



# ANNUAL REPORT 2015

# SUNRAYS TEXTILE MILLS LIMITED

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## **COMPANY PROFILE** **BOARD OF DIRECTORS**

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

### **AUDIT COMMITTEE**

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

### **HUMAN RESOURCES AND REMUNERATION COMMITTEE**

1. Mian Mohammad Ahmad (Chairman)
2. Mr. Irfan Ahmed (Member)
3. Mr. Shahwaiz Ahmed (Member)

### **CHIEF FINANCIAL OFFICER**

Mr. Shabbir Kausar

### **CHIEF INTERNAL AUDITOR**

Mr. Imran Iftikhar

### **COMPANY SECRETARY**

Mr. Ahmed Faheem Niazi

### **LEGAL ADVISOR**

Mr. Yousuf Naseem

Advocates & Solicitors

### **REGISTERED OFFICE**

5<sup>th</sup> floor, Office # 508, Beaumont Plaza,  
Beaumont Road, Civil Lines Quarters, Karachi

### **SYMBOL OF THE COMPANY**

SUTM

### **WEBSITE**

<http://www.Indus-group.com/web/download.htm>

### **REGISTRAR & SHARE TRANSFER OFFICE**

Evolution factor (private) limited  
(Formerly Corporate Support Services ( Pvt ) Ltd.)

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

Tel. 35662023 – 24

Fax. 35221192

### **FACTORY LOCATION**

Khanpur Shomali Bagga Sher M.M. Road Muzaffar Garh

### **BANKERS**

Muslim Commercial Bank Limited

Allied Bank Limited

Soneri Bank Limited

United Bank Limited

Meezan Bank Limited

Habib Bank Limited

### **AUDITORS**

M/s Deloitte Yousuf Adil

Chartered Accountants Karachi.



## **NOTICE OF ANNUAL GENERAL MEETING**

NOTICE is hereby given that 24<sup>th</sup> Annual General Meeting of the members of Sunrays Textile Mills Ltd. (the Company) will be held on October 31, 2015 at 03:00 p.m. at **Indus Dyeing & Mfg Co. Ltd.** Plot # 3 & 7, Sector-25, Korangi, Industrial Area, Karachi, to transact the following business:

### **ORDINARY BUSINESS:**

1. To confirm minutes of the 23<sup>rd</sup> Annual General Meeting held on October 29, 2014.
2. To receive and adopt the Annual Audited Accounts together with the Directors' and Auditors' report for the period ended June 30, 2015.
3. To appoint auditors for the ensuing year, and to fix their remuneration (Messer Deloitte Yousuf Adil Chartered Accountants, retire and being eligible have offered themselves for reappointment.)
4. To approve Interim Cash Dividend of Rs. 20/- per share i.e. 200%.
5. To transact any other business with the permission of the chair.

**By order of the Board**

Karachi;  
Dated; 02-10-2015

**Ahmed Faheem Niazi**  
Company

### **Notes:**

- i) Members are requested to attend in person along with Computerized National Identity Card ("CNIC") or appoint some other member as proxy and send their proxy duly witnessed so as to reach the registered office of the company not later than 48 hours before the time of holding the meeting.
- ii) The Share Transfer Books of the Company will remain closed from Wednesday, October 24, 2015 to October 31, 2015 (both days inclusive) and the final dividend will be paid to the Members whose names will appear in the Register of Members on October 23, 2015. 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 Evolution Factor (PVT) Ltd. 407 -408 Al -Ameera Center Shahra-e-Iraq Saddar Karachi. All the Members holding the shares through the CDC are requested to please update their addresses and Zakat status with their participants. This will assist in prompt receipt of Dividend.

### **Submission of copies of CNIC:**

It is hereby reiterated that the Securities and Exchange Commission of Pakistan (SECP) vide Notification S.R.O. 779(I)/2011 dated August 18, 2011 and Notification S.R.O. 831(1)/2012 dated July 5, 2012 has directed all the listed companies to issue dividend warrant only crossed as "A/c Payee only" and ensure that the Dividend Warrant should bear the Computerized National Identity Card (CNIC) Numbers of the registered members except in the case of minor(s) and corporate shareholder(s).

