

SUNRAYS TEXTILE MILLS LIMITED



ANNUAL REPORT 2020

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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. Faisal Hanif | |
| 10. Ms. Azra Yaqub Vawda | |
| 11. Mr. Farooq Hassan | |

AUDIT COMMITTEE

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

HUMAN RESOURCES AND REMUNERATION COMMITTEE

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

CHIEF FINANCIAL OFFICER

Mr. Shabbir Kausar

CHIEF INTERNAL AUDITOR

Mr. Imran Iftikhar

COMPANY SECRETARY

Mr. Ahmed Faheem Niazi

LEGAL ADVISOR

Mr. Yousuf Naseem

Advocates & Solicitors

REGISTERED OFFICE

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

SYMBOL OF THE COMPANY

SUTM

WEBSITE

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

REGISTRAR & SHARE TRANSFER OFFICE

JWAFFS REGISTRAR SERVICES (PVT) LTD

407 -408, Al – Ameera Center,
Shahrah-e-Iraq, Saddar Karachi.

Tel. 35662023 – 24

Fax. 35221192

FACTORY LOCATION

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

BANKERS

Muslim Commercial Bank Limited

Allied Bank Limited

Soneri Bank Limited

United Bank Limited

Meezan Bank Limited

Habib Bank Limited

Bank Alfalah

AUDITORS

M/s Deloitte Yousuf Adil

Chartered Accountants Multan

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 29th 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 Wednesday, October 28, 2020 at 02:15 P.M. to transact the following business:

ORDINARY BUSINESS:

1. To confirm minutes of the Annual General Meeting held on October 28, 2019.
2. To receive, consider, approve and adopt the audited consolidated and un consolidated financial statements of the Company for the financial year ended June 30, 2020 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, 2021 and to fix their remuneration. The Board of Directors on the recommendation of Audit Committee has recommended the appointment of retiring auditors, Messers Deloitte Yousuf Adil, Chartered Accountants who being eligible have offered themselves for re-appointment;
4. To approve cash dividend of Rs.30/- per share i.e. 300% already paid by the Company as interim dividend for the year ended June 30, 2020.

SPECIAL BUSINESS:

5. To consider and approve of enhancement in monthly remuneration of the Chief Executive and one full time working Director namely Mr. Shafqat Masood
6. To ratify the transactions carried out by the Company with related parties disclosed in the Financial Statements for the year ended June 30, 2020 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, 2020 be and are hereby noted, ratified and approved."
7. To approve potential transactions with related parties intended to be carried out in the financial year 2020-2021 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 2020-21."
"RESOLVED FURTHER THAT the Board of directors of the Company may, at its discretion, approves 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 shall be placed before the shareholders in the next Annual General Meeting for their noting/ratification/approval."
8. To transact any other business with the permission of the chair.

Karachi

Date; October 06, 2020

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, 2020 to October 28, 2020 (both days inclusive) and the Final Cash Dividend will be paid to the Members whose name appear in the Register of Members. Transfers received in order at the Office of Company's Share Registrar M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra-e-Iraq, Saddar Karachi. ('Registrar') at the close of business on October 20, 2020 will be considered in time to attend and vote at the Meeting.
2. Financial Statements for the year ended June 30, 2020 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, 2020 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 CZ -50 with the Registrar of the Company M/s Jwaffs Registrar Services (Pvt) Ltd, 407-408 Al-Ameera Center, Shahra-e-Iraq, Saddar Karachi.
6. A member of the Company entitled to attend and vote at this meeting, may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies, in order to be effective, must be received at the Registered Office of the Company not less than 48 hours before the time for holding the meeting.
7. CDC Account Holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

A. FOR ATTENDING THE MEETING:

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

B. FOR APPOINTING PROXIES:

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

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

Pursuant to the provisions of the Finance Act 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-Link Arrangement for online Participation in the 29th Annual General Meeting of the Company Due to Covid-19

Shareholders interested in attending the Annual General Meeting (AGM) through video link facility are requested to get themselves registered with the Company Secretary office at least two working days before the holding of the time of AGM at qaisarmuzaffar28@gmail.com by providing the following details: -

| Name of Shareholder | CNIC NO | Folio CDC No. | Cell No. | Email address |
|---------------------|---------|---------------|----------|---------------|
| | | | | |

- The Login facility will remain open from 02:15 P.M. till the end of the meeting.
- Shareholders will be encouraged to participate in the AGM to consolidate their attendance and participation through proxies.
- Shareholders will be able to login and participate in AGM proceedings through their smart phone or computer devices from their home after completing all the facilities required for the identification and verification of the Shareholders.

The Company will follow the best practices and comply with the instructions of the Government and SECP to ensure protective measure are in place for the well-being of its members.

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

Signature of Member"

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

Item 05 of the Agenda

Due to increase in the cost of living, the enhancement in the monthly remuneration from Rs. 1,200,000/- per month up to Rs. 1,800,000/- tax free for Mr. Kashif Riaz , Chief Executive and to fix monthly remuneration of Mr. Shafqat Masood, Director from Rs. 600,000/- per month up to Rs. 1,800,000/- Tax Free is being sought by passing an ordinary resolution of shareholders of the Company. The said remuneration is in addition to the Company maintained car, medical expenses, residential utilities, travelling, recreational, telephone and cell phone expenses etc in accordance with the company policy.

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 29th 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. 6 & 7

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 2019 -2020 to be ratified as disclosed in Note No 35 of the Financial Statements of the Company for the year ended June 30, 2020.

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 2020-21.

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, 2020

With great pleasure I would like to present the annual review of the audited financial statements for the year ended June 30, 2020 and the overall performance of the Board. I would like to take this opportunity to invite you for the 29th Annual General Meeting of the Company.

Review of Company's Performance

Till the third quarter ended March 31, 2020, the business operations across the globe were smooth and usual. With the emergence of COVID-19 pandemic in 1st Quarter of 2020 outside China started to dent global economy. The consequences of this global pandemic started to impact Pakistan at end of March-2020. Owing to outbreak of Novel Corona Virus, the global supply chain was badly hurt as lockdown were implemented world wide to control the spread of disease, which disrupted the shipping schedules. Your company had also faced the same challenges. Despite difficult situation; management of company through cost reduction techniques having more focus on financial cost, achieved a net profit after tax of Rs.560.163 million (i.e. growth of 18.73%). During review period; company managed to achieve sales growth by 6.43% (i.e. from Rs.6,085.258M to Rs.6,476.172M) as compared to last year by maintaining export share of 83.31% in total sales pie.

Further, I would like to appreciate the hard work of the entire management team in achieving these results which are admirable. The management would strive to improve efficiencies in operations, sales and marketing to emerge as a leader in the market.

Review of the Boards Performance

During the challenging and difficult conditions of Covid-19, the Board performed their functions diligently and effectively to the best interest of the company and tried to devise and align strategies to cope with this pandemic. The Board timely strategic planning and decisions helped in achieving overall company's vision. The Board has played a pivotal role in monitoring the performance of management. The Board is committed to perform for the betterment and growth of the company and maintained it focused to achieve the vision, mission and objectives of the company. Board members are equipped with suitable knowledge, variety of expertise and experience which is required to successfully govern the business. Every board member is committed to perform for the growth of the company and all his tasks are devoted and focused towards the company's values and mission.

The board strictly monitored the performance of its sub-committees. The sub-committees held meetings and reported to the board as per stipulations of the Listed Companies (Code of Corporate Governance) regulations 2019. The board ensures compliance of the same as per all applicable rules and best practices of the Company.

I would like to share that all Directors, including Independent Directors fully participated and contributed in the decision making process of the board.

On Behalf of the board, I would like to thank all stake holders for their continued confidence in the company and for their support, dedication and hardwork

October 06, 2020



Chairman

Mian Riaz Ahmed

DIRECTOR'S REPORT

For the Year Ended June 30th, 2020

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, 2020 before the Twenty Nine 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 | 10 |
| b. Female | 1 |
| Composition | |
| I. Independent Director | 3 |
| II. Executive Director | 2 |
| III. Non -Executive Director | 6 |

The names of the directors as at June 30, 2020 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) Ms. Azra Yaqub Vawda | Director | 10) Mr. Faisal Hanif | Director |
| 11) Mr. Farooq Hassan | Director | | |

Financial and operational results

The Company earned pretax profit of Rs.646.430 (M) for the year ended June 30, 2020.

| | <u>2020</u> | <u>2019</u> |
|---|-------------|-------------|
| | Rs.000 | Rs.000 |
| Highlights: | | |
| Pretax profit for the year | 646,430 | 474,979 |
| Taxation | (86,266) | (3,201) |
| Profit after taxation | 560,164 | 471,778 |
| Deferred tax and others | (58) | (651) |
| Un-appropriated profit brought forward | 2,039,548 | 1,604,304 |
| Annual dividend for the year ended June 30, 2018 | - | (62,100) |
| Annual dividend for the year ended June 30, 2019 | (172,500) | - |
| 1 st interim dividend for the period ended December 31, 2019 | (103,500) | - |
| 2nd interim dividend for the period ended March 31, 2020 | (103,500) | - |
| Profit available for appropriations | 2,220,154 | 2,013,331 |
| Transfer from surplus on revaluation of fixed assets | 21,192 | 26,217 |
| Transfer of revaluation surplus due to disposal of revalued assets | 23,599 | - |
| Un-appropriated profit carried forward | 2,264,945 | 2,039,548 |

The earnings per share is Rs. 81.18 (Par value Rs. 10/= per share) (2019:Rs.68.37)

DIVIDEND

The Board of Directors in their meeting held on 03 January 2020 announced an interim cash dividend @ 150% i.e. Rs. 15 per share and further on 29 February 2020 announced second interim cash dividend @ 150% i.e. Rs. 15 per share for the year ended 30th June 2020.

BUSINESS OVERVIEW

Yours Company earned pre -tax profit Rs. 646.430(M) as compared to Rs. 474.979(M) for the last corresponding year. Sales during the year was Rs. 6.476 Billion (2019 : Rs.6.085 billion) against total cost of sales of Rs. 5.565 billion(2019 : Rs.5.131 billion) resulting in a gross profit of Rs. 910.718 million (2019 :Rs.954.555 million).

By the Grace of ALMIGHTY ALLAH, Company performance is satisfactory with growth in sales and profitability. The company's sales grew by 6.43% and contributed handsome margins and increased profitability. During the year Rs.176.919 (M) were invested in the fixed assets. This is part of the company's BMR plan to improve the quality and reduce the manufacturing cost. Retained earnings/financing / internal cash flow were used to finance this program.

The year under review was very difficult for the whole world due to Covid 19 Pandemic. Higher inflation and rupee devaluation continued to exert significant pressure on the overall economy. The Government and State Bank of Pakistan responded the situation promptly by reducing the policy rate substantially launching the new financing schemes to support employment and BMR.

FUTURE OUTLOOK

The current situation of COVID-19 needs drastic measures to be taken to save our export –oriented textile industry from the negative economic impact of novel Corona virus COVID-19 as it is showing an adverse impact on exports.

Government needs to formulate such a strategy as it should prevent the economic slump from turning into an immense financial crisis. The government should immediately come forward to rescue the textile sector by issuing special concessions and relief packages. Government should consider to take the following steps urgently.

First, it should release the sales tax refunds under the Rs.100 billion relief package for the textiles exporters to resolve cash-flow problems.

Second, utility bills need to be waived for three months.

Third, turnover tax and sales tax should not be charged for a year.

Fourth, the government should support the sector in paying the salaries of their employees for at least one year. as it will help prevent large-scale layoff.

Fifth, there is a need to waive interest on past loans taken by the sector from banks, and the interest rate should be cut down to 5 % as low interest rate will help the sector to survive in this crucial phase.

Sixth, the government should revive the zero-rated policy which was withdrawn in June 2019. There is an urgent need to make a textile supply chain smooth and running.

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, 2020.

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 year is annexed.
- There are no statutory payments on account of taxes, duties, levies and charge which are outstanding as on June 30th 2019 except for those disclosed in financial statements.
- During the period under the review the transfer in shares through Gift of the company by the CEO, Directors, spouses and Minor as follows:

| | | | |
|--------------------------|------------------|---------------------------------|------------------|
| MIAN IMRAN AHMED | (193,000) | MR. NAVEED AHMED | (192,000) |
| MR. KASHIF RIAZ | (712,000) | Mr. Mohammad Azmat Ahmed | 193,000 |
| Mr. Danish Naveed | 192,000 | Mrs. Fadia Kashif | 712,000 |

Board & SUB Committee Meetings

- During the year meetings of the Board were held Attendance by each director is as follows.

| Name of Directors | Board of Directors 6- Meetings | Audit Committee 5-Meetings | HR & R 1- Meeting |
|----------------------------|--------------------------------|----------------------------|-------------------|
| | Attended | Attended | Attended |
| Mr. Naveed Ahmed | 6/6 | | |
| Mr. Shahzad Ahmed | 6/6 | | |
| Mian Riaz Ahmed | 4/6 | | |
| Mr. Irfan Ahmed | 6/6 | | 1/1 |
| Mian Imran Ahmed | 6/6 | 5/5 | |
| Mr. Kashif Riaz | 6/6 | | |
| Mr. Sheikh Shafqat Masood | 5/6 | | |
| Mr. Shahwaiz Ahmed | 5/6 | 2/5 | 1/1 |
| Mr. Sheikh Nishat Ahmed ** | 2/6 | 3/5 | |
| Mr. Farooq Hassan*** | 2/6 | | |
| Mr. Faisal Hanif* | 6/6 | 5/5 | 1/1 |
| MS. Azra Yaqub Vawda | 4/6 | | |
| Mian Masud Ahmed | 3/6 | | |

** Mr. Sheikh Nishat Resigned from the Board of Directors on October 30, 2019 and Ms. Azra Yaqub Vawda appointed as a Independent Director w.e.f November 01, 2019.

*** Mr. Farooq Hassan appointed as a Independent Director of the Company on January 07, 2020 in place of Mian Masud Ahmed (because of his Death).

* Mr. Faisal Hanif (Independent Director) appointed as a Chairman of the Audit Committee & Human Resources Committee w.e.f October 30, 2019.

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 ensuring 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 SHAREHOLDING

The pattern of share holding as at June 30th, 2020 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.

