Carrying value	Sale proceeds	Gain/(loss)	Mode of Disposal	Relationship	Particulars of buyers
Rupees								
For the year ended 2019								
338 Schlafhorst Auto Coner	10,682,510	8,591,520	2,090,990	2,125,000	34,010	Negotiation	Third party	Naveed Nawaz Textile (Pvt.) Limited
EMJ 168 (480 Spindle Frame)	9,032,444	7,067,992	1,964,452	2,200,000	235,548	Negotiation	Third party	Hassan Spinning Mills Limited
338 Schlafhorst Auto Coner	36,062,740	28,290,172	7,772,568	6,375,000	(1,397,568)	Negotiation	Third party	Naveed Nawaz Textile (Pvt.) Limited
EMJ 168 (480 Spindle Frame)	13,822,323	9,793,001	4,029,322	4,700,000	670,678	Negotiation	Third party	Babri Cotton Mills Limited
EMJ 168 Ring Frame	9,032,444	7,085,690	1,946,754	2,336,364	389,610	Negotiation	Third party	Al Zamin Textile Mills Limited
EMJ 168 Ring Frame	9,032,444	7,103,388	1,929,056	2,200,000	270,944	Negotiation	Third party	Al Zamin Textile Mills Limited
	87,664,905	67,931,763	19,733,142	19,936,364	203,222			
Rupees								
For the year ended 2018								
11 Sets-Chinese Ring Frame	24,839,221	18,654,836	6,184,385	6,380,000	195,615	Negotiation	Third party	Crescent Cotton Mills Limited
3 Sets-Schlaflhorst Auto Coner	30,238,790	25,228,498	5,010,292	4,950,000	(60,292)	Negotiation	Third party	Crescent Cotton Mills Limited
1 Set-Schlaflhorst Auto Coner	9,692,230	8,114,004	1,578,226	1,650,000	71,774	Negotiation	Third party	Crescent Cotton Mills Limited
7 Sets-Zincer Ring Frame	25,425,244	17,911,958	7,513,286	840,336	(6,672,950)	Negotiation	Third party	Sadiq & Sons
	90,195,485	69,909,296	20,286,189	13,820,336	(6,465,853)			

	Note	2019 Rupees	2018
5.3 Depreciation for the year has been allocated as under:			
Cost of goods sold	23	137,362,426	120,031,866
Administrative expenses	26	11,196,177	9,568,156
		148,558,603	129,600,022
5.4 Capital Work in Progress			
Building	5.4.1	1,139,426	2,583,755
		1,139,426	2,583,755
5.4.1 Movement in capital work in progress			
Opening balance		2,583,755	-
Additions during the year		1,139,426	2,583,755
Transferred to fixed assets		(2,583,755)	-
		1,139,426	2,583,755
5.5 The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2019 by M.Y.K Associates (Private) Limited, an independent valuer not connected with the Company. The basis used for the revaluation of these assets were as follows:			
Freehold land			
Fair market value of the land was assessed through inquiries in the vicinity of land, recent market deals and information obtained through estate agents and property dealers of the area.			
Building on freehold land			
Fair market value of the building was assessed mainly through new construction value, depreciation cost factors, state of infrastructure, current trends in prices of real estate in the vicinity and information obtained through estate agents, builders and developers.			
Plant and machinery			
Fair market value of the plant and machinery was assessed through inquiries of local authorized dealers who deal in old and new similar type of plant and machineries. Replacement value was then ascertained from competitive rates of the plant and machinery and thereafter, an average depreciation factor was applied on the replacement value of the plant and machinery.			
5.6 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;			
		2019 Rupees	2018
Freehold land		67,684,614	67,684,614
Building on freehold land		44,339,965	37,899,542
Plant and machinery		1,300,944,530	1,008,590,205
		1,412,969,109	1,114,174,361
5.7 The forced sale value of the revalued property, plant and machinery has been assessed at Rs. 1,148 million.			
6. 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, 2019 is Rs. 46.49 million (2018: Rs. 3.42 million). The forced sale value has been assessed as at June 30, 2019 is Rs. 37.19 million (2018: Rs. 2.74 million). The investment property is located at Shujabad, District Multan.			

7.	STORES AND SPARES	<i>Note</i>	2019	2018
			<i>Rupees</i>	
	Stores		62,032,835	56,786,404
	Spares		18,468,648	22,790,212
			80,501,483	79,576,616
8.	STOCK-IN-TRADE			
	Raw material		1,399,696,557	1,605,521,640
	Raw material in-transit		19,267,563	386,823,338
	Work in process		39,142,830	30,599,760
	Finished goods			
	- Spinning unit		210,015,095	150,641,498
	- Ginning units		24,237,739	51,039,287
			234,252,834	201,680,785
	Waste		73,351,194	55,389,166
			1,765,710,978	2,280,014,689
9.	TRADE DEBTS			
	Foreign - secured and considered good		1,763,415,446	1,275,154,220
	Local - unsecured	9.1	123,258,069	89,526,567
			1,886,673,515	1,364,680,787
	Allowance for expected credit losses	9.2	(288,702)	(288,702)
			1,886,384,813	1,364,392,085
9.1	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	9.5 & 35.1	7,675,539	11,468,524
9.2	Allowance for expected credit losses			
	Opening balance as at July 1		288,702	109,945
	Impairment losses on trade debts		-	178,757
	Closing balance as at June 30		288,702	288,702
9.3	Trade debts are generally on 60 to 90 days credit terms.			
9.4	As at year end, trade receivables of Rs. 350,882 (2018: Rs. 302,327) were past due.			
9.5	The maximum outstanding balance during the year due from Indus Home Limited is Rs.7.7 million (2018: Rs. 11.5 million).			
10.	LOANS AND ADVANCES			
	Considered good			
	Due from employees	10.1	12,701,325	10,227,810
	Advances :			
	Income tax		70,231,308	63,119,396
	To suppliers / services		10,990,286	26,420,160
	To contractors		5,991,040	11,059,428
	Letter of credit margin		1,771,148	3,405,005
			101,685,107	114,231,799
10.1	This constitutes interest free loans given to employees which are secured against gratuity and are normally deducted from their salaries as per agreed installments.			
11.	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
	Bank guarantee margin		6,093,984	6,093,984
	Prepayments		340,929	163,123
			6,434,913	6,257,107
12.	SHORT TERM INVESTMENTS			
	Investments - at fair value through profit or loss	12.1	100,044,221	118,866,830
	Sales tax refund bonds - at amortized cost		12,800,000	-
			112,844,221	118,866,830