All those members (holding physical shares) who have not submitted their valid CNICs are once again requested to send a photocopy of their valid CNIC/NTN along with the Folio number(s) to the Company's Share Registrar.

In case of non-availability of a valid copy of the CNIC in the records of the Company, the Company will be constrained to withhold the Dividend warrants in terms of Section 251(2)(a) of the Companies Ordinance 1984, which will be released by the Share Registrar only upon



compliance with the aforesaid notifications.

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

Pursuant to the provisions of the Finance Act 2014 effective July 1, 2014, 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	12.5%
(b)	Rate of deduction for non-filer of income tax returns	17.5%

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

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

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

### **Withholding Tax on Dividend in case of Joint Account Holders**

In order to enable the Company to follow the directives of the regulations to determine shareholding ratio of the Joint Account Holder(s) (where shareholding has not been determined by the principal shareholder) for deduction of withholding Tax on dividends of the Company, shareholders are requested to please complete the forms (earlier dispatched) to furnish the shareholding ratio details of themselves as principal shareholder and their joint holders to the company's share registrar, enabling the company to compute withholding Tax of each shareholder accordingly. In the event of non-receipt of the information by 23 October 2015, each shareholder will be assumed to have equal proportion of shares and the tax will be deducted accordingly.

### **Dividend Mandate (Optional):**

The Company wishes to inform its members that under the law they are also entitled to receive their cash dividend directly in their bank accounts instead of receiving it through dividend warrants. Members wishing to exercise this option may submit their application to the Company's Share Registrar, giving particulars relating to their name, folio number, bank account number, title of account and complete mailing address of the bank CDC account holders should submit their request directly to their broker (participant) / CDC.

**VISION**

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

**MISSION**

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



## DIRECTOR'S REPORT

Your Directors are pleased to present the 24th Annual Report on the affairs of the company along with the Audited Financial Statements and Auditor's Report thereon for the year ended June 30, 2015.

### Financial and operational results

The Company earned pretax profit of Rs. 119,231 (M). For the year ended June, 2015.

	Rs. 000
<b>Highlights</b>	
Pre tax profit for the period	119,231
Provision for taxation	(43,687)
Profit after taxation	75,544
Remeasurement of defined benefits obligation	(8,920)
Un-appropriated profit brought forward	1,204,053
Interim Dividend for the year ended June 30, 2015	(34,500)
Interim Dividend for the year ended June 30, 2015	(103,500)
Profit available for appropriations	1,132,677
Transfer from surplus on revaluation of fixed assets	32,398
Un-appropriated profit carried forward	1,165,075

The earning per share is Rs. 10.95 (Par value Rs. 10/= per share)

### Operational Review

During the period under review the company's performance was good. Net sales during the year was Rs. 4,095 billion (2014 : Rs. 4,732 billion) against total cost of sales of Rs. 3,808 billion (2014 : Rs. 4,212 billion) resulting a gross profit of Rs. 285,783 million (2014 : Rs. 519,885 million).

### Dividends

The Company paid 200% cash dividend during the year ended June-2015

### Present year assessment

By the Grace of Almighty ALLAH your company performed well inspite of crises specially in the last quarter of the financial year. We have to revalue our raw material and finished goods stock resulting a decrease the profit by Rs. 31.90 (M). During the year Rs. 58,207 (M) were invested in the fixed assets. This is the part of the company's BMR plan to improve the quality and reduce the manufacturing cost. Retained earning / internal cash flow were used to finance this programme.

### Future Outlook

The textile sector especially spinning sector is expected to remain under pressure due to lower demand and reduced prices in both domestic and international markets.

The Energy crisis is still a major obstruction for the growth of economy of Pakistan. Electric and gas load shedding and substantial increase in energy tariff are the most serious challenge for the company and the industry as a whole. Government should take some immediate steps to resolve the energy crises. Prices of utilities should also be brought down to the minimum level in order to accelerate production activity.

Future profitability will depend on direction of raw cotton prices and corresponding price of yarn.

Pakistan is fast losing competitiveness in textile export so a new mechanism of all tax refunds has to be stressed to help industry viability. Your Company made all possible efforts in diluting the worst impacts of the domestic and international markets by effectively managing the products and customers mix in international and domestic markets.