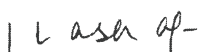
WEB PRESENCE

Annual and periodic financial statements of the company are also available on the website of the company <http://indus-group.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



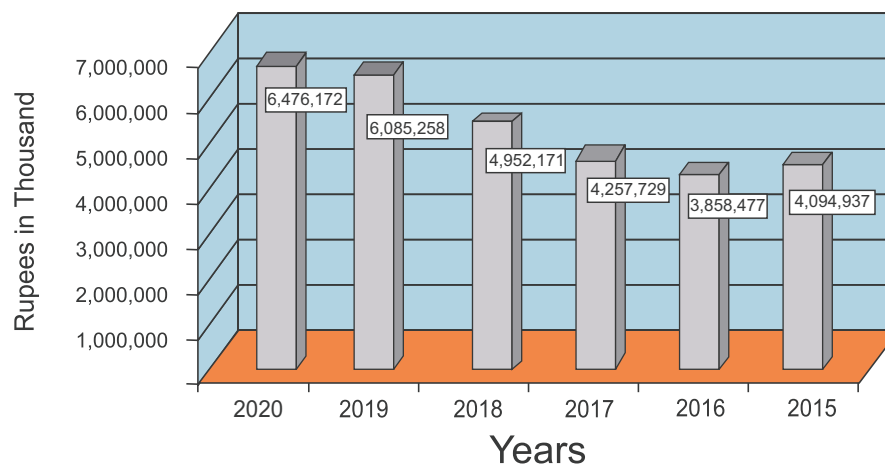
Kashif Riaz

Chief Executive Officer

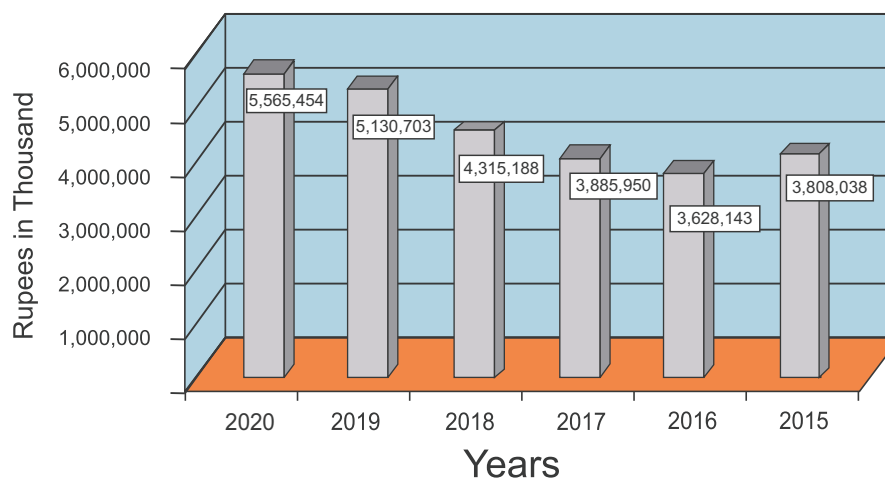
Karachi

Dated: October 06, 2020

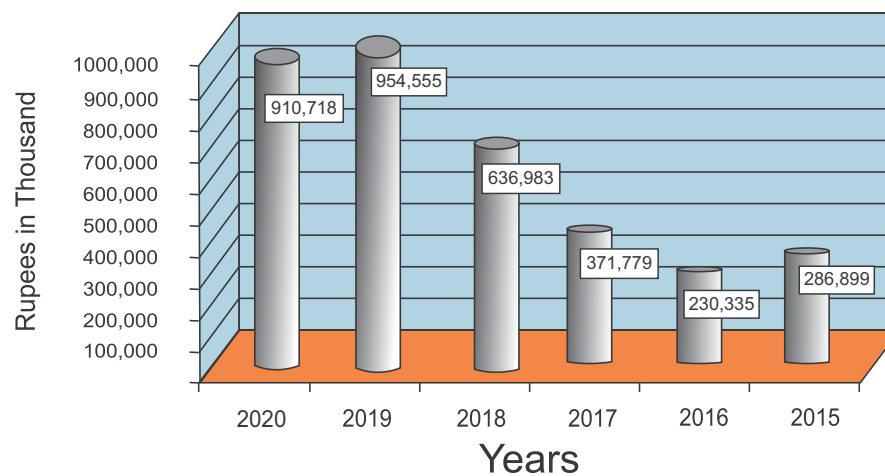
Sales



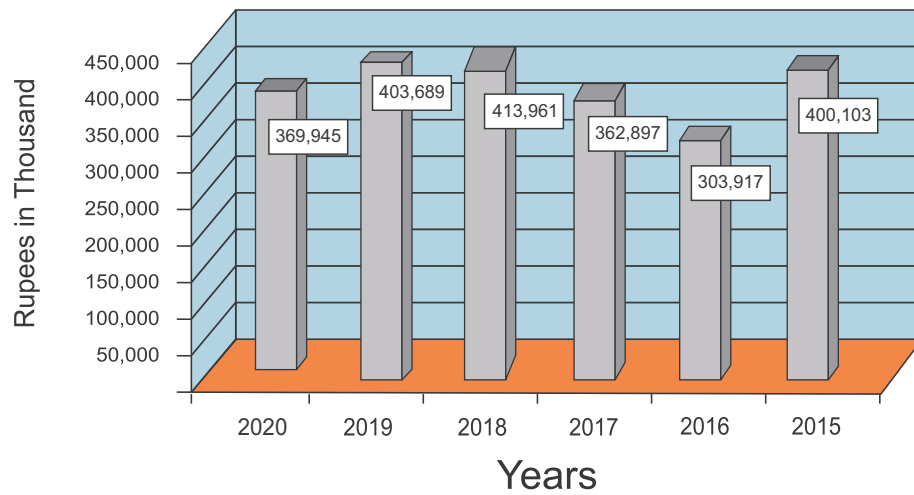
Cost Of Goods Sold



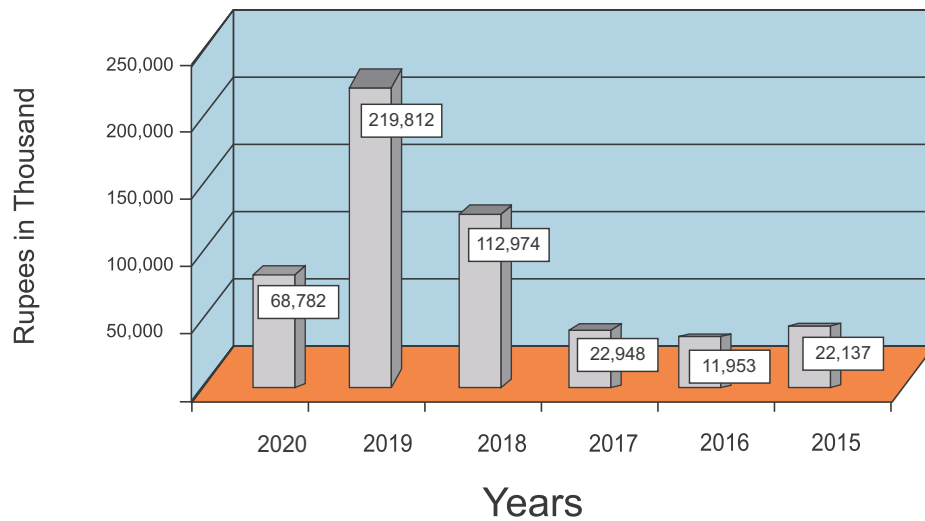
Gross Profit



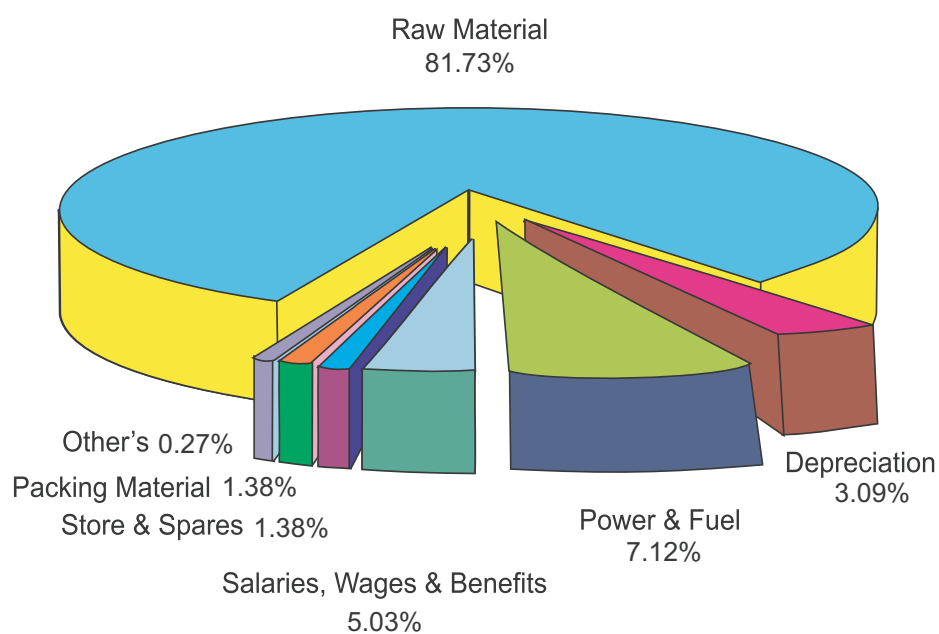
Power and Fuel Charges



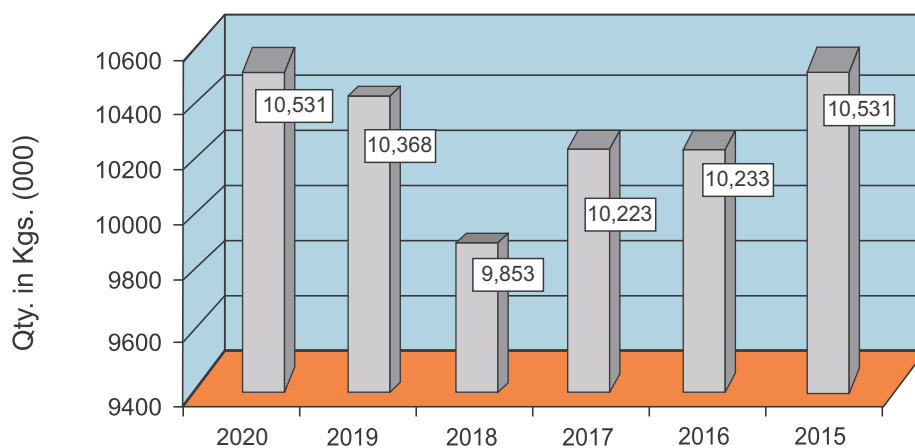
Financial Charges



Manufacturing Cost



Production in 20/S Count



**SIX YEAR KEY OPERATING AND FINANCIAL DATA
FROM 2015 TO 2020
(Rupees in 000)**

| | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| OPERATING DATA | | | | | | |
| Sales | 6,476,172 | 6,085,258 | 4,952,171 | 4,257,729 | 3,858,477 | 4,094,937 |
| Cost of Goods Sold | 5,565,454 | 5,130,703 | 4,315,188 | 3,885,950 | 3,628,143 | 3,808,038 |
| Gross Profit | 910,718 | 954,555 | 636,983 | 371,779 | 230,335 | 286,899 |
| Profit Before Taxation | 646,430 | 474,979 | 278,908 | 191,387 | 77,445 | 119,231 |
| Profit After Taxation | 560,164 | 471,778 | 281,885 | 141,738 | 33,704 | 66,624 |
| FINANCIAL DATA | | | | | | |
| Paid Up Capital | 69,000 | 69,000 | 69,000 | 69,000 | 69,000 | 69,000 |
| Fixed Assets | 1,813,371 | 1,849,895 | 1,508,584 | 1,185,010 | 1,170,645 | 1,074,830 |
| Current Assets | 3,091,115 | 4,185,540 | 4,184,174 | 2,859,534 | 2,278,545 | 1,753,844 |
| Current Liabilities | 525,427 | 1,948,356 | 2,398,481 | 1,500,404 | 999,157 | 423,167 |
| KEY RATIOS | | | | | | |
| Gross Margin | 14.06% | 15.86% | 12.86% | 8.73% | 5.97% | 7.01% |
| Net Profit | 8.65% | 7.75% | 5.69% | 3.33% | 0.87% | 1.63% |
| Current Ratio | 5.88 | 2.15 | 1.74 | 1.91 | 2.28 | 4.14 |
| Earning Per Share(Rupees) | 81.18 | 68.37 | 40.85 | 20.92 | 5.47 | 10.95 |
| Cash Dividend | | | | | | |
| STATISTICS | | | | | | |
| Number Of Spindle | 33127 | 33468 | 32994 | 34912 | 34405 | 34526 |
| Production in to 20/S Count(in 000 Kgs) | 10531 | 10368 | 9853 | 10223 | 10233 | 10531 |

**STATEMENT OF COMPLIANCE WITH LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) Regulations, 2019
For the year ended June 30, 2020**

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

1. The total number of directors are 11 as per follows;

- a) Male 10
b) Female 1

2. The composition of Board is as followed;

| Category | Names |
|-------------------------|---|
| Independent Directors | Ms. Azra Yaqub Vawda Mr. Farooq Hassan Mr. Faisal Hanif |
| Executive Directors | Mr. Kashif Riaz (CEO) Sheikh Shafqat Masood |
| Non-Executive Directors | Mian Shahzad Ahmed Mr. Naveed Ahmed Mr. Shahwaiz Ahmed Mr. Riaz Ahmed Mian Imran Ahmed Mr. Irfan Ahmed |
| Female Director | Ms. Azra Yaqub Vawda |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
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. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
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 programme has obtained the certificate, except for one director appointed during the year who will obtain certificate in due course;
10. The board has approved appointment of CFO, Company Secretary and the Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. The Financial statements of the Company were duly endorsed by Chief Executive Officer and Chief Financial Officer before approval of the Board;
12. The board has formed committees comprising of the members given below:

a) Audit Committee

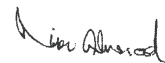
| | |
|----------|---------------------------------------|
| Chairman | Mr. Faisal Hanif |
| Members | Mr. Imran Ahmed Mr. Shahwaiz Ahmed |

b) HR and Remuneration Committee

| | |
|----------|---------------------------------------|
| Chairman | Mr. Faisal Hanif |
| 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 (Quarterly)
- b) HR and Remuneration Committee (yearly)
15. The board has set up an effective internal audit function
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 Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (Spouses, parents, dependents and non-dependents children) of the Chief Executive officer, Chief Financial Officer, head of Internal Audit, Company Secretary or directors of the Company;
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 requirements of Regulations 3,6,7,8,27,32,33 and 36 of the Regulations have been complied with except following;
- * As per regulation 6, it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors and currently, there are three independent directors in a board of eleven directors. With regard to compliance with Regulation 6 pertaining to fraction contained in one-third number and not rounded up as one, Management believes that three independent Directors are sufficient to represent minority shareholders which are only 12.69% of total shareholders.

On behalf of the Board of Directors



Mian Riaz Ahmed
Chairman

Karachi: October 06, 2020

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, 2019

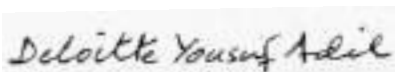
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Sunrays Textile Mills Limited** (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 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. 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.

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, 2020.



Chartered Accountants

Place: Karachi

Date: October 07, 2020

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, 2020, 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, 2020 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 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. 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). 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. | Our audit procedures to address the Key Audit Matter included the following: <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:

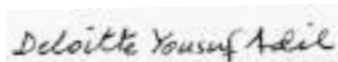
a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

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.