12.1 Market value of other financial assets

2019	2018		2019	2018
Number of units		Investments in units of mutual funds	----- Rupees -----	
213,195	213,195	NAFA Stock Fund	2,556,512	3,117,472
290,444	290,444	ABL Stock Fund	3,405,947	4,080,619
106,429	106,429	UBL Stock Advantage Fund	6,104,743	7,291,422
-	974.25	UBL Liquidity Plus Fund - Class 'C'	-	103,462
741	741.23	Nafa Islamic Energy Fund	6,782	9,392
Number of shares		Investment in ordinary shares of listed companies		
53,000	53,000	Engro Fertilizer Limited	3,390,410	3,969,700
35,500	35,500	Engro Power Generation Limited	726,685	1,198,480
112,000	21,000	Fatima Fertilizer Company Limited	3,343,200	680,400
31,500	31,500	Fauji Fertilizer Bin Qasim Limited	574,245	1,215,900
16,500	16,500	Nishat Mill Limited	1,540,110	2,325,180
36,100	23,000	United Bank Limited	5,320,418	3,886,540
400	400	Pakistan Gum And Chemical Limited	62,000	54,491
18,262	15,194	Pak International Bulk Terminal Limited	154,131	172,452
13,500	13,500	Pakgen Power Limited	191,430	260,280
69,000	69,000	Pakistan Telecommunication Company Limited	1,523,911	789,360
31,350	31,350	Treet Corporation Limited	184,652	563,987
35,400	35,400	Oil and Gas Development Company Limited	9,164,853	5,508,948
1,400	1,400	Abbott Laboratories Pakistan Limited	664,496	959,000
-	77,600	Fauji Fertilizer Company Limited	-	7,666,880
142,500	142,500	K-Electric Limited	625,575	809,400
16,950	13,750	Lucky Cement Company Limited	6,448,967	6,984,038
25,000	25,000	Sui Southern Gas Company Limited	1,737,250	820,500
44,500	26,100	Habib Bank Limited	5,040,070	4,344,084
560	560	Exide Pakistan Limited	77,560	189,353
1,500	1,500	Artistic Denim Mills Limited	69,480	112,155
16,700	9,300	MCB Bank Limited	2,913,315	1,839,261
3,500	3,500	Cyan Limited	70,000	148,470
13,000	13,000	Kot Addu Power Company Limited	472,940	700,830
12,000	12,000	Kohinoor Energy Limited	432,000	480,000
82,500	82,500	Nishat Chunian Power Limited	1,436,325	2,321,550
-	16,800	Engro Corporation Limited	-	5,272,848
9,500	9,500	Al-Shaheen Corporation Limited	119,700	258,875
26,400	26,400	Amreli Steels Limited	651,024	1,862,520
24,200	24,200	Crescent Steel and Allied products Limited	904,596	2,721,810
61,500	61,500	Askari Bank Limited	1,162,965	1,345,005
47,970	18,900	Kohat Cement Company Limited	2,519,864	2,326,023
16,700	16,700	Engro Foods Limited	974,111	1,487,302
2,200	2,200	GlaxoSmithKline Pakistan Limited	209,726	365,200
6,150	6,150	Ferozsons Laboratories Limited	687,693	1,197,590
205,500	140,000	Fauji Cement Company Limited	3,232,515	3,199,000
7,540	7,540	Kohi Noor Textile Limited	188,877	414,625
4,500	4,500	Arif Habib Corporation Limited	111,195	155,880
9,500	3,700	Cherat Cement Limited	294,120	359,640
20,520	7,300	Attock Cem. Pak Limited	1,465,333	981,704
69,000	50,300	D.G Khan Cement	3,901,260	5,758,847
65,600	17,100	Maple Leaf Cement Factory Limited	1,567,184	867,654
25,000	25,000	Mughal Iron & Steel Industries Limited	629,000	1,535,500
100	100	Pak International Container Terminal Limited	15,050	22,812
8,200	8,200	Packages Limited	2,464,592	4,015,704
17,500	8,900	Bestway Cement Limited	1,803,725	1,165,811
2,762	2,402	Cherat Packaging Limited	222,728	345,143
3,200	3,200	EFU General Insurance Limited	321,152	479,136
2,056,973	1,539,837	Carried forward	81,684,417	98,742,235

2019 Number of shares	2018 Number of shares		2019 Rupees	2018 Rupees
2,056,973	1,539,837	Brought Forward	81,684,417	98,742,235
29,100	16,600	Fecto Cement Limited	567,450	693,216
14,000	14,000	Saif Power Limited	262,640	370,860
35,900	35,900	Hub Power Co. Limited	951,350	3,308,544
50,000	50,000	Aisha Steel Mills Limited	460,000	788,500
3,186	1,000	Mari Petroleum Co. Limited	3,215,725	1,506,180
70,400	70,400	Pak Elektron Limited	1,409,408	2,496,384
10,400	7,200	Shell Pakistan Limited	1,897,584	2,275,848
-	82,000	Nishat Chunian Limited	-	3,893,360
2,300	2,300	National Refinery Limited	260,981	1,018,923
3,600	3,000	Pakistan State Oil Co. Limited	610,668	954,930
9,545	8,300	Searl Pakistan Limited	1,398,915	2,817,850
500	-	Pakistan Petroleum Limited	440,781	-
11,100	-	Allied Bank Limited	22,135	-
7,050	-	Gadoon Textile Mills Limited	2,861,525	-
940	-	Bank Al Habib Limited	810,637	-
1,000	-	Archroma Pakistan Limited	160,500	-
69,500	-	Pakistan Oilfields Limited	3,029,505	-
2,375,494	1,830,537		100,044,221	118,866,830

13. CASH AND BANK BALANCES

Cash in hand			2,072,596	910,331
Cash at bank				
- Current accounts			61,314,298	49,436,542
- Deposit accounts	13.1		4,803	776,047
- Saving accounts	13.1		124,015	124,015
- Term deposit receipts	13.1		9,981,479	9,981,479
			71,424,595	60,318,083
			73,497,191	61,228,414

13.1 Effective markup rate in respect of saving and deposit accounts ranges from 6.30% to 8.30% (2018: 6.00% to 7.25%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2019 Number of shares	2018 Number of shares		2019 Rupees	2018 Rupees
10,000,000	10,000,000	Ordinary shares of Rs. 10 each	100,000,000	100,000,000
6,900,000	6,900,000	Ordinary shares of Rs. 10 each fully paid in cash	69,000,000	69,000,000

There has been no movement in issued, subscribed and paid up capital during the reporting year.

14.1. The Company has only one class of ordinary shares which carry no right to fixed income.

14.2. 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.

14.3. SURPLUS ON REVALUATION OF

PROPERTY, PLANT AND EQUIPMENT

15.1 **333,980,558** **278,595,889**

15. Surplus on revaluation of property, plant and equipment

Opening balance		290,864,079	326,387,822
15.1 Transferred to unappropriated profit on account of :			
Incremental depreciation		(19,398,895)	(22,625,789)
Disposal during the year		(6,818,611)	(6,945,052)
Surplus on revaluation charged during the year		81,602,175	-
Related deferred tax liability due to disposal during the year		2,824,528	(2,976,451)
Related deferred tax liability on incremental depreciation		-	(2,976,451)
		58,209,197	(35,523,743)
Closing balance		349,073,276	290,864,079
Related deferred tax liability			
Opening balance		(12,268,190)	(18,221,092)
Addition during the year			
Deferred tax on incremental depreciation		-	2,976,451
Deferred tax on disposal during the year		(2,824,528)	2,976,451
		(15,092,718)	(12,268,190)
Closing balance		333,980,558	278,595,889

16. LONG TERM FINANCING
From banking companies - secured

Demand finance:

MCB Bank Limited

LTFF:

United Bank Limited

Bank Alfalah Limited

MCB Bank Limited

Less: Current portion

Note

2019

2018

----- Rupees -----

16.1	-	74,219,930
16.2	66,480,885	73,867,650
16.3	347,977,435	-
16.4	428,020,310	353,800,380
	842,478,630	427,668,030
	842,478,630	501,887,960
	(14,773,530)	(7,386,765)
	827,705,100	494,501,195

16.1 MCB Bank Limited - Demand Finance

This finance has been obtained from MCB Bank Limited for BMR. The loan is repayable in 16 equal half yearly installments commencing from August 27, 2020 with 2 years grace period. It carries markup at the rate of 6 months KIBOR + 0.5%. The 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. However, the demand finance facility has been transferred to LTFF during the

16.2 United Bank Limited - LTFF

This finance has been obtained from United bank Limited for BMR. The loan is repayable in 10 equal half yearly installments commencing from February 18, 2019 with 11 months grace period. It carries markup at flat rate of 3%. The 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.