### CORPORATE AND FINANCIAL REPORTING FRAMEWORK:

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

- The Financial Statement prepared by the Management, present fairly its state of affairs, the result of its operations, Cash Flows and changes in equity.
- Proper books of accounts have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of Financial Statements and accounting estimates are based on reasonable and prudent judgement.
- International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements.



- e. Internal Auditors is continuously reviewing the existing system of internal control and other procedures. The process of review will continue and any weakness in controls will have immediate attention of the management.
- f. There are no significant doubts upon the company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h. Key operating and financial data for last six years is annexed.
- i. The information about statutory payments on account of taxes, duties and levies is given in the notes to the accounts
- j. During the period under review the trading in shares of the Company by CEO, Directors, Financial Officer, Company Secretary, their spouses and minor children.

### Purchase

- |                        |        |
|------------------------|--------|
| 1. Mian Mohammad Ahmed | 100    |
| 2. Mian Riaz Ahmed     | 11,500 |

- k. During the period under review Five (5) Board of Director meeting and Five Audit Committee meeting were held. Causal vacancy occurred on the Board during the period under review were immediately filled up. Audit committee comprises of three members, all of them are non-executive Directors including Chairman.

Meeting held and attendance by each Director in the meetings of the Board and its sub-committee is as follows.

Name of Director	Board Meeting		Audit Committee Meeting	
	Held	Attended	Held	Attended
1. Mian Mohammad Ahmed	5	5	-	-
2. Mian Riaz Ahmed	5	4	-	-
3. Mr. Shahzad Ahmed	5	5	-	-
4. Mr. Naveed Ahmed	5	5	5	5
5. Mr. Irfan Ahmed	5	4	-	-
6. Mr. Kashif Riaz	5	4	-	-
7. Mr. Shafqat Masood	5	5	5	5
8. Mr. Shahwaiz Ahmed	5	5	-	-
9. Mr. Sheikh Nishat Ahmed	5	5	5	5

### **Pattern of shareholding**

The shareholding pattern as 30 June 2015 is annexed

### **Web Presence**

Annual and periodical financial statement of the company are also available on the Sunrays Textile Mills Limited website [www.indus-group.com/web/download.htm](http://www.indus-group.com/web/download.htm) for the information of the shareholders and others.

### **Auditors**

The Messrs Deloitte Yousuf Adil Chartered Accountants retire at the Annual General Meeting and being eligible, offer themselves for re appointment for the financial year ending June 30, 2016.

### **Thanks and appreciation**

Your Directors feel pleasure in expressing the highly dedicated services rendered by the employees of the Company and wish to convey their thanks to the Company's bankers and financial institutions for their co-operation and support extended to the Company