Chartered Accountants

Place : MULTAN

Date : October 06, 2020

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2020

ASSETS

Non-current assets

Property, plant and equipment
Investment property
Long term deposits

| | | 2020 | 2019 |
|--|------|--------------------|---------------|
| | Note | ----- Rupees ----- | |
| | 5 | 1,811,029,055 | 1,847,552,707 |
| | 6 | 2,342,055 | 2,342,055 |
| | | 6,991,200 | 6,991,200 |
| | | 1,820,362,310 | 1,856,885,962 |

Current assets

Stores and spares
Stock in trade
Trade debts
Loans and advances
Trade deposits and short term prepayments
Other receivables
Short term investments
Sales tax refundable
Income tax refundable
Cash and bank balances

| | | | |
|--|----|---------------|---------------|
| | 7 | 96,673,516 | 80,501,483 |
| | 8 | 1,823,689,111 | 1,765,710,978 |
| | 9 | 342,661,323 | 1,886,384,813 |
| | 10 | 121,442,496 | 101,685,107 |
| | 11 | 3,721,722 | 6,434,913 |
| | | 37,146,406 | 26,873,566 |
| | 12 | 409,227,046 | 112,844,221 |
| | | 107,121,128 | 51,871,768 |
| | | 116,807,008 | 79,736,415 |
| | 13 | 32,624,872 | 73,497,191 |
| | | 3,091,114,628 | 4,185,540,455 |
| | | 4,911,476,938 | 6,042,426,417 |

Total assets

EQUITY AND LIABILITIES

Share capital and reserves

Issued, subscribed and paid-up capital
Share premium
Surplus on revaluation of property,
plant and equipment
General reserves
Unappropriated profit

| | | | |
|--|----|---------------|---------------|
| | 14 | 69,000,000 | 69,000,000 |
| | | 3,600,000 | 3,600,000 |
| | 15 | 289,188,794 | 333,980,558 |
| | | 750,000,000 | 750,000,000 |
| | | 2,264,945,574 | 2,039,548,036 |
| | | 3,376,734,368 | 3,196,128,594 |

Non-current liabilities

Long term financing
Deferred liabilities

| | | | |
|--|----|---------------|-------------|
| | 16 | 927,141,618 | 827,705,100 |
| | 17 | 82,173,885 | 70,236,555 |
| | | 1,009,315,503 | 897,941,655 |

Current liabilities

Trade and other payables
Accrued markup
Short term borrowings
Current portion of long term financing
Unclaimed dividend
Provision for taxation

| | | | |
|--|----|-------------|---------------|
| | 18 | 338,867,968 | 380,532,419 |
| | 19 | 19,630,111 | 27,269,544 |
| | 20 | 18,852,705 | 1,478,635,527 |
| | 16 | 42,000,249 | 14,773,530 |
| | | 20,746,083 | 11,900,626 |
| | | 85,329,951 | 35,244,522 |
| | | 525,427,067 | 1,948,356,168 |

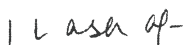
Contingencies and commitments

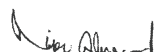
| | | | |
|--|----|---------------|---------------|
| | 21 | 4,911,476,938 | 6,042,426,417 |
|--|----|---------------|---------------|

Total equity and liabilities

The annexed notes from 1 to 44 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive Officer

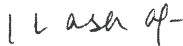

Mian Riaz Ahmed
Chairman

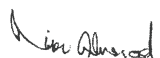
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2020

| | | 2020 | 2019 |
|---|-------------|--------------------|-----------------|
| | <i>Note</i> | ----- Rupees ----- | |
| Sales-net | 22 | 6,476,171,798 | 6,085,258,332 |
| Cost of sales | 23 | (5,565,453,532) | (5,130,703,328) |
| Gross profit | | 910,718,266 | 954,555,004 |
| Loss on other operations | 24 | - | (907,091) |
| | | 910,718,266 | 953,647,913 |
| Distribution cost | 25 | (90,869,659) | (78,883,916) |
| Administrative expenses | 26 | (135,815,087) | (129,858,591) |
| Other expenses | 27 | (40,217,306) | (66,161,529) |
| Finance cost | 28 | (68,781,772) | (219,811,517) |
| Other income | 29 | 71,395,739 | 16,046,441 |
| | | (264,288,085) | (478,669,112) |
| Profit before taxation | | 646,430,181 | 474,978,801 |
| Taxation | 30 | (86,266,481) | (3,201,179) |
| Profit for the year | | 560,163,700 | 471,777,622 |
| Earnings per share - basic and diluted | 31 | 81.18 | 68.37 |

The annexed notes from 1 to 44 form an integral part of these financial statements.


Shabbir Kausar
Chief Financial Officer


Kashif Riaz
Chief Executive Officer

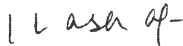

Mian Riaz Ahmed
Chairman

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

| | <i>Note</i> | <i>2020</i> ----- <i>Rupees</i> ----- | <i>2019</i> ----- <i>Rupees</i> ----- |
|---|-------------|--|--|
| Profit for the year | | 560,163,700 | 471,777,622 |
| Other comprehensive income - net of tax | | | |
| Items that will not be reclassified to statement of profit or loss | | | |
| Remeasurement of defined benefit obligation - gratuity | 17.2 | (57,926) | (650,770) |
| Surplus on revaluation of property, plant and equipment | 15.1 | - | 81,602,175 |
| Total comprehensive income for the year | | <u>560,105,774</u> | <u>552,729,027</u> |

The annexed notes from 1 to 44 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, 2020

| | Share capital | Capital reserves | | Revenue reserves | | Total |
|--|-------------------|------------------|--|--------------------|-----------------------|----------------------|
| | | Share premium | Surplus on revaluation of fixed assets | General reserve | Unappropriated profit | |
| Rupees | | | | | | |
| 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 |
| Comprehensive income for the year | | | | | | |
| Profit for the year | - | - | - | - | 560,163,700 | 560,163,700 |
| Other comprehensive income | - | - | - | - | (57,926) | (57,926) |
| Total comprehensive income for the year | - | - | - | - | 560,105,774 | 560,105,774 |
| Transactions with owners | | | | | | |
| Annual dividend for the year ended June 30, 2019 @ Rs. 25 per share | - | - | - | - | (172,500,000) | (172,500,000) |
| 1st interim dividend for the period ended December 31, 2019 @ Rs. 15 per share | - | - | - | - | (103,500,000) | (103,500,000) |
| 2nd interim dividend for the period ended March 31, 2020 @ Rs. 15 per share | - | - | - | - | (103,500,000) | (103,500,000) |
| Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation | - | - | (21,192,839) | - | 21,192,839 | - |
| Transfer of revaluation surplus due to disposal of revalued assets | - | - | (23,598,925) | - | 23,598,925 | - |
| Balance as at June 30, 2020 | 69,000,000 | 3,600,000 | 289,188,794 | 750,000,000 | 2,264,945,574 | 3,376,734,368 |

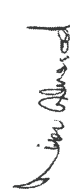
The annexed notes from 1 to 44 form an integral part of these financial statements.



Shabbir Kausar
Chief Financial Officer



Kashif Riaz
Chief Executive Officer



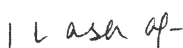
Mian Riaz Ahmed
Chairman

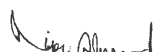
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

| | 2020 | 2019 |
|---|-----------------|---------------|
| | Rupees | |
| A. CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit before taxation | 646,430,181 | 474,978,801 |
| Adjustments for: | | |
| Depreciation on property, plant and equipment | 173,170,447 | 148,558,603 |
| Unrealized loss on re-measurement of other financial assets-net | (12,210,453) | 40,887,501 |
| Realized gain on disposal of other financial assets-net | (4,054,388) | (1,612,733) |
| Provision for staff retirement benefits - gratuity | 21,666,444 | 19,851,155 |
| (Gain) / loss on sale of property, plant and equipment- net | (46,000,640) | (416,752) |
| Dividend income | (5,062,193) | (6,065,136) |
| Interest income | (6,825,168) | (689,117) |
| Finance cost | 68,781,772 | 219,811,518 |
| Operating cash flows before changes in working capital | 835,896,002 | 895,303,840 |
| Changes in working capital | | |
| <i>(Increase) / decrease in current assets</i> | | |
| Stores and spares | (16,172,033) | (924,867) |
| Stock in trade | (57,978,133) | 514,303,711 |
| Trade debts | 1,543,723,490 | (521,992,728) |
| Loans and advances (excluding advance income tax) | (6,051,851) | 19,658,604 |
| Trade deposits and short term prepayments | 2,713,191 | (177,806) |
| Sales tax refundable | (55,249,360) | (5,878,949) |
| Income tax refundable | (37,070,593) | (59,926,842) |
| Other receivables | (10,272,840) | 66,930,265 |
| <i>Increase in current liabilities</i> | | |
| Trade and other payables | (41,664,451) | 49,757,364 |
| | 1,321,977,420 | 61,748,752 |
| Cash generated from operations | 2,157,873,422 | 957,052,592 |
| Finance cost paid | (76,421,205) | (214,423,221) |
| Staff retirement benefits - gratuity paid | (9,787,040) | (10,942,306) |
| Income taxes paid | (49,886,590) | (8,667,670) |
| Net cash generated from operating activities | 2,021,778,587 | 723,019,395 |
| B. CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Additions to property, plant and equipment | (147,029,455) | (435,893,351) |
| Additions to capital work in progress | (28,751,200) | - |
| Proceeds from disposal of property, plant and equipment | 85,134,500 | 21,051,359 |
| Payment for purchase of short term investments | (1,781,946,210) | (52,850,028) |
| Proceeds from disposal of short term investments | 1,501,828,226 | 19,597,869 |
| Dividend income | 5,062,193 | 6,065,136 |
| Interest income | 6,825,168 | 689,117 |
| Net cash used in investing activities | (358,876,778) | (441,339,898) |
| C. CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from long term financing | 126,663,237 | 340,590,670 |
| Short term borrowings - net | (1,459,782,822) | (549,171,496) |
| Dividends paid | (370,654,543) | (60,829,894) |
| Net cash used in financing activities | (1,703,774,128) | (269,410,720) |
| Net increase in cash and cash equivalents (A+B+C) | (40,872,319) | 12,268,777 |
| Cash and cash equivalents at beginning of the year | 73,497,191 | 61,228,414 |
| Cash and cash equivalents at end of the year | 32,624,872 | 73,497,191 |

The annexed notes from 1 to 44 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 STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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 has also been operating ginning units and ice factories under leasing arrangements but these have not been operational during the current year. 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. The Company has also purchased land of 22 kanals 5 marlas located at Mouza Kot Mahna Sing, Tehsil Kot Radha Kishan, District Kasur during the year.

2. BASIS OF PRESENTATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS's, 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 and 4.11.

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.

In preparing these financial statements, the significant judgement made by the management in applying accounting policies include:

- useful life and residual values of depreciable assets (note 4.5 and 5.1)
- allowance for expected credit losses;
- provision for current tax and deferred tax (note 4.2 and 30)
- revaluation of assets pertaining to freehold land, building on freehold land, plant and machinery and cost value of investment property;
- staff retirement benefits (note 4.1 and 17)
- net realizable value of stock-in-trade (note 4.8 and 8)

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, 2020

3.1.1 The following standards, amendments and interpretations are effective for the year ended June 30, 2020.

| Standards or Interpretations with no significant impact | Effective from accounting period beginning on or after: |
|--|--|
| 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 IFRS 9 'Financial Instruments' - prepayment features with negative compensation. | January 01, 2019 |
| Amendments to IAS 28 'Investments in Associates and Joint Ventures' - Long-term interests in associates and joint ventures. | January 01, 2019 |
| Amendments to IAS 19 'Employee Benefits' - Plan amendment, curtailment or settlement. | 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 |
| IFRS 14 – Regulatory Deferral Accounts - IFRS 14 was originally issued in January 2014 and applies to an entity's first annual IFRS financial statements for a period beginning on or after 1 January 2016. However, Securities and Exchange Commission of Pakistan (SECP) has adopted from July 01, 2019. | July 01, 2019 |

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

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.

| | Effective from accounting period beginning on or after: |
|---|--|
| Amendments to the conceptual framework for financial reporting, including amendments to references to the conceptual framework in IFRS. | January 01, 2020 |
| Amendments to IFRS 3 'Business Combinations' - Definition of a business | January 01, 2020 |
| Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform. | January 01, 2020 |
| Amendment to IFRS 16 'Leases' - Covid-19 related rent concessions. | January 01, 2020 |
| Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. Clarify the definition of 'Material' and align the definition used in the Conceptual Framework and the Standards. | January 01, 2020 |
| Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework. | January 01, 2022 |
| Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use. | January 01, 2022 |
| Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts — cost of fulfilling a contract. | January 01, 2022 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current. | January 01, 2023 |

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

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 SECP:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 17 – Insurance Contracts

3.4 **Adoption of new accounting standards**

The following changes in standards have taken place effective from July 01, 2019:

3.4.1 **Impact of IFRS 16 - Leases**

IFRS 16 introduces new or amended requirements with respect to lease accounting. It introduces significant changes to lessee accounting by removing the distinction between operating and finance lease and requiring the recognition of a right-of-use asset and a lease liability at commencement for all leases, except for short-term leases and leases of low value assets. In contrast to lessee accounting, the requirements for lessor accounting have remained largely unchanged. The impact of the adoption of IFRS 16 on the Company's financial statements is described below.

IFRS 16 introduced a single, on-Statement of financial position accounting model for leases. As a result, the Company as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets; and lease liabilities representing its obligation to make lease payments.

The Company applied IFRS 16 using the modified retrospective approach, under which the Company has recognised lease liabilities at the date of initial recognition for leases previously classified as operating lease under IAS 17 at the present value of the remaining lease payments using the Company's incremental borrowing rate and recognising right of use assets at an amount equal to the lease liabilities, adjusted for the amounts of prepaid rent. Accordingly, the comparative figures presented for 2019 have not been restated.

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 statement of financial position 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 statement of financial position 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 statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position 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 statement of financial position 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 surplus 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 statement of 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 statement of 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 statement of profit or loss.

4.7 Stores and spares

These are valued at lower of cost or net realizable value, 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 statement of financial position.

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 statement of financial position

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 debts

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 statement of financial position 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 statement of profit or loss. 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 amortised 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 (ECL) 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 costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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 statement of financial position, 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 statement of financial position 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.

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 | 2020 | 2019 |
|--------------------------|------|----------------------|----------------------|
| | | Rupees | Rupees |
| Operating assets | 5.1 | 1,782,277,855 | 1,846,413,281 |
| Capital work-in-progress | 5.4 | 28,751,200 | 1,139,426 |
| | | 1,811,029,055 | 1,847,552,707 |

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 | 204,829,500 | - | 21,048,053 | 191,940,053 | - | - | - | 191,940,053 | - |
| | | | (33,937,500) | | | | | | |
| Building on freehold land | 349,855,491 | - | 7,197,292 | 357,052,783 | 117,476,211 | 23,957,657 | 141,433,868 | 215,618,915 | 10% |
| Plant and machinery | 2,262,265,477 | - | 91,484,346 | 2,353,749,823 | 940,104,477 | 132,978,470 | 1,073,082,947 | 1,280,666,876 | 10% |
| Electric installations | 69,644,240 | - | - | 69,644,240 | 36,007,692 | 3,363,655 | 39,371,347 | 30,272,893 | 10% |
| Factory equipments | 4,255,496 | - | - | 4,255,496 | 2,347,002 | 190,849 | 2,537,851 | 1,717,645 | 10% |
| Office equipments | 4,708,546 | - | - | 4,708,546 | 3,794,465 | 91,408 | 3,885,873 | 822,673 | 10% |
| Electric appliances | 4,617,405 | - | - | 4,617,405 | 3,018,855 | 159,855 | 3,178,710 | 1,438,695 | 10% |
| Furniture and fittings | 9,183,629 | - | 193,690 | 9,377,319 | 6,077,628 | 327,727 | 6,405,355 | 2,971,964 | 10% |
| Vehicles | 112,273,026 | - | 28,245,500 | 123,672,166 | 66,393,199 | 12,100,826 | 66,844,025 | 56,828,141 | 20% |
| | | | (16,846,360) | | | (11,650,000) | | | |
| 2020 | 3,021,632,810 | - | 148,168,881 | 3,119,017,831 | 1,175,219,529 | 173,170,447 | 1,336,739,976 | 1,782,277,855 | |
| | | | (50,783,860) | | | (11,650,000) | | | |
| 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) | | | |