16.3 Bank Alfalah Limited- LTFF

This finance has been obtained from Bank Alfalah Limited for BMR. The loan is repayable in 32 equal quarterly installments commencing from June 18, 2021 with 2 years grace period. It carries markup at flat rate of 3%. The finance is secured against first pari passu charge amounting to Rs. 500 million over all present and future fixed assets of the Company

16.4 MCB Bank Limited - LTFF

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

Note

2019

2018

----- Rupees -----

17. DEFERRED LIABILITIES

Staff retirement benefits - gratuity

Deferred taxation

17.1	70,236,555	60,635,271
17.4	-	33,640,766
	70,236,555	94,276,037

17.1 Staff retirement benefits - gratuity

Liability recognized in the balance sheet

Present value of defined benefit obligation

70,236,555	60,635,271
70,236,555	60,635,271

Movement in the net liability

Opening balance

Charge for the year

Payment made during the year

Actuarial (gain) / loss from changes in experience adjustments

Actuarial loss from changes in financial assumptions

60,635,271	52,823,267
19,892,820	14,588,294
(10,942,306)	(10,260,460)
(783,258)	3,168,533
1,434,028	315,637
70,236,555	60,635,271

Changes in present value of defined benefit obligation

Opening defined benefit obligation

Current service cost

Interest cost

Past service cost

Benefits paid

Actuarial (gain) / loss from changes in experience adjustments

Actuarial loss from changes in financial assumptions

60,635,271	52,823,267
13,296,429	10,892,084
4,964,771	3,696,210
1,631,620	-
(10,942,306)	(10,260,460)
(783,258)	3,168,533
1,434,028	315,637
70,236,555	60,635,271

		2019	2018
		----- Rupees -----	
Charge for the year			
Current service cost		13,296,429	10,892,084
Past service cost		1,631,620	-
Interest cost		4,964,771	3,696,210
		19,892,820	14,588,294
Allocation of charge for the year			
Cost of sales	23.2	15,684,524	12,907,490
Administrative expenses	26.1	4,208,296	1,680,804
		19,892,820	14,588,294

17.2 Remeasurement loss recognised in

other comprehensive income			
Actuarial (gain) / loss from changes in experience adjustments		(783,258)	3,168,533
Actuarial loss from changes in financial assumptions		1,434,028	315,637
Remeasurement loss		650,770	3,484,170

As per actuarial valuation carried out as at June 30, 2019 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	2019	2018
Discount rate	14.25%	9.00%
Expected rate of salary increase in future years	13.25%	8.00%
Average expected remaining working life time of employees	6 years	6 years
Mortality rate was based on the EFU 61-66 mortality table.		

17.3 Staff retirement benefits sensitivity analysis

	Increase/(decrease) in defined benefit obligation	
	2019	2018
	----- Rupees -----	
Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation:		
Discount rate + 100 bps	66,051,891	(57,055,465)
Discount rate - 100 bps	75,052,608	64,783,634
Salary Increase + 100 bps	75,290,067	65,007,091
Salary Increase - 100 bps	65,760,329	(56,784,255)
Maturity Profile		
Average duration of liability	6 years	6 years

Expected contribution for the next year

The expected contribution to the gratuity scheme for the next year works out to Rs. 17.06 million.

17.4 Movement in temporary differences:

	2019			
	As at July 01, 2018	Recognised in equity	Recognised in profit or loss	As at June 30, 2019
Taxable temporary difference				
Surplus on revaluation of property, plant and equipment	15,244,641	-	(15,244,641)	-
Accelerated tax depreciation	22,446,483	-	(22,446,483)	-
Fair value gain on other financial assets	24,924	-	(24,924)	-
Deductible temporary difference				
Provision for gratuity	(3,859,100)	-	3,859,100	-
Remeasurement of defined benefit obligation - gratuity	(216,182)	-	216,182	-
	33,640,766	-	(33,640,766)	-

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

17.5 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 and the management is of the view that Company will not fall under normal tax regime in the up coming years, so the opening balance of deferred tax liability has been reversed.

18. TRADE AND OTHER PAYABLES	Note	2019	2018
		Rupees	Rupees
Creditors		178,189,371	129,617,232
Accrued liabilities	18.1	190,132,531	168,544,923
Workers' Profit Participation Fund	18.2	498,884	16,269,707
Workers' Welfare Fund	18.3	-	6,987,559
Advances from customers		3,793,588	7,041,584
Due to employees		6,241,034	599,417
Due to associated undertakings	18.4, 18.5 & 35.1	-	994,955
Income tax deducted at source		315,370	513,654
Sales tax deducted at source		1,361,641	206,024
		380,532,419	330,775,055

18.1 This amount includes Gas Infrastructure Development Cess (GIDC) against which Company has filed a suit in the High Court of Sindh, Karachi wherein the Court has granted permanent stay till the final disposal of the suit and restrained the defendants (SNGPL) from recovering either the arrears or future GIDC. However based on prudence, management has made a provision as per the above amount in its financial statements.

18.2 Workers' Profit Participation Fund	Note	2019	2018
		Rupees	Rupees
Opening balance		16,269,707	10,235,735
Payment to the fund		(16,269,707)	(10,235,735)
		-	-
Charge for the year	27	24,998,884	16,269,707
Payment of the fund from current year liability		(24,500,000)	-
Closing balance		498,884	16,269,707

18.3 Prior to certain amendments made through the Finance Act of 2006 & 2008, Workers Welfare Fund (WWF) was levied at 2% of the total income assessable under the Income Tax Ordinance, 2001 excluding incomes falling under the Final Tax Regime (FTR). Through Finance Act, 2008, an amendment was made in Section 4(5) of the WWF Ordinance, 1971 (the Ordinance) whereby WWF liability is applicable at 2% of the higher of the profit before taxation as per the accounts or declared income as per the return.

Aggrieved by the amendments made through the Finance Acts, certain stakeholders filed petition against the changes in the Lahore High Court which struck down the aforementioned amendments to the Ordinance in 2011. However, the Company together with other stakeholders also filed the petition in the Sindh High Court which, in 2013, decided the petition against the Company and other stakeholders. Management has filed a petition before the Honorable Supreme Court of Pakistan against the decision of the Sindh High Court.

Honorable Supreme Court of Pakistan has passed an order dated November 10, 2016 that the Workers' Welfare Fund (WWF) is a fee, not a tax. Hence, the amendments made through Finance Acts, 2006 and 2008 have been declared invalid in the said order. Therefore, the management has reversed the provision related to WWF in the current year.

18.4 Due to associated undertakings			2019	2018
On account of trading activities			----- Rupees -----	
Indus Dyeing & Manufacturing Co. Limited			-	994,955
			-	994,955
18.5	The maximum outstanding balance during the year due from Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs. 2.6 million (2018 Rs. 2.6 million).			
19.	ACCRUED MARKUP			
Accrued markup on:				
- Short term borrowings			22,624,878	17,805,255
- Long term borrowings			4,644,666	4,075,992
			27,269,544	21,881,247
20.	SHORT TERM BORROWINGS			
Secured - under markup arrangements from banking Companies				
Running finances (RF)			111,965,001	575,586,129
Cash finance			37,000,000	61,297,737
Bank / book overdraft			1,570,526	123,157
Short term demand finance			1,328,100,000	1,390,800,000
		20.1	1,478,635,527	2,027,807,023
20.1	Short term facilities available from commercial banks under mark up arrangements amount to Rs. 5,975 Million (2018: Rs. 5,900 million) of which facilities aggregating to Rs. 1,642 million (2018: Rs. 3,872 million) remained unutilized at the year end. The rate of mark up ranges from 7.43% to 15.05% per annum (2018: 6.18% to 8.17% 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.			
21.	CONTINGENCIES AND COMMITMENTS			
Contingencies		Note	2019	2018
			----- Rupees -----	
Bank guarantees		21.1	110,531,302	99,530,467
Foreign bills purchased			19,100,000	14,526,000
In land bills purchased			23,341,385	-
			152,972,687	114,056,467
21.1	Bank guarantees			
In favor of		Bank		
Sui Northern Gas Pipelines Limited		MCB Bank Limited	42,270,835	42,270,835
Excise and taxation		Soneri Bank Limited	23,985,915	23,985,915
Excise and taxation		United Bank Limited	44,000,000	33,000,000
CCI & E		Habib Bank Limited	274,552	274,552
			110,531,302	99,531,302
Commitments				
Under letters of credit for:				
- Stores and spares			7,522,549	6,562,379
- Raw material			17,046,834	270,612,059
- Plant and machinery			-	178,917,984
			24,569,383	456,092,422
22.	SALES -net			
Exports				
Yarn		22.1	5,225,528,725	4,179,353,690
Rebate claim			8,896,748	66,680,503
			5,234,425,473	4,246,034,193
Local				
Yarn			612,170,177	548,834,587
Doubling			1,080,499	1,336,639
Waste			272,208,891	188,805,053
			885,459,567	738,976,279
Commission			(34,626,708)	(32,839,284)
			6,085,258,332	4,952,171,188
22.1	It includes indirect export of Rs. 764.23 million (2018: Rs. 424.46 million).			

23.	COST OF SALES	<i>Note</i>	2019	2018
			----- Rupees -----	
	Raw material consumed	23.1	3,995,881,890	3,187,760,295
	Power and fuel		403,689,490	413,961,123
	Salaries, wages and benefits	23.2	247,033,857	227,631,718
	Depreciation	5.3	137,362,426	120,031,866
	Packing material consumed		66,389,163	68,616,816
	Stores and spares consumed		67,233,591	66,711,613
	Repairs and maintenance		6,841,796	15,695,607
	Insurance		4,977,880	4,959,043
	Others		836,363	979,288
	Work in process		4,930,246,456	4,106,347,369
	Opening stock		30,599,760	26,495,665
	Closing stock		(39,142,830)	(30,599,760)
			(8,543,070)	(4,104,095)
	Cost of goods manufactured		4,921,703,386	4,102,243,274
	Finished goods			
	Opening stock		206,030,664	136,600,742
	Purchase of finished goods		275,576,100	282,374,500
	Closing stock		(283,366,289)	(206,030,664)
			198,240,475	212,944,578
			5,119,943,861	4,315,187,852
23.1	Raw material consumed			
	Opening stock		1,605,521,640	998,909,641
	Purchases including purchase expenses		3,446,574,040	3,237,442,947
	Transferred from ginning unit	24.1	362,750,330	556,929,347
			5,414,846,010	4,793,281,935
	Closing stock		(1,418,964,120)	(1,605,521,640)
			3,995,881,890	3,187,760,295
23.2	It includes Rs.15.6 million (2018: Rs. 12.9 million)in respect of staff retirement benefits - gratuity.			
24.	LOSS ON OTHER OPERATIONS			
	Profit on ginning factory	24.1	-	-
	Loss on Ice Factory	24.2	(907,091)	(4,381,783)
			(907,091)	(4,381,783)
24.1	Profit on ginning factory			
	Transferred to spinning operations		362,750,330	556,929,347
	Sales - net		-	-
			362,750,330	556,929,347
	Cost of goods transferred / sold (ginning)	24.1.1	(344,459,944)	(531,256,887)
	Gross profit		18,290,386	25,672,460
	Administrative expenses	24.1.3	(18,281,624)	(25,656,516)
	Bank charges		(8,762)	(15,944)
			(18,290,386)	(25,672,460)
	Net profit		-	-
24.1.1	Cost of goods transferred / sold (ginning)			
	Opening stock		51,039,287	36,157,854
	Cost of ginning and oil	24.1.2	317,658,396	546,138,320
	Closing stock		(24,237,739)	(51,039,287)
			344,459,944	531,256,887

		2019	2018
		Rupees	
24.1.2	Cost of ginning and oil		
	Raw material consumed	288,487,163	506,382,012
	Salaries and wages	7,685,947	12,163,813
	Crushing charges	1,989,097	3,225,874
	Fuel and power	11,028,297	13,435,287
	Packing material	764,636	1,355,337
	Repair and maintenance	2,268,181	2,509,438
	Insurance	2,541,441	3,188,016
	Others	2,893,634	3,878,543
		317,658,396	546,138,320
24.1.3	Administrative expenses		
	Office staff	15,457,982	21,556,236
	Printing and stationery	141,374	253,542
	Travelling	64,624	223,090
	Entertainment	328,846	471,230
	Telephone	184,928	258,138
	News papers	34,664	31,025
	Scholarship	39,025	41,526
	Donation	21,889	30,655
	Medical	45,876	205,727
	Sui Gas	262,024	394,230
	Electricity	1,278,356	1,847,725
	Legal & professional charges	3,500	242
	License renewal fee	270,084	275,401
	Misc.	148,452	67,749
		18,281,624	25,656,516
24.2	Loss on Ice Factory		
	Sales - net	19,347,860	16,238,105
	Cost of goods sold	(19,510,472)	(19,584,451)
	Gross (loss) / profit	(162,612)	(3,346,346)
	Administrative expenses	(744,479)	(1,035,437)
		(907,091)	(4,381,783)
24.3	Loss from other operations arises from the Company's operation of Ice Factory on leasing arrangements.		
25.	DISTRIBUTION COST	2019	2018
		Rupees	
	Export development surcharge	11,435,213	9,790,279
	Ocean freight	25,023,739	19,486,960
	Forwarding expenses	17,788,091	14,587,155
	Local freight	10,423,942	19,747,619
	Fuel expense	13,961,630	2,626,415
	Others	251,301	340,541
		78,883,916	66,578,969
26.	ADMINISTRATIVE EXPENSES	2019	2018
		Rupees	
	Salaries, wages and benefits	56,164,296	64,157,688
	Directors' remuneration	31,362,718	21,629,296
	Depreciation	11,196,177	9,568,156
	Vehicle running and maintenance	11,492,060	8,633,219
	Travelling and conveyance	7,951,979	8,040,153
	Postage, telephone and fax	2,658,474	3,009,706
	Electricity, gas & fuel	1,951,784	1,866,708
	Printing and stationery	1,657,200	1,531,040
	Auditors' remuneration	1,650,000	1,350,000
	Rent, rates and taxes	2,064,346	1,843,799
	Donations	2,285,305	2,801,380
	Insurance	1,565,629	1,487,119
	Fees, subscription and periodicals	2,504,142	1,982,212
	Entertainment	1,781,877	1,524,989
	Repairs and maintenance	381,444	151,832
	Legal and professional charges	1,244,000	986,500
	Allowance for expected credit losses	-	178,757
	Others	2,706,627	1,613,906
		140,618,058	132,356,460