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 2020 | | | | | | | | |
| Land | | | | | | | | |
| 90 Kanal 5 marla | 33,937,500 | - | 33,937,500 | 79,187,500 | 45,250,000 | Negotiation | Related party | Indus Home Limited |
| Vehicle | | | | | | | | |
| Honda civic MN-6061 | 2,213,500 | 1,583,479 | 630,021 | 660,000 | 29,979 | Negotiation | Third party | Chaudhary Hamid Mehmood |
| Honda civic MN-3486 | 2,269,000 | 1,623,182 | 645,818 | 675,000 | 29,182 | Negotiation | Third party | Muhammad Khalid |
| Honda civic MN-5678 | 2,213,500 | 1,583,479 | 630,021 | 675,000 | 44,979 | Negotiation | Third party | Muhammad Naem Ramzan |
| Corolla altis LEA-3596 | 2,822,000 | 705,500 | 2,116,500 | 2,300,000 | 183,500 | Negotiation | Third party | Muhammad Nabeel Mohsin |
| | 43,455,500 | 5,495,640 | 37,959,860 | 83,497,500 | 45,537,640 | | | |
| 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 | | | |

| | | | 2020 | 2019 |
|-------|---|-------|---------------|---------------|
| | | | Rupees | |
| 5.3 | Depreciation for the year has been allocated as under: | Note | | |
| | Cost of goods sold | 23 | 160,490,631 | 137,362,426 |
| | Administrative expenses | 26 | 12,679,816 | 11,196,177 |
| | | | 173,170,447 | 148,558,603 |
| 5.4 | Capital Work in Progress | | | |
| | Machinery in transit | | 28,751,200 | - |
| | Building | | - | 1,139,426 |
| | | 5.4.1 | 28,751,200 | 1,139,426 |
| 5.4.1 | Movement in capital work in progress | | | |
| | Opening balance | | 1,139,426 | 2,583,755 |
| | Additions during the year | | 28,751,200 | 1,139,426 |
| | Transferred to operating assets | | (1,139,426) | (2,583,755) |
| | | | 28,751,200 | 1,139,426 |
| 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. 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. | | | |
| | Forced sale value of the above items of property, plant and equipment is as follows: | | | |
| | | | | Rupees |
| | Freehold land | | | 36,633,600 |
| | Building on freehold land | | | 185,903,424 |
| | Plant and machinery | | | 925,512,700 |
| | | | | 1,148,049,724 |
| 5.6 | Had there been no revaluation the related figures of freehold land, building on freehold land and plant and machinery as at the statement of financial position date would have been as follows; | | | |
| | | | 2020 | 2019 |
| | | | Rupees | |
| | Freehold land | | 67,684,614 | 67,684,614 |
| | Building on freehold land | | 46,383,532 | 44,339,965 |
| | Plant and machinery | | 1,259,166,708 | 1,300,944,530 |
| | | | 1,373,234,854 | 1,412,969,109 |
| 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. The forced sale value has been assessed as at June 30, 2019 is Rs. 37.19 million. The investment property is located at Shujabad, District Multan. | | | |
| 7. | STORES AND SPARES | Note | 2020 | 2019 |
| | | | Rupees | |
| | Stores | | 73,254,129 | 62,032,835 |
| | Spares | | 23,419,387 | 18,468,648 |
| | | | 96,673,516 | 80,501,483 |

| | | | 2020 | 2019 |
|--|--|--|---------------------------|----------------------|
| | | | ----- Rupees ----- | ----- |
| 8. STOCK-IN-TRADE | Note | | | |
| Raw material | | | 1,335,668,164 | 1,399,696,557 |
| Raw material in-transit | | | 323,398,238 | 19,267,563 |
| Work in process | | | 35,073,406 | 39,142,830 |
| Finished goods | | | | |
| - Spinning unit | | | 122,828,379 | 210,015,095 |
| - Ginning units | | | - | 24,237,739 |
| | | | 122,828,379 | 234,252,834 |
| Waste | | | 6,720,924 | 73,351,194 |
| | | | 1,823,689,111 | 1,765,710,978 |
| 9. TRADE DEBTS | | | | |
| Foreign - secured and considered good | | | 59,499,472 | 1,763,415,446 |
| Local - unsecured | 9.1 | | 291,567,669 | 123,258,069 |
| | | | 351,067,141 | 1,886,673,515 |
| Bad debts written off | 27 | | (6,139,620) | - |
| Allowance for expected credit losses | 9.2 | | (2,266,198) | (288,702) |
| | | | 342,661,323 | 1,886,384,813 |
| 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: | | | |
| | | | 2020 | 2019 |
| | | | ----- Rupees ----- | ----- |
| Indus Home Limited | 9.5 & 35 | | 9,906,754 | 7,675,539 |
| 9.2 Allowance for expected credit losses | | | | |
| Opening balance as at July 1 | | | 288,702 | 288,702 |
| Expected credit losses | | | 1,977,496 | - |
| Closing balance as at June 30 | | | 2,266,198 | 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. 465,857 (2019: Rs. 350,882) were past due. | | | |
| 9.5 | The maximum outstanding balance during the year due from Indus Home Limited is Rs. 9.9 million (2019: Rs. 7.7 million). | | | |
| 10. LOANS AND ADVANCES | | | | |
| Considered good | Note | | 2020 | 2019 |
| | | | ----- Rupees ----- | ----- |
| Due from employees | 10.1 | | 14,657,804 | 12,701,325 |
| Advances : | | | | |
| Income tax | | | 83,936,846 | 70,231,308 |
| To suppliers / services | | | 21,267,715 | 10,990,286 |
| To contractors | | | 168,530 | 5,991,040 |
| Letter of credit margin | | | 1,411,601 | 1,771,148 |
| | | | 121,442,496 | 101,685,107 |
| 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 | Note | | 2020 | 2019 |
| | | | ----- Rupees ----- | ----- |
| Bank guarantee margin | | | 3,239,226 | 6,093,984 |
| Prepayments | | | 482,496 | 340,929 |
| | | | 3,721,722 | 6,434,913 |
| 12. SHORT TERM INVESTMENTS | | | | |
| Investments - at fair value through profit or loss | 12.1 | | 409,227,046 | 100,044,221 |
| Sales tax refund bonds - at amortized cost | | | - | 12,800,000 |
| | | | 409,227,046 | 112,844,221 |

12.1 Market value of other financial assets

| 2020 | 2019 | | 2020 | 2019 |
|------------------|---|--|--------------------|------------|
| Number of units | Investments in units of mutual funds | | ----- Rupees ----- | |
| 213,195 | 213,195 | NAFA Stock Fund | 2,551,566 | 2,556,512 |
| 290,444 | 290,444 | ABL Stock Fund | 3,356,340 | 3,405,947 |
| 106,429 | 106,429 | UBL Stock Advantage Fund | 6,403,808 | 6,104,743 |
| 2,702,903 | - | Lakson Money Market Fund | 271,827,990 | - |
| 741 | 741 | Nafa Islamic Energy Fund | 6,290 | 6,782 |
| Number of shares | Investment in ordinary shares of listed companies | | | |
| 59,000 | 53,000 | Engro Fertilizer Limited | 3,556,520 | 3,390,410 |
| 35,500 | 35,500 | Engro Power Generation Limited | 717,810 | 726,685 |
| 112,000 | 112,000 | Fatima Fertilizer Company Limited | 2,993,760 | 3,343,200 |
| 31,500 | 31,500 | Fauji Fertilizer Bin Qasim Limited | 502,740 | 574,245 |
| 16,500 | 16,500 | Nishat Mills Limited | 1,287,165 | 1,540,110 |
| 108,800 | 36,100 | United Bank Limited | 11,245,568 | 5,320,418 |
| - | 400 | Pakistan Gum And Chemical Limited | - | 62,000 |
| 18,262 | 18,262 | Pak International Bulk Terminal Limited | 160,706 | 154,131 |
| 13,500 | 13,500 | Pakgen Power Limited | 162,135 | 191,430 |
| 69,000 | 69,000 | Pakistan Telecommunication Company Limited | 612,720 | 1,523,911 |
| 31,350 | 31,350 | Treet Corporation Limited | 559,911 | 184,652 |
| 69,700 | 35,400 | Oil and Gas Development Company Limited | 7,597,300 | 9,164,853 |
| 1,400 | 1,400 | Abbott Laboratories Pakistan Limited | 928,200 | 664,496 |
| 142,500 | 142,500 | K-Electric Limited | 428,925 | 625,575 |
| 30,950 | 16,950 | Lucky Cement Limited | 14,285,901 | 6,448,967 |
| 25,000 | 25,000 | Sui Southern Gas Company Limited | 333,500 | 1,737,250 |
| 44,500 | 44,500 | Habib Bank Limited | 4,310,715 | 5,040,070 |
| 560 | 560 | Exide Pakistan Limited | 151,256 | 77,560 |
| 1,500 | 1,500 | Artistic Denim Mills Limited | 73,350 | 69,480 |
| 16,700 | 16,700 | MCB Bank Limited | 2,706,569 | 2,913,315 |
| 3,675 | 3,500 | Cyan Limited | 82,686 | 70,000 |
| 13,000 | 13,000 | Kot Addu Power Company Limited | 261,950 | 472,940 |
| 12,000 | 12,000 | Kohinoor Energy Limited | 419,760 | 432,000 |
| 82,500 | 82,500 | Nishat Chunian Power Limited | 1,247,400 | 1,436,325 |
| 19,000 | - | Engro Corporation Limited | 5,565,480 | - |
| 9,500 | 9,500 | Al-Shaheer Corporation Limited | 108,680 | 119,700 |
| 26,400 | 26,400 | Amreli Steels Limited | 861,696 | 651,024 |
| 24,200 | 24,200 | Crescent Steel and Allied products Limited | 1,101,100 | 904,596 |
| 4,332,209 | 1,483,531 | Carried forward | 346,409,497 | 59,913,327 |

| 2020 | 2019 | | 2020 | 2019 |
|------------------|------------------|--|--------------------|--------------------|
| Number of shares | | | Rupees | |
| 4,332,209 | 1,483,531 | Brought forward | 346,409,497 | 59,913,327 |
| 61,500 | 61,500 | Askari Bank Limited | 843,165 | 1,162,965 |
| 47,970 | 47,970 | Kohat Cement Company Limited | 6,593,477 | 2,519,864 |
| 16,700 | 16,700 | Engro Foods Limited | 1,227,617 | 974,111 |
| 2,200 | 2,200 | GlaxoSmithKline Pakistan Limited | 382,976 | 209,726 |
| 6,150 | 6,150 | Ferozsons Laboratories Limited | 1,847,645 | 687,693 |
| 205,500 | 205,500 | Fauji Cement Company Limited | 3,468,840 | 3,232,515 |
| 7,540 | 7,540 | Kohinoor Textile Limited | 267,745 | 188,877 |
| 4,500 | 4,500 | Arif Habib Corporation Limited | 135,000 | 111,195 |
| 10,450 | 9,500 | Cherat Cement Limited | 910,927 | 294,120 |
| 69,000 | 69,000 | D.G Khan Cement Company Limited | 5,887,770 | 3,901,260 |
| 65,600 | 65,600 | Maple Leaf Cement Factory Limited | 1,704,288 | 1,567,184 |
| 20,520 | 20,520 | Attock Cement Pakistan Limited | 2,557,408 | 1,465,333 |
| 25,000 | 25,000 | Mughal Iron & Steel Industries Limited | 997,000 | 629,000 |
| 100 | 100 | Pak International Container Terminal Limited | 17,200 | 15,050 |
| 8,200 | 8,200 | Packages Limited | 2,847,122 | 2,464,592 |
| 17,500 | 17,500 | Bestway Cement Limited | 1,902,775 | 1,803,725 |
| 3,038 | 2,762 | Cherat Packaging Limited | 355,902 | 222,728 |
| 3,200 | 3,200 | EFU General Insurance Limited | 351,936 | 321,152 |
| 29,100 | 29,100 | Fecto Cement Limited | 605,862 | 567,450 |
| 14,000 | 14,000 | Saif Power Limited | 224,980 | 262,640 |
| 80,900 | 35,900 | Hub Power Company Limited | 5,865,250 | 951,350 |
| 50,000 | 50,000 | Aisha Steel Mills Limited | 460,500 | 460,000 |
| 3,504 | 3,186 | Mari Petroleum Company Limited | 4,333,225 | 3,215,725 |
| 70,400 | 70,400 | Pak Elektron Limited | 1,614,272 | 1,409,408 |
| 10,400 | 10,400 | Shell Pakistan Limited | 1,898,832 | 1,897,584 |
| 33,000 | - | Meezan Bank Limited | 2,272,050 | - |
| 1,320 | - | Biafo Industries Limited | 189,710 | - |
| 2,300 | 2,300 | National Refinery Limited | 246,744 | 260,981 |
| 4,320 | 3,600 | Pakistan State Oil Company Limited | 683,251 | 610,668 |
| 9,545 | 9,545 | Searl Pakistan Limited | 1,901,650 | 1,398,915 |
| 500 | 500 | Interloop Limited | 21,960 | 440,781 |
| 11,100 | 11,100 | International Steels Limited | 573,315 | 22,135 |
| - | 7,050 | Gadoon Textile Mills Limited | - | 2,861,525 |
| 1,057 | 940 | Millat Tractors Limited | 746,411 | 810,637 |
| 69,500 | - | Bank Al Falah Limited | 2,333,115 | - |
| 4,000 | 1,000 | Archroma Pakistan Limited | 2,357,600 | 160,500 |
| 11,950 | 69,500 | Pakistan Oilfields Limited | 4,190,029 | 3,029,505 |
| 5,313,773 | 2,375,494 | | 409,227,046 | 100,044,221 |

13. CASH AND BANK BALANCES

| | | | |
|-------------------------|------|-------------------|-------------------|
| Cash in hand | | 450,288 | 2,072,596 |
| Cash at bank | | | |
| - Current accounts | | 22,043,615 | 61,314,298 |
| - Deposit accounts | 13.1 | 25,475 | 4,803 |
| - Saving accounts | 13.1 | 124,015 | 124,015 |
| - Term deposit receipts | 13.1 | 9,981,479 | 9,981,479 |
| | | 32,174,584 | 71,424,595 |
| | | 32,624,872 | 73,497,191 |

13.1 Effective markup rate in respect of saving, deposit accounts and term deposits receipts ranges from 7.60% to 10% (2019: 6.30% to 8.30%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

| | 2020 | 2019 | | 2020 | 2019 |
|---|------------------------------|--------------------------------|--|--------------------|--------------------|
| | ----- Number of shares ----- | | | ----- Rupees ----- | |
| Authorized capital | | | | | |
| 10,000,000 | 10,000,000 | Ordinary shares of Rs. 10 each | | 100,000,000 | 100,000,000 |
| Issued, subscribed and paid up capital | | | | | |
| | | Ordinary shares of Rs. 10 each | | | |
| 6,900,000 | 6,900,000 | fully paid in cash | | 69,000,000 | 69,000,000 |

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

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

14.3. 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.

| | Note | 2020 | 2019 |
|--|------|--------------------|--------------------|
| | | ----- Rupees ----- | |
| 15. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT | 15.1 | 289,188,794 | 333,980,558 |

15.1 Surplus on revaluation of property, plant and equipment

| | | | |
|--|--|---------------------|---------------------|
| Opening balance | | 349,073,276 | 290,864,079 |
| Transferred to unappropriated profit on account of : | | | |
| Incremental depreciation | | (21,192,839) | (19,398,895) |
| Disposal during the year | | - | (6,818,611) |
| Surplus on revaluation charged during the year | | - | 81,602,175 |
| Revaluation surplus due to disposal of revalued assets | | (23,598,925) | - |
| Related deferred tax liability due to disposal during the year | | - | 2,824,528 |
| Related deferred tax liability on incremental depreciation | | - | - |
| | | (44,791,764) | 58,209,197 |
| Closing balance | | 304,281,512 | 349,073,276 |
| Related deferred tax liability | | | |
| Opening balance | | (15,092,718) | (12,268,190) |
| Addition during the year | | | |
| Deferred tax on incremental depreciation | | - | - |
| Deferred tax on disposal during the year | | - | (2,824,528) |
| | | (15,092,718) | (15,092,718) |
| Closing balance | | 289,188,794 | 333,980,558 |

16. LONG TERM FINANCING

From banking companies - secured
Term finance:

| | | | |
|-----------------------|------|---------------------|---------------------|
| Allied Bank Limited | 16.1 | 78,360,480 | - |
| Allied Bank Limited | 16.2 | 26,596,127 | - |
| Bank Alfalah Limited | 16.3 | 27,022,565 | - |
| | | 131,979,172 | - |
| LTFF: | | | |
| United Bank Limited | 16.4 | 51,707,355 | 66,480,885 |
| Bank Alfalah Limited | 16.5 | 347,977,435 | 347,977,435 |
| MCB Bank Limited | 16.6 | 428,020,310 | 428,020,310 |
| Allied Bank Limited | 16.7 | 9,457,595 | - |
| | | 837,162,695 | 842,478,630 |
| | | 969,141,867 | 842,478,630 |
| Less: Current portion | | (42,000,249) | (14,773,530) |
| | | 927,141,618 | 827,705,100 |

16.1 Allied Bank Limited - Term Finance

This finance has been obtained from AlliedBank Limited for Balance Modernization and Replacement (BMR). The loan is repayable in 16 equal half yearly installments commencing from Dec 22, 2022 with 2 years grace period. It carries mark up at the rate of 6 Months KIBOR + 1.50%. The finance is secured against first pari passu charge over all present and future fixed assets of the company for Rs. 134 Million inclusive of 25% Margin.

16.2 Allied Bank Limited - Term Finance (salaries & wages)

This finance has been obtained from AlliedBank Limited to pay salaries & wages under SBP's Refinance Scheme for payment of wages & salaries. The loan is repayable in 8 equal quarterly installments commencing from Jan 31, 2021 with 6 months grace period. It carries mark up at the rate of 3 Months KIBOR + 0.50%. The finance is secured against ranking charge of amounting Rs. 92 million over plant and machinery on fixed assets (P&M) with 25% Margin.

16.3 Bank Alfalah Limited - Term Finance

This finance has been obtained from Bank Alfalah Limited for (BMR). The loan is repayable in 32 equal quarterly installments commencing from April 02, 2022 with 2 years grace period. It carries mark up at the rate of 6 Months KIBOR + 1%. The finance is secured against first pari passu charge of PKR 500 Million over all current and future fixed assets of the company with 25% Margin.

16.4 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. The loan repayment has been extension for the period of one year due to relief under SBP BPRD Circular Letter No. 13 of 20 - Para 5(d)) due to COVID-19.

16.5 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 with 25% margin.

16.6 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 flat 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 with 25% margin. The loan repayment has been extension for the period of one year due to relief under SBP BPRD Circular Letter No. 13 of 20 - Para 5(d)) due to COVID-19.

16.7 Allied Bank Limited - LTFF (Wages and salaries)

This finance has been obtained from AlliedBank Limited to pay salaries & wages under SBP's Refinance Scheme for payment of wages & salaries. The loan is repayable in 8 equal quarterly installments commencing from Jan 31, 2021 with 6 months grace period. It carries mark up at flat rate of 1.25%. The finance is secured against ranking charge of amounting Rs. 92 million over plant and machinery on fixed assets (P&M) with 25% Margin.

| 17. DEFERRED LIABILITIES | Note | 2020 ----- Rupees ----- | 2019 ----- Rupees ----- |
|--------------------------------------|------|----------------------------|----------------------------|
| Staff retirement benefits - gratuity | 17.1 | 82,173,885 | 70,236,555 |
| Deferred taxation | 17.4 | - | - |
| | | <u>82,173,885</u> | <u>70,236,555</u> |

| 17.1 | Staff retirement benefits - gratuity | Note | 2020 | 2019 |
|--|---|------|---|--------------|
| | | | Rupees | |
| Liability recognized in the statement of financial position | | | | |
| Present value of defined benefit obligation | | | 82,173,885 | 70,236,555 |
| | | | 82,173,885 | 70,236,555 |
| Movement in the net liability | | | | |
| Opening balance | | | 70,236,555 | 60,635,271 |
| Charge for the year | | | 21,666,444 | 19,892,820 |
| Payment made during the year | | | (9,787,040) | (10,942,306) |
| Actuarial (gain) / loss from changes in experience adjustments | | | 1,914,633 | (783,258) |
| Actuarial loss from changes in financial assumptions | | | (1,856,707) | 1,434,028 |
| | | | 82,173,885 | 70,236,555 |
| Changes in present value of defined benefit obligation | | | | |
| Opening defined benefit obligation | | | 70,236,555 | 60,635,271 |
| Current service cost | | | 12,355,062 | 13,296,429 |
| Interest cost | | | 9,311,382 | 4,964,771 |
| Past service cost | | | - | 1,631,620 |
| Benefits paid | | | (9,787,040) | (10,942,306) |
| Actuarial (gain) / loss from changes in experience adjustments | | | 1,914,633 | (783,258) |
| Actuarial loss from changes in financial assumptions | | | (1,856,707) | 1,434,028 |
| | | | 82,173,885 | 70,236,555 |
| Charge for the year | | | | |
| Current service cost | | | 12,355,062 | 13,296,429 |
| Past service cost | | | - | 1,631,620 |
| Interest cost | | | 9,311,382 | 4,964,771 |
| | | | 21,666,444 | 19,892,820 |
| Allocation of charge for the year | | | | |
| | Cost of sales | 23.2 | 16,572,000 | 15,684,524 |
| | Administrative expenses | 26.1 | 5,094,444 | 4,208,296 |
| | | | 21,666,444 | 19,892,820 |
| 17.2 | Remeasurement loss recognised in other comprehensive income | | | |
| Actuarial (gain) / loss from changes in experience adjustments | | | 1,914,633 | (783,258) |
| Actuarial loss from changes in financial assumptions | | | (1,856,707) | 1,434,028 |
| Remeasurement loss | | | 57,926 | 650,770 |
| As per actuarial valuation carried out as at June 30, 2020 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company: | | | | |
| | | | 2020 | 2019 |
| Discount rate | | | 8.50% | 14.25% |
| Expected rate of salary increase in future years | | | 7.50% | 13.25% |
| 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 | |
| | | | 2020 | 2019 |
| | | | Rupees | |
| Year end sensitivity analysis (+/- 100 bps) on defined benefit obligation: | | | | |
| Discount rate + 100 bps | | | 76,913,729 | 66,051,891 |
| Discount rate - 100 bps | | | 88,275,208 | 75,052,608 |
| Salary Increase + 100 bps | | | 88,561,431 | 75,290,067 |
| Salary Increase - 100 bps | | | 76,555,722 | 65,760,329 |
| Maturity Profile | | | | |
| Average duration of liability | | | 7 years | 6 years |
| Expected contribution for the next year | | | | |
| The expected contribution to the gratuity scheme for the next year works out to Rs. 18.299 million. | | | | |

17.4 Movement in temporary differences:

| 2020 | | | |
|---|-----------------------------|-------------------------------------|----------------------------|
| <i>As at July 01, 2019</i> | <i>Recognised in equity</i> | <i>Recognised in profit or loss</i> | <i>As at June 30, 2020</i> |
| Taxable temporary difference | | | |
| Surplus on revaluation of property, plant and equipment | - | - | - |
| Accelerated tax depreciation | - | - | - |
| Fair value gain on other financial assets | - | - | - |
| Deductible temporary difference | | | |
| Provision for gratuity | - | - | - |
| Remeasurement of defined benefit obligation - gratuity | - | - | - |
| - | - | - | - |
| 2019 | | | |
| <i>As at July 01, 2018</i> | <i>Recognised in equity</i> | <i>Recognised in profit or loss</i> | <i>As at June 30, 2019</i> |
| 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) | - |

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.

| 18. TRADE AND OTHER PAYABLES | Note | 2020 | 2019 |
|--|-----------------|--------------------|--------------------|
| | | Rupees | |
| Creditors | | 131,322,669 | 178,189,371 |
| Gas infrastructure development cess (GIDC) | 18.1 | 108,680,640 | 91,115,838 |
| Accrued liabilities | | 72,143,641 | 99,016,693 |
| Workers' Profit Participation Fund | 18.2 | 5,522,641 | 498,884 |
| Commission on export sale | | 13,169,293 | - |
| Advances from customers | | 1,687,570 | 3,793,588 |
| Due to employees | | 1,446,768 | 6,241,034 |
| Due to associated undertakings | 18.3, 18.4 & 35 | 321,425 | - |
| Income tax deducted at source | | 453,708 | 315,370 |
| Sales tax deducted at source | | 4,119,613 | 1,361,641 |
| | | 338,867,968 | 380,532,419 |

18.1 Under the Gas Infrastructure Development Cess Act, 2011, the Government of Pakistan levied Gas Infrastructure Development Cess (GIDC) on all industrial gas consumers at the rate of Rs.13 per MMBTU. Subsequently, the GIDC rates were enhanced through notifications under Oil and Gas Regulatory Authority (OGRA) Ordinance 2002, the Finance Act, 2014 and the GIDC Ordinance 2014 against which the Company obtained an interim stay order from the High Court of Sindh.

On May 22, 2015 the Gas Infrastructure Development Cess (GIDC) Act, 2015 was promulgated whereby cess rate of Rs.100 per MMBTU and Rs.200 per MMBTU were fixed for industrial and captive power consumption, respectively. The GIDC Act, 2015 was made applicable with immediate effect superseding the GIDC Act, 2011 and GIDC Ordinance, 2014.

On August 13, 2020, the honorable Supreme Court of Pakistan has passed a Judgement on pending case on GIDC to recover outstanding amount in twenty-four equal installments. The Company is planning to file review petition against the decision of Supreme Court of Pakistan based on the legal advice of the legal Council of the Company.

Subsequent to year , the Company has received a bill of Rs. 4.66 million (first installment of the 24 installments as per Order of Supreme Court of Pakistan) which the Company has not paid.

| | | 2020 | 2019 |
|---|-------------|--------------------|---------------|
| | | ----- Rupees ----- | |
| 18.2 Workers' Profit Participation Fund | Note | | |
| Opening balance | | 498,884 | 16,269,707 |
| Payment to the fund | | (498,884) | (16,269,707) |
| | | - | - |
| Charge for the year | 27 | 34,022,641 | 24,998,884 |
| Payment of the fund from current year liability | | (28,500,000) | (24,500,000) |
| Closing balance | | 5,522,641 | 498,884 |
| 18.3 Due to associated undertakings | | | |
| On account of trading activities | | | |
| Indus Dyeing & Manufacturing Co. Limited | | 321,425 | - |
| 18.4 The maximum outstanding balance during the year due from Indus Dyeing & Manufacturing Co. Limited (associated undertaking) is Rs. 3.75 million (2019 Rs. 2.6 million). | | | |
| 19. ACCRUED MARKUP | | 2020 | 2019 |
| Accrued markup on: | | ----- Rupees ----- | |
| - Short term borrowings | | 12,903,462 | 22,624,878 |
| - Long term borrowings | | 6,726,649 | 4,644,666 |
| | | 19,630,111 | 27,269,544 |
| 20. SHORT TERM BORROWINGS | | | |
| Secured - under markup arrangements from banking Companies | | | |
| Running finances (RF) | | 18,852,705 | 111,965,001 |
| Cash finance | | - | 37,000,000 |
| Bank / book overdraft | | - | 1,570,526 |
| Short term demand finance | | - | 1,328,100,000 |
| | 20.1 | 18,852,705 | 1,478,635,527 |
| 20.1 Short term facilities available from commercial banks under mark up arrangements amount to Rs. 5,975 Million(2019: Rs. 5,975 million)of which facilities aggregatingto Rs. 5,956 million (2019: Rs. 4,496 million)remained unutilized at the year end. The rate of mark up ranges from 8.76% to 16.05% per annum (2019: 7.43% to 15.05% 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 | | 2020 | 2019 |
| Contingencies | Note | ----- Rupees ----- | |
| Bank guarantees | 21.1 | 140,921,302 | 110,531,302 |
| Foreign bills purchased | | 625,933,199 | 19,100,000 |
| In land bills purchased | | - | 23,341,385 |
| | | 766,854,501 | 152,972,687 |

| 21.1 | Bank guarantees In favor of | Bank | Note | 2020 | | 2019 | |
|------|---|---------------------|-------------|----------------------|--|----------------------|--|
| | | | | Rupees | | | |
| | Sui Northern Gas Pipelines Limited | MCB Bank Limited | | 57,061,261 | | 42,270,835 | |
| | Ministry of Textile | MCB Bank Limited | | 599,574 | | - | |
| | Excise and taxation | Soneri Bank Limited | | 23,985,915 | | 23,985,915 | |
| | Excise and taxation | United Bank Limited | | 59,000,000 | | 44,000,000 | |
| | CCI & E | Habib Bank Limited | | 274,552 | | 274,552 | |
| | | | | 140,921,302 | | 110,531,302 | |
| | Commitments | | | | | | |
| | Under letters of credit for: | | | | | | |
| | - Stores and spares | | | 12,163,672 | | 7,522,549 | |
| | - Raw material | | | 93,605,004 | | 17,046,834 | |
| | - Plant and machinery | | | 4,934,160 | | - | |
| | | | | 110,702,836 | | 24,569,383 | |
| 22. | SALES -net | | | | | | |
| | Exports | | | | | | |
| | Yarn | 22.1 | | 5,347,462,181 | | 5,225,528,725 | |
| | Waste | | | 47,233,028 | | - | |
| | Rebate claim | | | 491,233 | | 8,896,748 | |
| | | | | 5,395,186,442 | | 5,234,425,473 | |
| | Local | | | | | | |
| | Yarn | | | 1,109,540,310 | | 612,170,177 | |
| | Doubling | | | 478,800 | | 1,080,499 | |
| | Waste | | | 297,843,032 | | 272,208,891 | |
| | | | | 1,407,862,142 | | 885,459,567 | |
| | Sales tax on local sales | | | (296,177,811) | | - | |
| | Commission | | | (30,698,975) | | (34,626,708) | |
| | | | | 6,476,171,798 | | 6,085,258,332 | |
| 22.1 | It includes indirect export of Rs. 668.36 million (2019: Rs. 764.23 million). | | | | | | |
| 23. | COST OF SALES | | | | | | |
| | Raw material consumed | 23.1 | | 4,243,662,529 | | 3,995,881,890 | |
| | Power and fuel | | | 369,945,257 | | 403,689,490 | |
| | Salaries, wages and benefits | 23.2 | | 261,250,493 | | 257,793,324 | |
| | Depreciation | 5.3 | | 160,490,631 | | 137,362,426 | |
| | Packing material consumed | | | 71,703,526 | | 66,389,163 | |
| | Stores and spares consumed | | | 71,462,375 | | 67,233,591 | |
| | Repairs and maintenance | | | 7,896,146 | | 6,841,796 | |
| | Insurance | | | 5,142,982 | | 4,977,880 | |
| | Others | | | 725,559 | | 836,363 | |
| | | | | 5,192,279,498 | | 4,941,005,923 | |
| | Work in process | | | | | | |
| | Opening stock | | | 39,142,830 | | 30,599,760 | |
| | Closing stock | | | (35,073,406) | | (39,142,830) | |
| | | | | 4,069,424 | | (8,543,070) | |
| | Cost of goods manufactured | | | 5,196,348,922 | | 4,932,462,853 | |
| | Finished goods | | | | | | |
| | Opening stock | | | 283,366,289 | | 206,030,664 | |
| | Purchase of finished goods | | | 215,287,624 | | 275,576,100 | |
| | Closing stock | | | (129,549,303) | | (283,366,289) | |
| | | | | 369,104,610 | | 198,240,475 | |
| | | | | 5,565,453,532 | | 5,130,703,328 | |
| 23.1 | Raw material consumed | | | | | | |
| | Opening stock | | | 1,418,964,120 | | 1,605,521,640 | |
| | Purchases including purchase expenses | | | 4,483,764,811 | | 3,446,574,040 | |
| | Transferred from ginning unit | 24.1 | | - | | 362,750,330 | |
| | | | | 5,902,728,931 | | 5,414,846,010 | |
| | Closing stock | | | (1,659,066,402) | | (1,418,964,120) | |
| | | | | 4,243,662,529 | | 3,995,881,890 | |
| 23.2 | It includes Rs.16.6 million (2019: Rs. 15.6 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) | |
| | | | | - | | (907,091) | |