26.1 It includes Rs. 4.20 million (2018: Rs. 1.68 million) in respect of staff retirement benefits - gratuity.

			2019	2018
			----- Rupees -----	
26.2	Auditors' remuneration			
	Statutory audit		1,100,000	1,000,000
	Review report on compliance with COCG		100,000	50,000
	Half year review		250,000	200,000
	Certificate for CDC and free float shares		200,000	100,000
			<u>1,650,000</u>	<u>1,350,000</u>
26.3	It includes no amount above Rs. 500,000 given to any donee and none of the directors or their spouses has any interest in the donee's fund.			
27.	OTHER EXPENSES			
	Workers' Profit Participation Fund	18.2	24,998,884	16,269,707
	Workers' Welfare Fund		-	6,024,039
	Loss on sale of property, plant and equipment		-	6,401,174
	Unrealized loss on short term investments		41,162,645	24,192,174
			<u>66,161,529</u>	<u>52,887,094</u>
28.	FINANCE COST			
	Interest / mark up on:			
	Long term financing		20,103,873	15,276,798
	Short term borrowings		190,391,539	91,571,863
	Bank charges and commission		9,316,105	6,125,806
			<u>219,811,517</u>	<u>112,974,467</u>
29.	OTHER INCOME			
	Income from financial assets			
	Unrealized gain on remeasurement of short term investments		275,144	1,893
	Realized gain on disposal of short term investments		1,612,733	6,793,628
	Interest / profit on bank deposits		689,117	386,401
	Dividend income		6,065,136	3,921,726
	Income from non financial assets			
	Gain on sale of property, plant and equipment		416,752	-
	Reversal of Worker's Welfare fund		6,987,559	-
30.	TAXATION		<u>16,046,441</u>	<u>11,103,648</u>
	Current year:			
	Current	30.1	35,244,522	-
	Deferred		(33,640,766)	(2,976,451)
	Prior year adjustment		1,597,423	-
			<u>3,201,179</u>	<u>(2,976,451)</u>
30.1	The Company falls under the ambit of presumptive tax regime under section 169 of the Income Tax Ordinance, 2001 for the current year.			
30.2	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.			
30.3	Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is not required in view of presumptive taxation.			
			2019	2018
31.	EARNINGS PER SHARE - BASIC AND DILUTED			
	Profit after tax	Rupees	471,777,622	281,884,662
	Weighted average number of ordinary shares outstanding during the year	Numbers	6,900,000	6,900,000
	Earnings per share - basic and diluted	Rupees	68.37	40.85
31.1	There is no dilutive effect on the basic earnings per share of the Company.			

32. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

	<i>Director</i>	<i>Chief executive</i>	<i>Executives</i>
2019	Rupees		
Remuneration	7,425,000	12,960,000	17,932,152
House rent and other benefits	825,000	1,440,000	1,992,461
Conveyance - cars	1,407,142	1,786,759	2,695,556
Other benefits	1,573,788	3,945,029	-
	11,230,930	20,131,788	22,620,169
Number of persons	2	1	13
	<i>Director</i>	<i>Chief executive</i>	<i>Executives</i>
2018	Rupees		
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	-
	10,221,822	14,098,186	17,623,853
Number of persons	1	1	13

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

33. FINANCIAL INSTRUMENTS

33.1 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.

33.2 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:

	2019	2018
	Rupees	
Trade debts	1,886,384,813	1,364,392,085
Short term investments	112,844,221	118,866,830
Bank balances	71,424,595	50,336,604
	2,070,653,629	1,533,595,519

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

Counterparties

The Company conducts transactions with the following major counterparties:

Trade debtors
Public sectors
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.

33.2.1 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:

	2019		2018	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Not yet due	1,886,182,296	-	1,364,089,758	-
Past due for:				
- more than 3 months but less than 1 year	291,084	88,567	433,929	131,602
- more than 1 year but less than 2 years	182,788	182,788	33,886	33,886
- more than 2 years	17,347	17,347	123,214	123,214
	1,886,673,515	288,702	1,364,680,787	288,702

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.

33.2.2 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	JCR-VIS	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

33.3 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.

33.3.1 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	-	14,773,530	342,706,514	484,998,586	842,478,630
Short term borrowings	-	1,478,635,527	-	-	1,478,635,527
Trade and other payables	-	374,562,936	-	-	374,562,936
Accrued mark up	27,269,544	-	-	-	27,269,544
Unclaimed dividend	11,900,626	-	-	-	11,900,626
2019	39,170,170	1,867,971,993	342,706,514	484,998,586	2,734,847,263
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	2,327,563,550	-	-	2,360,075,317
					2019 2018
					----- Rupees -----
Off balance sheets items					
Letters of credit					
Bank guarantees					
Foreign bills discounted					
In land bills purchased					
Off balance sheet gap					

33.4 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.

33.4.1 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:

	2019		2018	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	1,763,415,446	10,719,851	1,275,154,220	10,503,742
	1,763,415,446	10,719,851	1,275,154,220	10,503,742

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

	2019	2018
	----- Rupees -----	
Average rate	136.12	109.52
Balance sheet date rate	164.50	121.4

Sensitivity analysis - foreign currency

At June 30, 2019, if the Rupee had weakened / strengthened by 10% (2018: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 176.34 million (2018: Rs. 127.51 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 2019 than 2018 because of high fluctuation in foreign currency exchange rate.

33.4.2 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.

	2019		2018	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
Fixed rate instruments				
Financial assets:				
- Deposit Accounts	6.30% - 8.30%	128,818	6.00% - 7.25%	900,062
Variable rate instruments				
Financial liabilities:				
- Long term financing	2.5% - 3%	842,478,630	2.5% - 3%	501,887,960
- Short term borrowings	7.43% -15.05%	1,478,635,527	6.18% -8.17%	2,027,807,023
		2,321,242,975		2,530,595,045

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, 2019 would decrease / increase by Rs. 23.21 million (2018: Rs. 25.29 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

33.4.3 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.

33.4.4 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 :

	2019	2018
	----- Rupees -----	
Effect on profit or loss	1,000,442	1,188,668

33.5 Fair values

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

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

33.5.1 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 MYK Associates (Private) Limited, independent valuer not related to the Company. MYK Associates (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 investment are valued at each reporting date at their fair value by using the prevailing quoted prices of shares on Pakistan Stock Exchange Limited.