| | | | 2020 | 2019 |
|--|--|--|---------------------------|-------------------|
| | | | ----- Rupees ----- | |
| 24.1 Profit on ginning factory | Note | | | |
| Transferred to spinning operations | | | - | 362,750,330 |
| Sales - net | | | 24,237,739 | - |
| | | | 24,237,739 | 362,750,330 |
| Cost of goods transferred / sold (ginning) | 24.1.1 | | (24,237,739) | (344,459,944) |
| Gross profit | | | - | 18,290,386 |
| Administrative expenses | 24.1.3 | | - | (18,281,624) |
| Bank charges | | | - | (8,762) |
| | | | - | (18,290,386) |
| Net profit | | | - | - |
| 24.1.1 Cost of goods transferred / sold (ginning) | | | | |
| Opening stock | | | 24,237,739 | 51,039,287 |
| Cost of ginning and oil | 24.1.2 | | - | 317,658,396 |
| Closing stock | | | - | (24,237,739) |
| | | | 24,237,739 | 344,459,944 |
| 24.1.2 Cost of ginning and oil | | | | |
| Raw material consumed | | | - | 288,487,163 |
| Salaries and wages | | | - | 7,685,947 |
| Crushing charges | | | - | 1,989,097 |
| Fuel and power | | | - | 11,028,297 |
| Packing material | | | - | 764,636 |
| Repair and maintenance | | | - | 2,268,181 |
| Insurance | | | - | 2,541,441 |
| Others | | | - | 2,893,634 |
| | | | - | 317,658,396 |
| 24.1.3 Administrative expenses | | | | |
| Office staff | | | - | 15,457,982 |
| Printing and stationery | | | - | 141,374 |
| Travelling | | | - | 64,624 |
| Entertainment | | | - | 328,846 |
| Telephone | | | - | 184,928 |
| News papers | | | - | 34,664 |
| Scholarship | | | - | 39,025 |
| Donation | | | - | 21,889 |
| Medical | | | - | 45,876 |
| Sui Gas | | | - | 262,024 |
| Electricity | | | - | 1,278,356 |
| Legal & professional charges | | | - | 3,500 |
| License renewal fee | | | - | 270,084 |
| Misc. | | | - | 148,452 |
| | | | - | 18,281,624 |
| 24.2 Loss on Ice Factory | | | | |
| Sales - net | | | - | 19,347,860 |
| Cost of goods sold | | | - | (19,510,472) |
| Gross (loss) | | | - | (162,612) |
| Administrative expenses | | | - | (744,479) |
| | | | - | (907,091) |
| 24.3 | Loss from other operations arises from the Company's operation of Ice Factory on leasing arrangements. | | | |

| | | | <u>2020</u> | <u>2019</u> |
|---|---|--|--------------------|--------------------|
| | | | <u>Rupees</u> | <u>Rupees</u> |
| 25. DISTRIBUTION COST | Note | | | |
| Export development surcharge | | | 10,963,579 | 11,435,213 |
| Ocean freight | | | 25,977,683 | 25,023,739 |
| Forwarding expenses | | | 24,672,666 | 17,788,091 |
| Local freight | | | 12,495,474 | 10,423,942 |
| Fuel expense | | | 16,378,301 | 13,961,630 |
| Others | | | 381,956 | 251,301 |
| | | | <u>90,869,659</u> | <u>78,883,916</u> |
| 26. ADMINISTRATIVE EXPENSES | | | | |
| Salaries, wages and benefits | 26.1 | | 43,547,606 | 45,404,829 |
| Directors' remuneration | | | 36,103,610 | 31,362,718 |
| Depreciation | 5.3 | | 12,679,816 | 11,196,177 |
| Vehicle running and maintenance | | | 13,073,862 | 11,492,060 |
| Travelling and conveyance | | | 4,517,996 | 7,951,979 |
| Postage, telephone and fax | | | 1,632,098 | 2,658,474 |
| Electricity, gas & fuel | | | 2,813,677 | 1,951,784 |
| Printing and stationery | | | 1,499,753 | 1,657,200 |
| Auditors' remuneration | 26.2 | | 1,650,000 | 1,650,000 |
| Rent, rates and taxes | | | 2,913,840 | 2,064,346 |
| Donations | 26.3 | | 2,535,338 | 2,285,305 |
| Insurance | | | 1,688,829 | 1,565,629 |
| Fees, subscription and periodicals | | | 3,345,490 | 2,504,142 |
| Entertainment | | | 1,904,763 | 1,781,877 |
| Repairs and maintenance | | | 1,011,794 | 381,444 |
| Legal and professional charges | | | 795,409 | 1,244,000 |
| Allowance for expected credit losses | | | 1,977,496 | - |
| Others | | | 2,123,710 | 2,706,627 |
| | | | <u>135,815,087</u> | <u>129,858,591</u> |
| 26.1 | It includes Rs. 5.09 million (2019: Rs. 4.20 million) in respect of staff retirement benefits - gratuity. | | <u>2020</u> | <u>2019</u> |
| 26.2 Auditors' remuneration | | | <u>Rupees</u> | <u>Rupees</u> |
| Statutory audit | | | 1,100,000 | 1,100,000 |
| Review report on compliance with COCG | | | 100,000 | 100,000 |
| Half year review | | | 250,000 | 250,000 |
| Certificate for CDC and free float shares | | | 200,000 | 200,000 |
| | | | <u>1,650,000</u> | <u>1,650,000</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. | | <u>2020</u> | <u>2019</u> |
| 27. OTHER EXPENSES | Note | | <u>Rupees</u> | <u>Rupees</u> |
| Workers' Profit Participation Fund | 18.2 | | 34,022,641 | 24,998,884 |
| Unrealized loss on short term investments | | | 55,045 | 41,162,645 |
| Bad debts written off | 9 | | 6,139,620 | - |
| | | | <u>40,217,306</u> | <u>66,161,529</u> |
| 28. FINANCE COST | Note | | <u>2020</u> | <u>2019</u> |
| Interest / mark up on: | | | <u>Rupees</u> | <u>Rupees</u> |
| Long term financing | | | 23,984,740 | 20,103,873 |
| Short term borrowings | | | 37,361,556 | 190,391,539 |
| Bank charges and commission | | | 7,435,476 | 9,316,105 |
| | | | <u>68,781,772</u> | <u>219,811,517</u> |

| 29. | OTHER INCOME | Note | 2020 | 2019 |
|-----|--|------|-------------------|-------------------|
| | <i>Income from financial assets</i> | | <i>Rupees</i> | |
| | Unrealized gain on remeasurement of short term investments | | 12,265,498 | 275,144 |
| | Realized gain on disposal of short term investments | | 4,054,388 | 1,612,733 |
| | Interest / profit on bank deposits | | 6,825,168 | 689,117 |
| | Dividend income | | 5,062,193 | 6,065,136 |
| | <i>Income from non financial assets</i> | | | |
| | Gain on sale of property, plant and equipment | | 46,000,640 | 416,752 |
| | Loss on trading | | (2,882,148) | - |
| | Reversal of Worker's Welfare fund | | - | 6,987,559 |
| | Other | | 70,000 | - |
| | | | 71,395,739 | 16,046,441 |
| 30. | TAXATION | | | |
| | Current year: | | | |
| | Current | 30.1 | 85,329,951 | 35,244,522 |
| | Deferred | | - | (33,640,766) |
| | Prior year adjustment | | 936,530 | 1,597,423 |
| | | | 86,266,481 | 3,201,179 |

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.

| | | 2020 | 2019 |
|--|---|--------------------|-------------|
| 31. | EARNINGS PER SHARE - BASIC AND DILUTED | | |
| Profit after tax | <i>Rupees</i> | 560,163,700 | 471,777,622 |
| Weighted average number of ordinary shares outstanding during the year | <i>Numbers</i> | 6,900,000 | 6,900,000 |
| Earnings per share - basic and diluted | <i>Rupees</i> | 81.18 | 68.37 |

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

32. REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

| | Director | Chief executive | Executives |
|-------------------------------|-------------------|-------------------|-------------------|
| 2020 | | | |
| Remuneration | 7,527,273 | 13,090,909 | 15,334,817 |
| House rent and other benefits | 752,727 | 1,309,091 | 1,533,482 |
| Conveyance - cars | 312,867 | 2,287,078 | 2,913,713 |
| Other benefits | 4,234,765 | 6,588,900 | 2,733,900 |
| | 12,827,632 | 23,275,978 | 22,515,912 |
| Number of persons | 1 | 1 | 14 |
| 2019 | | | |
| 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 |

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:

| | 2020 | 2019 |
|-------------------|--------------------|----------------------|
| | Rupees | Rupees |
| Trade debts | 342,661,323 | 1,886,384,813 |
| Other receivables | 37,146,406 | 26,873,566 |
| Bank balances | 32,174,584 | 71,424,595 |
| | <u>411,982,313</u> | <u>1,984,682,974</u> |

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

Counterparties

The Company conducts transactions with the following major counterparties:

Trade debts

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 debts are generally on 60 to 90 days credit terms.

Impairment losses

The aging of trade debts at the reporting date was:

| | Gross | 2020 Impairment | Gross | 2019 Impairment |
|---|--------------------|--------------------|----------------------|--------------------|
| | Rupees | Rupees | Rupees | Rupees |
| Not yet due | 344,461,664 | - | 1,886,182,296 | - |
| Past due for: | | | | |
| - more than 3 months but less than 1 year | 105,817 | 1,800,341 | 291,084 | 88,567 |
| - more than 1 year but less than 2 years | 349,535 | 105,817 | 182,788 | 182,788 |
| - more than 2 years | 10,505 | 360,040 | 17,347 | 17,347 |
| | <u>344,927,521</u> | <u>2,266,198</u> | <u>1,886,673,515</u> | <u>288,702</u> |

Concentration of credit risk

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

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.

| <i>Bank Name</i> | <i>Rating Agency</i> | <i>Long term Loans</i> | <i>Short Term Loans</i> |
|---------------------------------|----------------------|------------------------|-------------------------|
| The Bank of Punjab | PACRA | AA | A-1+ |
| Askari Bank Limited | PACRA | AA+ | A-1+ |
| Allied Bank Limited | PACRA | AAA | A-1+ |
| BankIslami Pakistan Limited | PACRA | A+ | A-1 |
| Bank Alfalah Limited | PACRA | AA+ | A-1+ |
| Bank Al Habib Limited | PACRA | AA+ | A-1+ |
| Faysal Bank Limited | JCR-VIS | AA | A-1+ |
| Habib Bank Limited | JCR-VIS | AAA | A-1+ |
| Habib Metropolitan Bank Limited | PACRA | AA+ | A-1+ |
| United Bank Limited | JCR-VIS | AAA | A-1+ |
| National Bank of Pakistan | PACRA | AAA | A-1+ |
| MCB Bank Limited | PACRA | AAA | A-1+ |

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 statement of financial position 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

| Particulars | 1 - 3 months | 3 months - 1 years | 1 - 5 years | More than 5 years | Total |
|--|--|----------------------|--------------------|--------------------|----------------------|
| | | | | | |
| Long term financing | - | 42,000,249 | 617,282,228 | 309,859,390 | 969,141,867 |
| Short term borrowings | - | 18,852,705 | - | - | 18,852,705 |
| Trade and other payables | - | 205,234,503 | - | - | 205,234,503 |
| Accrued mark up | 19,630,111 | - | - | - | 19,630,111 |
| Unclaimed dividend | 20,746,083 | - | - | - | 20,746,083 |
| 2020 | 40,376,194 | 266,087,457 | 617,282,228 | 309,859,390 | 1,233,605,269 |
| 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 | - | 283,447,098 | - | - | 283,447,098 |
| Accrued mark up | 27,269,544 | - | - | - | 27,269,544 |
| Unclaimed dividend | 11,900,626 | - | - | - | 11,900,626 |
| 2019 | 39,170,170 | 1,776,856,155 | 342,706,514 | 484,998,586 | 2,643,731,425 |
| Off Statement of financial position items | <div> <div>2020</div> <div>2019</div> <div>Rupees</div> </div> | | | | |
| Letters of credit | 110,702,836 | 24,569,383 | | | |
| Bank guarantees | 140,921,302 | 110,531,302 | | | |
| Foreign bills discounted | 625,933,199 | 19,100,000 | | | |
| In land bills purchased | - | 23,341,385 | | | |
| Off Statement of financial position gap | 877,557,337 | 177,542,070 | | | |

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:

| | 2020 | | 2019 | |
|-------------|-------------------|------------------|----------------------|-------------------|
| | <i>Rupees</i> | <i>US Dollar</i> | <i>Rupees</i> | <i>US Dollar</i> |
| Trade debts | 59,499,472 | 352,589 | 1,763,415,446 | 10,719,851 |
| | 59,499,472 | 352,589 | 1,763,415,446 | 10,719,851 |

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

| | <i>2020</i> | <i>Rupees</i> | <i>2019</i> |
|--------------------------------------|---------------|---------------|---------------|
| Average rate | 158.35 | | 136.12 |
| Statement of financial position rate | 168.75 | | 164.5 |

Sensitivity analysis - foreign currency

At June 30, 2020, if the Rupee had weakened / strengthened by 10% (2019: 10%) against the US Dollar with all other variables held constant, profit for the year would have been lower / higher by Rs. 5.9 million (2019: Rs. 176.34 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is less sensitive to movement in Rupee / foreign currency exchange rates in 2020 than 2019 because of low 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.

| | 2020 | | 2019 | |
|----------------------------------|----------------------|--------------------|----------------------|----------------------|
| <i>Fixed rate instruments</i> | <i>Effective</i> | | <i>Effective</i> | |
| <i>Financial assets:</i> | <i>Interest Rate</i> | <i>Rupees</i> | <i>Interest Rate</i> | <i>Rupees</i> |
| - Deposit Accounts | 7.60% - 10% | 149,490 | 6.30% - 8.30% | 128,818 |
| <i>Variable rate instruments</i> | | | | |
| <i>Financial liabilities:</i> | | | | |
| - Long term financing | 1.25% - 12.03% | 969,141,867 | 2.5% - 3% | 842,478,630 |
| - Short term borrowings | 8.76% - 16.05% | 18,852,705 | 7.43% - 15.05% | 1,478,635,527 |
| | | 988,144,062 | | 2,321,242,975 |

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, 2020 would decrease / increase by Rs. 9.88 million (2019: Rs. 23.21 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 33.4.4.