<i>June 30, 2019</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>Rupees</i>			
Short term investments	112,844,221	-	-	112,844,221
Free hold land	-	204,829,500	-	204,829,500
Building on free hold land	-	232,379,280	-	232,379,280
Plant and machinery	-	1,322,161,000	-	1,322,161,000
Total	112,844,221	1,759,369,780	-	1,872,214,001

<i>June 30, 2018</i>	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>Rupees</i>			
Short term investments	118,866,830	-	-	118,866,830
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	118,866,830	1,408,014,892	-	1,526,881,722

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

33.6 *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:

Assets carried at fair value

Carrying value of investments at fair value through profit or loss

2019
----- Rupees -----
2018

100,044,221	118,866,830
100,044,221	118,866,830

Assets categorized at amortized cost

Trade debts
Cash and bank balances
Short term investments

1,886,384,813	1,364,392,085
73,497,191	61,228,414
100,044,221	118,866,830
2,059,926,225	1,544,487,329

Liabilities carried at amortized cost

Trade and other payables
Long term financing
Short term borrowings
Accrued mark up
Short term investments

374,562,936	299,756,527
842,478,630	501,887,960
1,478,635,527	2,027,807,023
27,269,544	21,881,247
12,800,000	-
2,735,746,637	2,851,332,757

34. *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, 2019 and June 30, 2018 were as follows:

	<i>2019</i>	<i>2018</i>
	<i>----- Rupees -----</i>	
Total debt	2,321,114,157	2,529,694,983
Less: Cash and cash equivalents	(73,497,191)	(51,246,935)
Net debt	2,247,616,966	2,478,448,048
Total equity	3,196,128,594	2,705,499,567
Adjusted capital	5,443,745,560	5,183,947,615
Debt-to-adjusted capital ratio	41.29%	47.81%

35. 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 9.2), trade and other payables (note 18.3) and remuneration of Chief Executive and director (note 32). Other significant transactions with related parties are as follows:

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

Transactions with associated undertakings (due to common directorship)

Indus Home Limited

Sale of goods and services	156,211,038	82,016,591
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All transactions with related parties have been carried out on agreed terms and conditions.

36. PLANT CAPACITY AND PRODUCTION

Number of spindles installed	34,896	33,936
Number of spindles worked	33,468	32,994
Number of shifts / day	3	3
Installed capacity after conversion into 20/s count Kgs	11,916,060	11,588,245
Actual production of yarn after conversion into 20/s count Kgs	10,368,303	9,852,964

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.

37. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

	2018	Cash flow	2019
	Rupees		Rupees
Long term finances	501,887,960	340,590,670	842,478,630
Short term borrowings	2,027,807,023	(549,171,496)	1,478,635,527
Dividend	10,630,520	1,270,106	11,900,626
	<u>2,540,325,503</u>	<u>(207,310,720)</u>	<u>2,333,014,783</u>

38. 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 24 of

these financial statements. The assets & liabilities of the ice factory & ginning units are unallocated.

39. NUMBER OF EMPLOYEES

The total number of employees at the year end and average number of employees during year are as follows:

	2019	2018
Total number of employees as at June 30	777	788
Average number of employees during the year	778	783

40. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2019 is in accordance with the requirements of IFRSs. Following is the major reclassification made for better presentation:

<i>Reclassified from</i>	<i>Reclassified to</i>	<i>Reason</i>	<i>Rupees</i>
Short Term Investments	Cash And Bank Balances	Better presentation	9,981,479

41. NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

In respect of current year, the directors proposed to pay cash dividend of Rs. ____ million (2018: Rs. 62.1 million) @ Rs. (2018 : @ 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.


42. DATE OF AUTHORIZATION FOR ISSUE

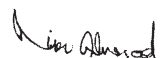
These financial statements were authorized for issue on October 07, 2019 by the Board of Directors of the Company.

43. GENERAL

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


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive Officer


Mian Riaz Ahmed
Chairman

عمران احمد	نان ایگزیکٹو	3	1	-
کشف ریاض	ایگزیکٹو	4	-	-
شفقت مسعود	ایگزیکٹو	4	4	-
شاویز احمد	نان ایگزیکٹو	4	-	2
شیخ نشاط احمد	نان ایگزیکٹو	4	5	2
فیصل حنیف	نان ایگزیکٹو	4		-
میاں مسعود احمد	نان ایگزیکٹو	4		-

ڈائریکٹران کے مشاہیر:

کمپنی ڈائریکٹران (فعل اور غیر فعل) کے مشاہروں کے بارے میں کمپنی کے بورڈ آف ڈائریکٹرز 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 پر اثر ہونی چاہیے کہ جو ڈائریکٹران 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۔

آڈیٹرز کا تقرر:-

آڈیٹرز میسرز ڈیلائٹ یوسف عادل، چارٹرڈ اکاؤنٹنٹ جو کہ Deloitte Touche Tohmatsu Limited کے ممبر ہیں۔ اس معروف چارٹرڈ اکاؤنٹنٹ فرم نے کمپنی کے ساتھ اپنی تقرری کی معیاد مکمل کی اور اہل ہونے کے ناطے اپنی خدمات کو ایک اور مدت کے لیے پیش کیا۔ بورڈ آف ڈائریکٹرز نے بورڈ کی آڈٹ کمیٹی کی سفارش پر مبنی، اس فرم کو اگلے سال کے لیے کمپنی کے آڈیٹر کی حیثیت سے دوبارہ تقرری کے لیے تجویز کیا ہے۔

آڈٹ کمیٹی:-

بورڈ آف ڈائریکٹرز نے ایک مکمل باضابطہ آڈٹ کمیٹی تشکیل دی جس میں تین ممبران شامل ہیں، ایک آزاد ڈائریکٹر اور دو غیر فعال ڈائریکٹرز ہیں۔ کمیٹی کے حوالہ سے شرائط شفاف داخلی آڈٹ، اکاؤنٹنگ اور کنٹرول سسٹم، رپورٹنگ کے مناسب ڈھانچے کے ساتھ ساتھ کمپنی کے اثاثوں کی حفاظت کے لیے مناسب اقدام کا تعین کرنے پر مشتمل ہیں۔

ممبران کی ترتیب:-

کمپنی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2019 کے اختتام پر ممبران کی ترتیب کے خاکہ سے متعلق معلومات اس رپورٹ کیساتھ علیحدہ سے منسلک ہے۔

اندرونی آڈٹ کنٹرول:-

بورڈ کے پاس کمپنی کے کاروبار کو چلانے کے لیے آپریشنل، مالی اور تعمیل کنٹرول کے ساتھ مؤثر اور مضبوط اندرونی کنٹرول سسٹم موجود ہے۔ اندرونی آڈٹ کے نتائج کا آڈٹ کمیٹی کے ذریعے جائزہ لیا جاتا ہے، اور جہاں ضروری ہو ان آڈٹ رپورٹس میں شامل سفارشات کی بنیاد پر کاروائی کی جاتی 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

- اسد علی

کشف ریاض

چیف ایگزیکٹو آفیسر

7 اکتوبر 2019

☆ 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 :-

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

۳۰ جون ۲۰۱۹ کو ختم ہونے والے سال کے لیے ملحق شدہ مالی گوشوارے نوٹ 35 میں تمام متعلقہ لین دین کی تفصیلات فراہم کی گئی ہیں۔

ڈائریکٹروں کی ذمہ داریوں کی تفصیل :-

ڈائریکٹر 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۔

☆ 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 2019 کے لئے نہیں روکا گیا سوائے ان کے جن کا اظہار Statement Financial برائے 30 جون 2019 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۔

بورڈ آف ڈائریکٹرز اور مینٹنر :-

بورڈ آف ڈائریکٹرز، آڈٹ کمیٹی اور انسانی وسائل اور معاوضہ کمیٹی کی مینٹگ مندرجہ ذیل شیڈول کے مطابق ہوئیں۔

کل مینٹگ	بورڈ مینٹگو	آڈٹ کمیٹی مینٹگو	انسانی وسائل اور معاوضہ کمیٹی کی مینٹگو
4	5	2	

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

نام	ایگزیکٹو / نان ایگزیکٹو	حاضری	حاضری	حاضری
میاض احمد	نان ایگزیکٹو	2	-	-
شہزاد احمد	نان ایگزیکٹو	4	-	-
نوید احمد	نان ایگزیکٹو	4	4	-
عرفان احمد	نان ایگزیکٹو	4	-	2

ڈیویڈنڈ:-

بورڈ آف ڈائریکٹر نے 19 اگست، 2019 کو منعقدہ اجلاس میں 30 جون 2019 کو ختم ہونے والے سال کے لیے 250 فیصد انشیرم ڈیویڈنڈ کا اعلان کیا ہے جو کہ 25 روپے فی شیر بنتا ہے۔

آپریشنل تجربہ:-

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 47.499 کروڑ رہا جو کہ (27.891 کروڑ 2018) تھا۔ دوران سال فروخت 6.085 ارب روپے تھی (4.952 ارب روپے 2018)۔ مصنوعات کی کل لاگت 5.120 ارب تھی (4.315 ارب روپے 2018)۔ جس کے نتیجے میں خام منافع 96.531 کروڑ رہا (63.699 کروڑ 2018)۔ 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 22.88 فیصد اضافہ ہوا جس سے مارجن اچھا ملا اور منافع میں اضافہ ہوا۔ دوران سال 435.893 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۔

مستقبل کی صورت حال:-

مستقبل کے حالات مشکل ہیں کیونکہ جون 2019 میں حالیہ روپے کی قدر میں کمی نے خام مال، بلوں کی ادائیگی اور مالی اخراجات کی قیمتوں میں مزید اضافہ کیا ہے۔ جس ٹیکسٹائل سیکٹر میں ہم کام کر رہے ہیں وہ عالمی اور مقامی سطح پر بہت مسابقتی ہے اور امریکہ / چین تجارتی جنگ نے معاشی نمو کو مست کر دیا ہے۔ جولائی 2019 سے سیلز ٹیکس زیور ٹینگ کی سہولت ختم کر دیئے جانے کی وجہ سے برآمد کنندگان کو مختلف مشکلات کا سامنا کرنا پڑا جیسے گردش سرمائے کا پھنس جانا اور ادھار لاگت میں اضافہ اور یہ کہ ٹیکسٹائل کے برآمد کنندگان کو پھنسے ہوئے سیلز ٹیکس اور انکم ٹیکس ریفرنڈم کی واپسی پر سخت تشویش ہے۔ مزید یہ کہ پاکستان میں روپی کی قیمت بہت زیادہ ہے اگر اس کا موازنہ علاقائی روپی کے پیداواری ممالک جیسے کہ ہندوستان سے کیا جائے۔ جس کی وجہ سے پاکستان ہر سال کپاس کی پیداوار کے اہداف سے پیچھے رہ جاتا 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 کواٹٹی دونوں پر اثر پڑا ہے۔ ہمیں خدشہ ہے کہ کپاس کی فصل کے پیداواری اہداف کو حاصل کرنا مشکل ہو جائے گا لیکن آپ کی کمپنی نے کپاس دوسرے ممالک سے خریدنے کا انتظام کیا ہے۔ حکومت کی طرف سے فوری اور براہ راست اقدامات کی ضرورت ہے تاکہ ٹیکسٹائل کی صنعت کو کم قیمتوں پر توانائی کی فراہمی اور اس کی سپلائی کو یقینی بنایا جائے اور ٹیکسٹائل سیکٹر کو حقیقی روح میں بائبل بنایا جائے۔ برآمد کنندگان کو بین الاقوامی مارکیٹ میں زیادہ مقابلہ کرنے کے لیے حکومت کو اپنی تجارتی پالیسیوں اور ریلیف پر دوبارہ نظر ثانی کی ضرورت ہے۔ تمام رکاوٹوں کو مد نظر رکھتے ہوئے آپ کی کمپنی کی توجہ فی منافع بخش مارکیٹس کی تلاش پر مرکوز ہے۔ اور آنے والی مدت میں بہتر نتائج حاصل کرنے کے لیے پیداواری سرگرمیوں کی کارکردگی کو بہتر کرنا 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، ضیاع 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 اہداف مقرر کئے ہیں۔

ہماری طرف سے مندرجہ ذیل کوششیں کی جارہی ہیں۔

☆ گندے پانی کی صفائی

☆ قدرتی وسائل کے تحفظ

جون ۳۰، ۲۰۱۹ ڈائریکٹر رپورٹ - سن ریز ٹیکسٹائل ملز لمیٹڈ

سن ریز ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز 28 ویں سالانہ اجلاس ۳۰ جون ۲۰۱۹ کے مالی سال کے اختتام کی سالانہ رپورٹ ہمراہ آڈٹ شدہ مالیاتی گوشوارہ مسرت کے ساتھ پیش کرتے ہیں۔

بورڈ کی تشکیل:-

بورڈ کی تشکیل کارپوریٹ گورننس کے ضابطہ اخلاق، 2017 کے تقاضوں کے مطابق درج ذیل ہے۔

ڈائریکٹرز کی کل تعداد:-

الف - مرد 11 ب - خاتون 0

تشکیل:-

i - آزاد ڈائریکٹر 3 ii - فعال ڈائریکٹر 2

iii - غیر فعال ڈائریکٹر 6

ڈائریکٹرز کے نام 30 جون 2019 کو مندرجہ ذیل ہیں:

1	میاں ریاض احمد	چئیرمین	(2)	کاشف ریاض	ڈائریکٹر / چیف ایگزیکٹو
3	عمران احمد	ڈائریکٹر	(4)	شہزاد احمد	ڈائریکٹر
5	عرفان احمد	ڈائریکٹر	(6)	نوید احمد	ڈائریکٹر
7	شاہد ویز احمد	ڈائریکٹر	(8)	شفقت مسعود	ڈائریکٹر
9	شیخ نشاط احمد	ڈائریکٹر	(10)	فیصل حنیف	ڈائریکٹر
11	میاں مسعود احمد	ڈائریکٹر			

مالی اور آپریشنل نتائج:-

آپ کی کمپنی کا قبل از ٹیکس منافع سال ۲۰۱۹ کے اختتام پر 47.499 کروڑ رہا۔

2018 روپے 000	2019 روپے 000	
278,908	474,979	قبل از ٹیکس منافع
2,977	(3,201)	ٹیکس
281,885	471,778	بعد از ٹیکس منافع
(3,484)	(651)	دیگر
1,323,932	1,604,304	ابتدائی جمع شدہ منافع
(27,600)	-	سالانہ ڈیویڈنڈ برائے سال ۲۰۱۷
-	(62,100)	سالانہ ڈیویڈنڈ برائے سال ۲۰۱۸
1,574,733	2,013,331	منافع برائے تصرفات
29,571	26,217	فلسڈ اثاثہ جات کے ریلیویشن پر سرپلس سے منتقل
1,604,304	2,039,548	آگے کیا گیا جمع شدہ منافع
40.85 روپے	68.37 روپے	فی حصص آمدن

جون ۲۰۱۹ء - چئیرمین رپورٹ - سن ریزٹیکسٹائل ملز لمیٹڈ

مالی سال ۲۰۱۹ء جون ۲۹ء کے اختتام پر کمپنی اور بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ لیتے ہوئے مجھے خوشی محسوس ہو رہی ہے کہ 2019 میں کمپنی نے اچھے نتائج حاصل کیے جن میں فروخت، منافع، اور کاروباری اخراجات پر قابو پانے میں بہتری دکھائی گئی۔ کمپنی نے سال کے دوران غیر ملکی منڈیوں میں قابل ذکر کامیابی کے ساتھ ملے شدہ اہداف کو عمدہ طور پر پورا کیا ہے۔