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 :

| | 2020 | 2019 |
|--------------------------|-----------|-----------|
| | Rupees | |
| Effect on profit or loss | 4,092,270 | 1,000,442 |

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 12, that are classified in level 1 and level 2 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, 2019 was performed by MYK Associates (Private) Limited. 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 the 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 and 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.

| June 30, 2020 | Level 1 | Level 2 | Level 3 | Total |
|----------------------------|-------------|---------------|---------|---------------|
| | Rupees | | | |
| Short term investments | 125,081,052 | 284,145,994 | - | 409,227,046 |
| Free hold land | - | 191,940,053 | - | 191,940,053 |
| Building on free hold land | - | 215,618,915 | - | 215,618,915 |
| Plant and machinery | - | 1,280,666,876 | - | 1,280,666,876 |
| Total | 125,081,052 | 1,972,371,838 | - | 2,097,452,890 |
| June 30, 2019 | Level 1 | Level 2 | Level 3 | Total |
| | Rupees | | | |
| Short term investments | 100,770,237 | 12,073,984 | - | 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 | 100,770,237 | 1,771,443,764 | - | 1,872,214,001 |

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 maintain 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:

| <i>Assets carried at fair value</i> | <i>2020</i> | <i>2019</i> |
|--|---------------------------|----------------------|
| | <i>----- Rupees -----</i> | |
| Carrying value of investments at fair value through profit or loss | 409,227,046 | 100,044,221 |
| | 409,227,046 | 100,044,221 |
| <i>Assets categorized at amortized cost</i> | | |
| Trade debts | 342,661,323 | 1,886,384,813 |
| Cash and bank balances | 32,624,872 | 73,497,191 |
| Sales tax refundable | - | 12,800,000 |
| | 375,286,195 | 1,972,682,004 |
| <i>Liabilities carried at amortized cost</i> | | |
| Trade and other payables | 205,234,503 | 374,562,936 |
| Long term financing | 969,141,867 | 842,478,630 |
| Short term borrowings | 18,852,705 | 1,478,635,527 |
| Accrued mark up | 19,630,111 | 27,269,544 |
| | 1,212,859,186 | 2,722,946,637 |

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, were as follows:

| | <i>2020</i> | <i>2019</i> |
|---------------------------------|---------------------------|---------------|
| | <i>----- Rupees -----</i> | |
| Total debt | 987,994,572 | 2,321,114,157 |
| Less: Cash and cash equivalents | (32,624,872) | (73,497,191) |
| Net debt | 955,369,700 | 2,247,616,966 |
| Total equity | 3,376,734,368 | 3,196,128,594 |
| Adjusted capital | 4,332,104,068 | 5,443,745,560 |
| Debt-to-adjusted capital ratio | 22.05% | 41.29% |

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 9.1), trade and other payables (note 18.4) and remuneration of Chief Executive and director (note 32). The Indus Home Limited and Indus Dyeing & Manufacturing Co. Limited is associated undertaking based on common directorship. Other significant transactions with related parties are as follows:

| <i>Transactions with associated undertakings (due to common directorship)</i> | <i>2020</i> | <i>2019</i> |
|---|---------------------------|-------------|
| | <i>----- Rupees -----</i> | |
| <i>Indus Home Limited</i> | | |
| Sale of goods and services | 184,208,646 | 156,211,038 |
| Purchase of goods and services | 20,000,783 | - |
| Sale of land | 79,187,500 | - |

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 | 34,896 |
| Number of spindles worked | 33,127 | 33,468 |
| Number of shifts / day | 3 | 3 |
| Installed capacity after conversion into 20/s count Kgs | 11,948,706 | 11,916,060 |
| Actual production of yarn after conversion into 20/s count Kgs | 10,531,334 | 10,368,303 |

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

| | 2019 Rupees | Cash flow | 2020 Rupees |
|-----------------------|----------------------|------------------------|----------------------|
| Long term finances | 842,478,630 | 126,663,237 | 969,141,867 |
| Short term borrowings | 1,478,635,527 | (1,459,782,822) | 18,852,705 |
| Dividend | 11,900,626 | 8,845,457 | 20,746,083 |
| | 2,333,014,783 | (1,324,274,128) | 1,008,740,655 |

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 factory 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:

| | 2020 | 2019 |
|---|------|------|
| Total number of employees as at June 30 | 690 | 777 |
| Average number of employees during the year | 730 | 778 |

40. CORRESPONDING FIGURES

The preparation and presentation of these financial statements for the year ended June 30, 2020 is in accordance with the requirements of IFRSs. Following is the major reclassification made for better presentation:

| Reclassified from | Reclassified to | Reason | Rupees |
|-------------------------|-----------------|---------------------|------------|
| Administrative expenses | Cost of sales | Better presentation | 10,759,467 |

41. IMPACT OF COVID-19 ON FINANCIAL STATEMENT

The outbreak of Novel Coronavirus continues and the situation keeps evolving every day. Enactment of necessary precautionary measures during March, 2020 including but not limited to Lockdowns by Government of Punjab, severely impacted the economic activity and the consumer demand which had a ripple effect on the economy. The operations of the company were erupted and were resumed after the management adopted all necessary precautionary measures and ensured the implementation of all necessary SOPs.

After the Lockdown restrictions were eased out in June, 2020 local customer demand elevated back to normal and accordingly the Company's operations. The international market has also started resuming business and an increase in the number of orders has been observed. As the extent and duration of the impact of COVID-19 can not be predicted at this time, a reliable estimate of the impact of the developments on the financial statements of the Company can not be made with reasonable certainty.

The management has assessed the accounting implications of these developments on these financial statements.

42. NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION

In respect of current year, the directors proposed to pay cash dividend of Rs. _____ million (2019: Rs. 379.5 million) @ Rs. _____ (2019 : @ Rs. 25 and 15) 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.

43. DATE OF AUTHORIZATION FOR ISSUE

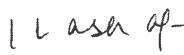
These financial statements were authorized for issue on October 06, 2020 by the Board of Directors of the Company.

44. GENERAL

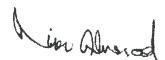
Figures have been rounded off to the nearest Rupee, except where stated otherwise.



Shabbir Kausar
Chief Financial Officer



Kashif Riaz
Chief Executive Officer



Mian Riaz Ahmed
Chairman

****مسٹر شیخ نشاط احمد نے 30 اکتوبر 2019 کو بورڈ آف ڈائریکٹرز سے استعفیٰ دے دیا اور مقررہ عذر یعقوب واوڈا 01 نومبر 2019 کو ایک آزاد ڈائریکٹر کے عہدے پر فائز ہو گئیں۔**

****جناب فاروق حسن میاں مسعود احمد (ان کی وفات کی وجہ سے) کی جگہ 07 جنوری 2020 کو کمپنی کے آزاد ڈائریکٹر کے عہدے پر فائز ہوئے۔**
****مسٹر فیصل حنیف (آزاد ڈائریکٹر) 30 اکتوبر 2019 کو آڈٹ کمیٹی اور انسانی وسائل کمیٹی کے چیئرمین کے طور پر مقرر ہوئے۔**

ڈائریکٹر ان کے مشاہرے:

کمپنی ڈائریکٹر ان (فعل اور غیر فعل) کے مشاہروں کے بارے میں کمپنی کے بورڈ آف ڈائریکٹر کی جانب سے منظورشہد 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 ڈائریکٹر ان کو اپنی جانب راغب کرے اور ان کو اس بات پر آمادہ کرے کہ وہ کمپنی کے معاملات کو اپنی بہترین صلاحیتوں کے مطابق سرانجام دے سکیں۔

آڈیٹر کا تقرر:-

آڈیٹر 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 باطن 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 ڈائریکٹر 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 اقدامات کا تعین کرنے پر مشتمل ہیں۔

ممبران کی ترتیب:-

کمپنی ایکٹ 2017 اور کوڈ آف کارپوریٹ گورننس کے مطابق 30 جون 2020 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 کارروائی 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 ڈائریکٹر 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

کاشف ریاض

چیف ایگزیکٹو آفیسر

6 اکتوبر 2020

☆ 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 بنایا دوں پر استوار ہے جس پر عمل درآمد کیا جاتا ہے۔
 ☆ جو لسٹنگ 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 ادات طلب ادائیگیوں کو 30 جون 2020 کے لئے نہیں روکا گیا سوائے ان کے جن کا اظہار Financial Statement برائے 30 جون 2020 میں کیا گیا ہے۔

☆ جس مدت کا جائزہ لیا جا رہا ہے اس کے دوران کمپنی کے سی ای او، ڈائریکٹر ز اور اہل خانہ کے ذریعے کمپنی کے گفٹ کے ذریعے حصص میں معمولی تبادلہ مندرجہ ذیل ہے۔

| | |
|----------------|-----------|
| عمران احمد | (193,000) |
| نوید احمد | (192,000) |
| کاشف ریاض | (712,000) |
| محمد عظمت احمد | 193,000 |
| دانش نوید | 192,000 |
| فادیہ کاشف | 712,000 |

بورڈ آف ڈائریکٹر ز اور مینٹگلو:-

سال کے دوران بورڈ کے اجلاس منعقد ہوئے تھے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل ہے۔

| ڈائریکٹر کے نام | بورڈ آف ڈائریکٹر ز کی 6 مینٹگلو | آڈٹ کمیٹی کی 5 مینٹگلو | انسا، وسائل اور معاوضہ کمیٹی کی 1 مینٹگلو |
|------------------|---------------------------------|------------------------|---|
| ڈائریکٹر کے نام | حاضری | حاضری | حاضری |
| نوید احمد | 6/6 | | - |
| شہزاد احمد | 6/6 | | - |
| ریاض احمد | 4/6 | | - |
| عرفان احمد | 6/6 | | 1/1 |
| عمران احمد | 6/6 | 5/5 | - |
| کاشف ریاض | 6/6 | | - |
| شیخ شفقت مسعود | 5/6 | | - |
| شاہد احمد | 5/6 | 2/5 | 1/1 |
| شیخ نشاط احمد ** | 2/6 | 3/5 | - |
| فاروق حسن *** | 2/6 | | - |
| فیصل حنیف * | 6/6 | 5/5 | 1/1 |
| عذر الحقوب | 4/6 | | - |
| میاں مسعود احمد | 3/6 | | - |

فروری 2020 کو دوسرے عبوری انٹرمیڈیٹ کا اعلان کیا ہے جو کہ 15 روپے فی شیئر بنتا ہے۔

کاروباری تجربہ :-

آپکی کمپنی کا اس سال قبل از ٹیکس منافع 64.643 کروڑ رہا جو کہ گزشتہ سال 47.497 کروڑ تھا۔ دوران سال فروخت 6.476 ارب روپے تھی (6.085 ارب روپے 2019)۔ مصنوعات کی کل لاگت 5.565 ارب روپے تھی (5.131 ارب روپے 2019)۔ جس کے نتیجے میں خام منافع 91.071 رہا (95.455 کروڑ 2019)۔ اللہ تعالیٰ کے فضل سے کمپنی کی کارکردگی فروخت اور منافع میں اضافے کے ساتھ اطمینان بخش رہی۔ کمپنی کی فروخت میں 6.43 فیصد کا اضافہ ہوا اور اس نے مارجن اور منافع میں اضافہ کیا۔ دوران سال 176.919 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۔

covid-19 وبائی امراض کی وجہ سے زیر نظر سال پوری دنیا کے لیے بہت مشکل تھا۔ مہنگائی اور روپے کی قدر میں کمی نے مجموعی معیشت پر نمایاں دباؤ ڈالا۔ حکومت اور اسٹیٹ بینک آف پاکستان نے روزگار اور بی ایم آر پر شرح سود کو کم کر کے صورتحال کا فوری جواب دیا۔

مستقبل کی صورت حال :-

Covid-19 کی موجودہ صورتحال کو ہماری برآمدی پرمیٹی ٹیکسٹائل کی صنعت کو رونا وائرس Covid-19 کے منفی معاشی اثرات سے بچانے کے لیے سخت اقدامات اٹھانے کی ضرورت ہے۔ کیونکہ اس سے برآمدات پر منفی اثر پڑ رہا ہے۔ حکومت کو ایسی حکمت عملی تیار کرنے کی ضرورت ہے تاکہ اس معاشی بحران کو ایک بہت بڑے مالی بحران میں بدلنے سے روکا جاسکے۔ حکومت کو خصوصی مراعات اور ریلیف پیکیج جاری کر کے ٹیکسٹائل کے شعبے کو بچانے کے لیے فوری طور پر آگے آنا چاہیے۔ حکومت کو فوری طور پر درج ذیل اقدامات کرنے چاہئیں۔

پہلے یہ کہ ٹیکسٹائل برآمد کنندگان کو کمیشن فلو کے مسائل حل کرنے کے لیے 100 ارب روپے کے ریلیف پیکیج کے تحت سیلز ٹیکس کے ریفرنڈم جاری کرنا چاہئیں۔

دوسرا، یوٹیلیٹی بل تین ماہ کے لیے معاف کرنے کی ضرورت ہے۔

تیسرا، انٹرن اوور ٹیکس اور سیلز ٹیکس ایک سال کے لیے وصول نہیں کیا جانا چاہیے۔

چوتھا، حکومت کو چاہیے کہ اس شعبے کے ملازمین کو ایک سال تک تنخواہیں کم شرح سود پر ادا کرے تاکہ اس سے بڑے پیمانے پر پروزگاری کو روکنے میں مدد ملے گی۔

پانچویں، اس شعبے کی طرف سے بینکوں سے لئے گئے ماضی کے قرضوں پر سود کو معاف کرنے کی ضرورت ہے، اور شرح سود کو 5 فیصد تک کم کیا جانا چاہیے کیونکہ کم شرح سود سے اس شعبہ کو پروان چڑھنے میں مدد ملے گی۔

چھٹا، حکومت کو زیر وریڈ پالیسی کو بحال کرنا چاہیے جو جون 2019 میں واپس لی گئی تھی۔ ٹیکسٹائل سپلائی چین کو ہموار اور چلانے کی اشد ضرورت 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 احداثیات پر مقرر کئے ہیں۔

ہماری طرف سے مندرجہ ذیل کوششیں جاری ہیں۔

☆ گندے پانی کی صفائی

☆ قدرتی وسائل کے تحفظ

☆ مال کے ضائع ہونے میں کمی

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

ماحولیاتی کارکردگی میں اضافہ

بیلنس شیٹ بنانے کے بعد کے معاملات :-

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

متعلقہ فریقین سے لین دین :-

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

۳۰ جون ۲۰۲۰ 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 :-

ڈائریکٹرز اسٹاک ایجنٹ کی فرسٹ سبزی 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 کمیشن کی

آمد و رفت کا بھی واضح اظہار ہے۔

جون ۳۰، ۲۰۲۰ ڈائریکٹرز رپورٹ - سن ریز ٹیکسٹائل ملز لمیٹڈ

سن ریز ٹیکسٹائل ملز لمیٹڈ کے بورڈ آف ڈائریکٹرز ۲۹ ویں سالانہ اجلاس ۳۰ جون ۲۰۲۰ 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 10
ب - خاتون 1

تشکیل:-

i - آزاد ڈائریکٹر 3

ii - فعال ڈائریکٹر 2

iii - غیر فعال ڈائریکٹر 6

ڈائریکٹرز کے نام 30 جون 2020 کو مندرجہ ذیل ہیں:

| | | | | | |
|----|----------------|-----------|------|-------------|-----------------------|
| 1 | میاں ریاض احمد | چیمبر مین | (2) | کاشف ریاض | ڈائریکٹر/چیف ایگزیکٹو |
| 3 | عمر ان احمد | ڈائریکٹر | (4) | ہمز اد احمد | ڈائریکٹر |
| 5 | عرفان احمد | ڈائریکٹر | (6) | نوید احمد | ڈائریکٹر |
| 7 | شاہد ویز احمد | ڈائریکٹر | (8) | شفقت مسعود | ڈائریکٹر |
| 9 | عذر الحقوب | ڈائریکٹر | (10) | فیصل حنیف | ڈائریکٹر |
| 11 | فاروق حسن | ڈائریکٹر | | | |

مالی اور آپریشنل مینجنگ:-

آپ کی کمپنی کا قبل از ٹیکس منافع سال ۲۰۲۰ کے اختتام پر 64.643 کروڑ رہا۔

| 2019 | 2020 | |
|------------|------------|--|
| روپے 000 | روپے 000 | |
| 474,979 | 646,430 | قبل از ٹیکس منافع |
| (3,201) | (86,266) | ٹیکس |
| 471,778 | 560,164 | بعد از ٹیکس منافع |
| (651) | (58) | دیگر |
| 1,604,304 | 2,039,548 | ابتداءً جمع شدہ منافع |
| (62,100) | - | سالانہ ڈیویڈنڈ برائے سال ۲۰۱۸ |
| | (172,500) | سالانہ ڈیویڈنڈ برائے سال ۲۰۱۹ |
| | (103,500) | پہلا عمو ری ڈیویڈنڈ دسمبر ۲۰۱۹، ۳۱ |
| | (103,500) | دوسرا عمو ری ڈیویڈنڈ مارچ ۲۰۲۰، ۳۱ |
| 2,013,331 | 2,220,154 | منافع برائے تصرفات |
| 26,217 | 21,192 | فلسفہ اعامہ جات کے ریلویشن پر سرپلس سے منتقل |
| | 23,599 | جائیداد سبیل کی وجہ سے سرپلس کی منتقلی |
| 2,039,548 | 2,264,945 | آگے کیا گیا جمع شدہ منافع |
| 68.37 روپے | 81.18 روپے | فی حصص آمدن |

ڈیویڈنڈ:-

بورڈ آف ڈائریکٹرز نے 03 جنوری، 2020 کو منعقدہ اجلاس میں 150 فیصد پہلے انٹرم ڈیویڈنڈ کا اعلان کیا ہے جو کہ 15 روپے فی شیئر بنتا ہے۔ اس کے علاوہ 29

جون ۳۰، ۲۰۲۰ - چیرمین رپورٹ - سن ریزٹیکسٹائل ملز لمیٹڈ

بڑی خوشی کے ساتھ میں 30 جون 2020 کو ختم ہونے والے سال کے لیے آڈٹ شدہ مالی گوشواروں اور بورڈ کی مجموعی کارکردگی کا سالانہ جائزہ پیش کرنا چاہتا ہوں اور اس موقع پر آپ کو کمپنی کی 29 ویں سالانہ عمومی میٹنگ کے لیے مدعو کرنا چاہتا ہوں۔
کمپنی کی کارکردگی کا جائزہ:-

31 مارچ 2020 کو ختم ہونے والی تیسری سہ ماہی تک، پوری دنیا میں کاروباری حالات ہموار اور معمول کے مطابق تھے۔ چین سے باہر 2020 کی پہلی سہ ماہی میں Covid-19 وبا امرائض کے پھوٹنے کے ساتھ ہی عالمی معیشت کو نقصان ہوا۔ اس عالمی وبا بیماری کے نتائج مارچ 2020 کے آخر میں پاکستان پر پڑنے لگے۔ کرونا وائرس کے پھیلنے کی وجہ سے، عالمی سطح پر فراہمی کا سلسلہ بری طرح سے متاثر ہوا ہے کیونکہ بیماری کے پھیلاؤ کو کنٹرول کرنے کے لیے دنیا بھر میں لاک ڈاؤن نافذ کیا گیا، جس کی وجہ سے جہاز رانی کے نظام الاوقات متاثر ہوئے۔ آپ کی کمپنی کو بھی انہی چیلنجوں کا سامنا کرنا پڑا تھا۔ کمپنی نے مالی مشکلات کے باوجود دفنانس لاگت میں کمی کی جس کے نتیجے میں کمپنی کا بعد از ٹیکس منافع 560.163 ملین روپے ہو یعنی 18.73 فیصد اضافہ پچھلے سال سے زیادہ ہوا۔ جائزہ کی مدت کے دوران، پچھلے سال کے مقابلے میں کمپنی کی فروخت کی شرح نو 6.43 فیصد (یعنی 6085.258M سے 6476.172M) اضافہ حاصل کرنے میں کامیابی حاصل کی جبکہ کل فروخت کی قیمت میں 83.31 فیصد کا برآمدی شیر برقرار رکھا۔

مزید یہ کہ میں ان نتائج کو حاصل کرنے میں پوری انتظامی ٹیم کی محنت کی تعریف کرنا چاہتا ہوں جو قابل فخر ہے۔ انتظامیہ مارکیٹ میں لیڈر کے طور پر ابھرنے کے لیے آپریشن، فروخت اور مارکیٹنگ میں کارکردگی کو بہتر بنانے کی کوشش کرے گی۔

بورڈ کی کارکردگی کا جائزہ:-

Covid-19 کے سنگین اور مشکل حالات کے دوران بورڈ نے اپنے فرائض پوری محنت سے اور مؤثر طریقے سے کمپنی کے بہترین مفاد کے لیے انجام دیئے اور اس وبائی امراض سے نمٹنے کے لیے حکمت عملی وضع کرنے اور ترتیب دینے کی کوشش کی۔ بورڈ کی بروقت بہتر منصوبہ بندی اور فیصلوں نے مجموعی طور پر کمپنی کا اولین مقصد حاصل کرنے میں مدد فراہم کی۔ بورڈ نے انتظامیہ کی کارکردگی کو مانیٹر کرنے میں اہم کردار ادا کیا ہے۔ بورڈ کمپنی کی بہتری اور ترقی کے لئے خدمات انجام دے رہا ہے اور کمپنی کے وژن، مشن اور مقاصد کے حصول کے لیے اپنی تمام توجہ مرکوز کر رکھی ہے۔ بورڈ کے ممبران مناسب علم مختلف قسم کی مہارت اور تجربے سے آراستہ ہوتے ہیں جو کہ کاروبار کو کامیابی کے ساتھ چلانے کے لیے ضروری ہوتا ہے۔ بورڈ کا ہر ممبر کمپنی کی ترقی کے لیے خدمات دینے کے لیے پرعزم ہے اور اس کے سارے کام کمپنی کے اقدار اور مشن کی طرف لگے ہوئے ہیں۔

بورڈ اپنی ذیلی کمیٹیوں کی کارکردگی پر سختی سے نگرانی کرتا ہے۔ ذیلی کمیٹیوں نے میٹنگز لکیں اور لسٹڈ کمپنیوں (کارپوریٹ گورننس کے ضابطہ اخلاق) کے قواعد و ضوابط 2019 کی شرائط کے مطابق بورڈ کو آگاہ کیا۔ بورڈ کمپنی کے تمام قابل اطلاق قوانین اور بہترین طریق کار کے مطابق تعمیل کو یقینی بناتا ہے۔ میں یہ بتانا چاہتا ہوں کہ آزاد ذریعہ زسمیت تمام ڈائریکٹرز نے بورڈ کے فیصلہ سازی کے عمل میں مکمل طور پر حصہ لیا۔ بورڈ کی طرف سے میں تمام حصہ داروں کا کمپنی پر مسلسل اعتماد، حمایت، لگن اور محنت کے لیے ان کا شکریہ ادا کرنا چاہتا ہوں۔

چیرمین
میاں ریاض احمد
6 اکتوبر 2020

PATTERN OF SHARE HOLDING OF SHARES HELD BY THE SHARE HOLDERS
As At June 30, 2020

| NUMBER OF SHARE HOLDERS | SHARE - HOLDING FROM | TO | TOTAL SHARES HELD | PERCENTAGE OF TOTAL CAPITAL |
|----------------------------|-------------------------|-----------|----------------------|--------------------------------|
| 866 | 1 | 100 | 33,327 | 0.48 |
| 611 | 101 | 500 | 212,487 | 3.08 |
| 29 | 501 | 1,000 | 23,295 | 0.34 |
| 26 | 1,001 | 5,000 | 62,366 | 0.90 |
| 4 | 5,001 | 15,500 | 31,053 | 0.45 |
| 5 | 15,501 | 30,000 | 120,000 | 1.74 |
| 3 | 35,001 | 150,000 | 235,543 | 3.41 |
| 3 | 160,001 | 300,000 | 573,557 | 8.31 |
| 1 | 300,001 | 530,000 | 318,842 | 4.62 |
| 5 | 530,001 | 795,000 | 3,060,566 | 44.36 |
| 2 | 800,000 | 1,425,000 | 2,228,964 | 32.30 |
| 1,555 | | | 6,900,000 | 100.00 |

CATEGORIES OF SHARE HOLDERS

As At June 30, 2020

| CATEGORIES OF SHARE HOLDERS | NUMBER OF SHARE HOLDERS | SHARES HELD | PERCENTAGE % |
|--|----------------------------|----------------|-----------------|
| 1. Individuals | 1,517 | 390983 | 5.67 |
| 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 | 16 | 31325 | 0.45 |
| 6. Directors, CEO their Spouses & Minor Childrens | 18 | 6024129 | 87.31 |
| TOTAL | 1,555 | 6900000 | 100.00 |

DETAIL OF CATEGORIES OF SHARE HOLDERS

AS AT June 30, 2020

| Name | Number of Shareholders | Shares Held |
|---------------------------------------|---------------------------|----------------|
| INDIVIDUAL | 1,517 | 390,983 |
| 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 | 16 | |
| 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 |
| MRA SECURITIES LIMITED - MF | | 100 |
| ALFAADHI 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 |
| | | 31,325 |

| | | |
|---|--------------|--------------------|
| 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 | | 578,093 |
| Kashif Riaz | | 1,424,512 |
| Imran Ahmad | | 580,161 |
| Irfan Ahmad | | 586,938 |
| Shazia Naveed | | 4,482 |
| Shafqat Masood | | 4,573 |
| Shahwaiz Ahmed | | 198 |
| Danish Naveed | | 192,000 |
| Muhammad Azmat Ahmed | | 193,000 |
| Faisal Hanif | | 100 |
| Aisha Irfan | | 188,557 |
| Mrs. Salma Jabeen | | 23,605 |
| Mrs. Lozina Shahzad | | 126,695 |
| Fadia Kashif | | 804,452 |
| Tahia Imran | | 1,388 |
| | | 6,024,129 |
| GRAND TOTAL | 1,555 | 6,900,000 |

Shareholders Holding 10% or More Voting Interest in the Company

AS AT June 30, 2020

| DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN | SHARES HELD | PERCENTAGE % |
|---|------------------------|-------------------------|
| Mr. Kashif Riaz | 1,424,512 | 20.65 |
| Fadia Kashif | 804,452 | 11.66 |

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Office and their spouses, minor children during 2019-2020

| N A M E | Purchase | Sold | Gift |
|---------------------------------|-----------------|-------------|-------------|
| MIAN IMRAN AHMED | Nil | Nil | (193,000) |
| MR. NAVEED AHMED | | | (192,000) |
| MR. KASHIF RIAZ | | | (712,000) |
| MR. DANISH NAVEED | | | 192,000 |
| MR. MOHAMMAD AZMAT AHMED | | | 193,000 |
| MRS. FADIA KASHIF | | | 712,000 |

FORM OF PROXY

ANNUAL GENERAL MEETING

Shareholder's Folio No. -----Number of shares held -----I / We.

-----Of (full address) -----

----- being a member of **SUNRAYS TEXTILE MILLS**

LIMITED hereby appoint.

Mr. / Mrs. / Ms. -----of (full address) -----

-----or failing him/her/ Mr. / Ms. -----of

(full address) -----

as my / our proxy in my/our absence to attend and vote for me/us on my/our behalf at the **Annual General**

Meeting of the Company to be held on 28th day of October, 2020 at 2:15 p.m. plot # 3 & 7, Sector-

25 Korangi industrial Area, Karachi and at any adjourned meeting thereof.

| WITNESSES | |
|------------------|------------------|
| WITNESS # 1 | WITNESS # 2 |
| SIGNATURE | SIGNATURE |
| | |
| NAME CNIC # | NAME CNIC# |

Signature on

Rs. 5/-

Revenue Stamp

1. Proxies in order to be effective, must be received at the Company's Registered Office/ Shares Registrar not less than 48 hours before the meeting and must be duly stamped, signed and witnessed.
2. CDC shareholders and their proxies are requested to attach an attested photocopy of their CNIC or passport with this proxy form before submission to the Company.

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 banks account details for credit of cash dividend declared by the Company from time to time.

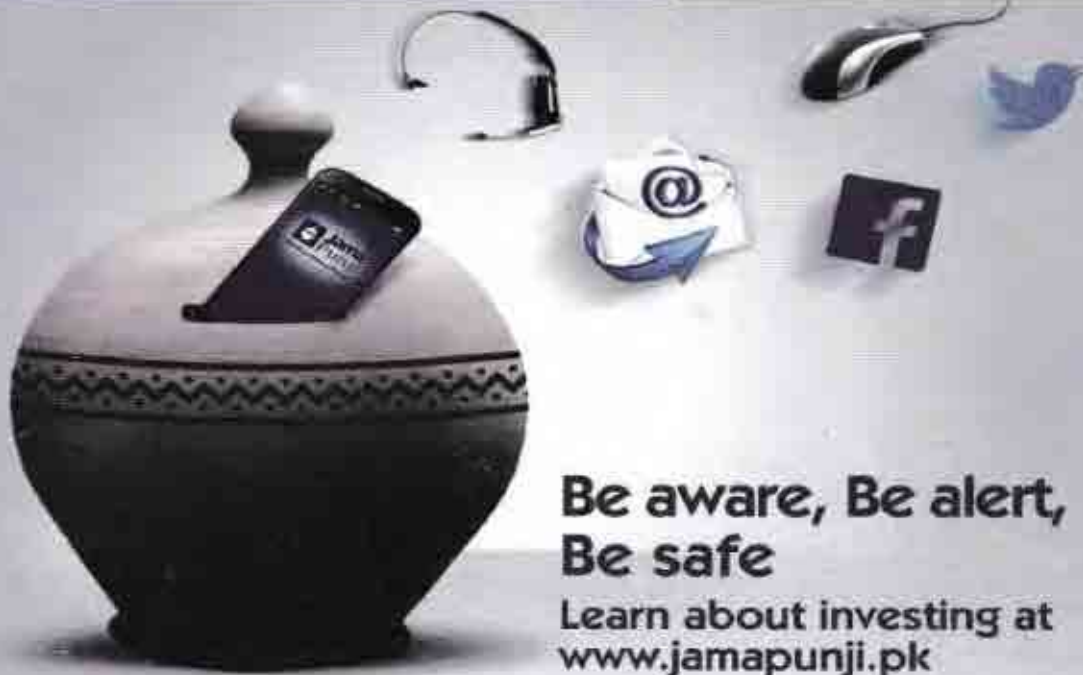
AFFIX
CORRECT
POSTAGE

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

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