کمپنی کی کامیابی مضبوط اسٹریٹجک نقطہ نظر اور عالمی معیار پر عمل پیرا ہونے پر منحصر ہے۔ مناسب انتظامی امور، اعلیٰ مہارت، خریداروں کا اطمینان، اور مینجمنٹ پر ہماری توجہ نے سال میں اہم مالی سنگ میل حاصل کرنے میں مدد کی ہے۔ نہ صرف یہ، بلکہ اس نے ہماری طویل مدتی اسٹریٹجک پوزیشن کو مزید تقویت بخشی ہے۔

بورڈ کی کارکردگی کا جائزہ:-

میں بورڈ کی تعریف کرنا چاہتا ہوں جنہوں نے کارپوریٹ گورننس کے اعلیٰ معیار کے لیے اپنی وابستگی کو برقرار رکھا ہے اور مشکل کاروباری ماحول میں بھی حصہ یافتگان کے لیے شاندار منافع حاصل کیا۔ بورڈ نے کاروبار کی نمو اور استحکام کو برقرار رکھتے ہوئے قانونی اور اخلاقی ذمہ داریوں کی تعمیل پر مسلسل نگرانی کی۔ میں بورڈ کی محنت اور لگن کے لیے ان کا شکریہ ادا کرنا چاہتا ہوں جو انہوں نے کاروبار کو سنبھالنے میں بڑھایا۔

سال کے دوران بورڈ نے اپنی ذیلی کمیٹیوں کی کارکردگی کو مزید مضبوط کیا اور سال کے دوران مؤثر اور بروقت ملاقاتوں کے ساتھ ہم آہنگ کیا۔ نہ صرف یہ، بورڈ ممبران نے داخلی پالیسیوں کی تعمیل کی جس سے کمپنی کی کاروباری حکمت عملی کو تقویت ملی۔

کمپنی کی کارکردگی کا جائزہ:-

کاروبار کرنے کے بڑھتے ہوئے اخراجات کے باوجود بھی، کمپنی مضبوط بیلنس شیٹ فراہم کرنے میں کامیاب رہی جس میں مستحکم، قلیل مدتی اور طویل مدتی مالی حیثیت کی عکاسی کی گئی ہے۔ آمدنی کے حوالے سے کمپنی نے 23 فیصد فروخت میں اضافہ کیا، جبکہ جائزہ کے تحت سال میں کمپنی کے بعد از ٹیکس منافع میں 67 فیصد اضافہ ہوا۔

اظہار تشکر:-

میں بورڈ کے تمام ممبروں کا شکریہ ادا کرنا چاہتا ہوں جنہوں نے کمپنی کے مقاصد کو پورا کرنے کے لیے اہم کردار ادا کیا بلکہ کمپنی کے تمام حصہ داران کی توقعات سے بڑھ کر کارکردگی دکھائی۔

چئیرمین

Mina Ahmad

میاں ریاض احمد

7 اکتوبر 2019

SUNRAYS TEXTILE MILLS LIMITED
PATTERN OF SHARE HOLDING OF SHARES HELD BY THE SHARE HOLDERS
As At June 30, 2019

NUMBER OF SHARE HOLDERS	SHARE - HOLDING FROM	TO	TOTAL SHARES HELD	PERCENTAGE OF TOTAL CAPITAL
870	1	100	35,017	0.51
619	101	500	241,553	3.50
29	501	1,000	23,894	0.35
30	1,001	5,000	66,866	0.97
4	5,001	15,500	36,653	0.53
5	15,501	30,000	118,045	1.71
3	35,001	150,000	288,495	4.18
1	160,001	300,000	188,557	2.73
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
1,568			6,900,000	100.00

CATEGORIES OF SHARE HOLDERS

As At June 30, 2019

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1. Individuals	1,531	390883	5.66
2. Associated companies	1	70284	1.02
3. Financial Institution	1	24243	0.35
4. Insurance Companies	1	40194	0.58
5. Mutual Fund	1	318842	4.62
5. Joint Stock companies	15	31225	0.45
6. Directors, CEO their Spouses & Minor Childrens	18	6024329	87.31
TOTAL	1,568	6900000	100.00

DETAIL OF CATEGORIES OF SHARE HOLDERS

AS AT June 30, 2019

Name	Number of Shareholders	Shares Held
INDIVIDUAL	1,531	390,883
ASSOCIATED COMPANIES	01	
M/s Indus Dyeing & Mfg Co.Ltd.		70,284
FINANCIAL INSTITUTIONS	01	
National Bank of Pakistan		24,243
		24,243
JOINT STOCK COMPANIES	15	
TREET CORPORATION LIMITED		5,163
Y.S. SECURITIES & SERVICES (PVT) LTD.		700
S.H. BUKHARI SECURITIES (PVT) LIMITED		400
NH CAPITAL (PRIVATE) LIMITED		1
MAPLE LEAF CAPITAL LIMITED		1
ADEEL & NADEEM SECURITIES (PVT) LTD.		500
TREET CORPORATION LIMITED		22100
MSMANIAR FINANCIALS (PVT) LTD.		100

FIKREES (PRIVATE) LIMITED	1,500
ALFA ADHI SECURITIES (PVT) LTD	600
M/S. AZEEM SERVICES (PVT) LTD.	100
BLACK STONE EQUITIES PVT.LTD.	10
M/S AZEEM SERVICES (PVT) LTD.	18
HABIB & SONS LIMITED. (SP)	8
M/S FIRST CAPITAL EQUITIES LTD	24
	31,225

INSURANCE COMPANIES	01	
State Life Insurance Company		40,194

MUTUAL FUND	01	
CDC-Trustee National Investment (Unit) Trust		318,842
		318,842

DIRECTORS, CEO, THEIR SPOUSES & MINOR CHILDREN	18	Shares Held
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		188,557
Mrs. Salma Jabeen		23,605
Mrs. Lozina Shahzad		126,695
Fadia Kashif		92,452
Tahia Imran		1,388
		6,024,329
GRAND TOTAL	1,568	6,900,000

Shareholders Holding 10% or More Voting Interest in the Company
AS AT June 30, 2019

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

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Officer and their spouses, minor children during 2018-2019

FORM OF PROXY

28th 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 28th Annual General Meeting of the company to be held on the 28th day
of October 2019 and at my adjournment thereof.

Signed this _____ day of _____ 2019. Signed by the said Member

SIGNED IN THE PRESENCE OF:

1. Signature : _____

2. _____

Signature: _____

Name: _____

Name: _____

Address: _____

Address: _____

CNIC/Passport No: _____

CNIC/Passport No: _____

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

Affix
Revenue
Stamp Rs.
5/-

(*) upon failing of appointed proxy.

Notes:

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

AFFIX
CORRECT
POSTAGE

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

DIVIDEND MANDATE FORM

The Company Secretary,

Subject Bank account details for payment of Dividend through electronic mode

Dear Sir,

I/we/Messrs., _____ being the shareholder(s) of Sunrays Textile Mills 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 be sent to shareholder's participant/CDC Investor Account Services which maintains his/her CDC account for incorporation of bank account details for credit of cash dividend declared by the Company from time to time.