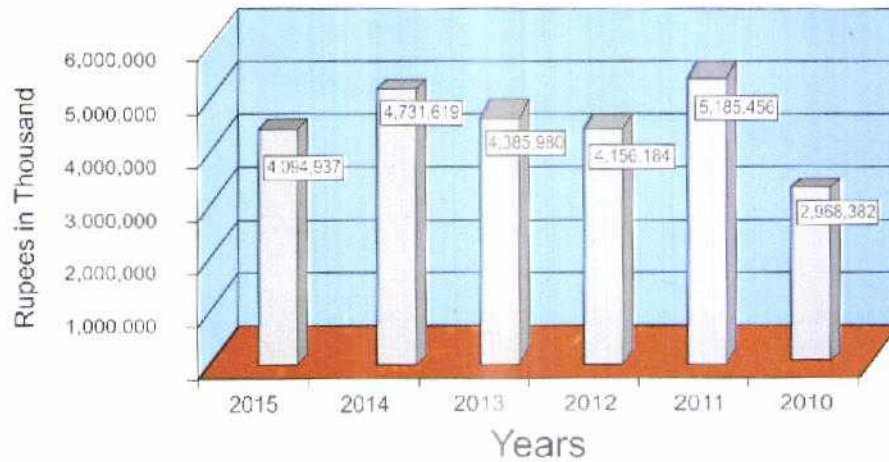
FOR AND ON BEHALF OF THE BOARD

*Kashif Riaz*  
Kashif Riaz  
CHIEF EXECUTIVE

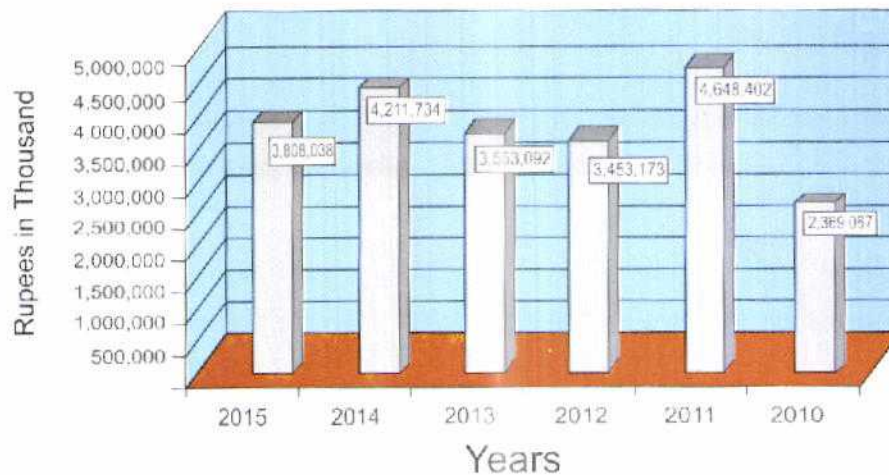
Dated: October 02, 2015



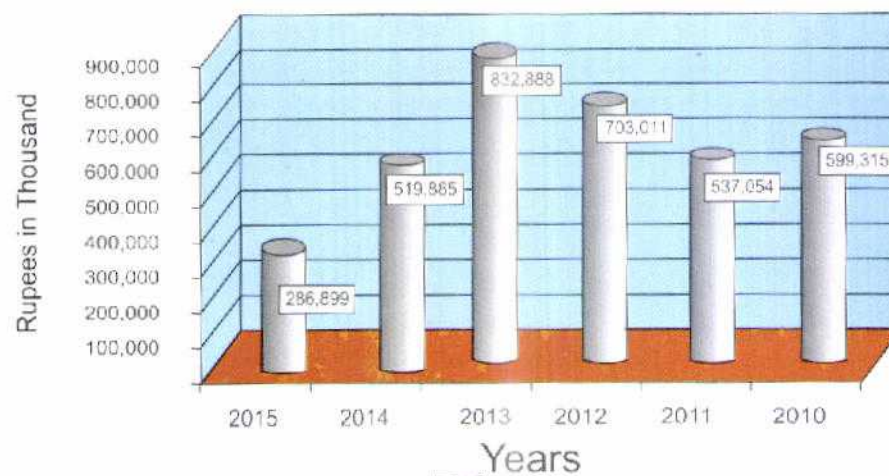
## Sales



## Cost Of Goods Sold

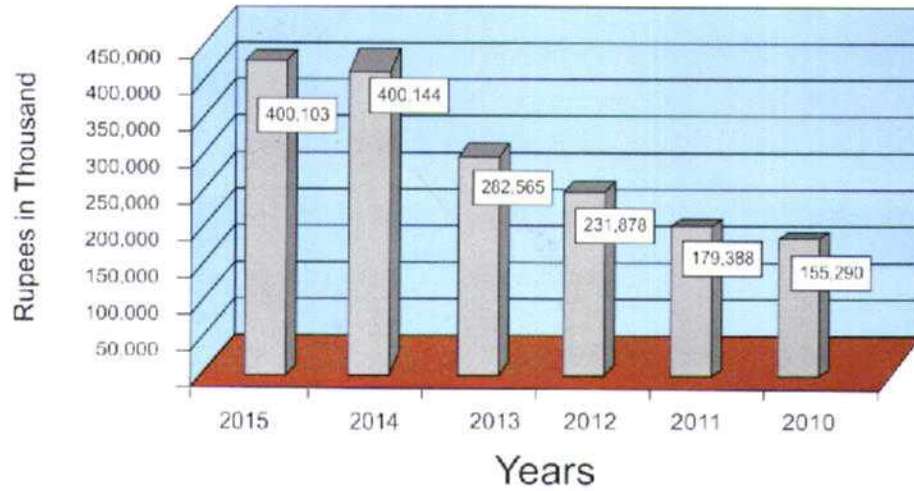


## Gross Profit

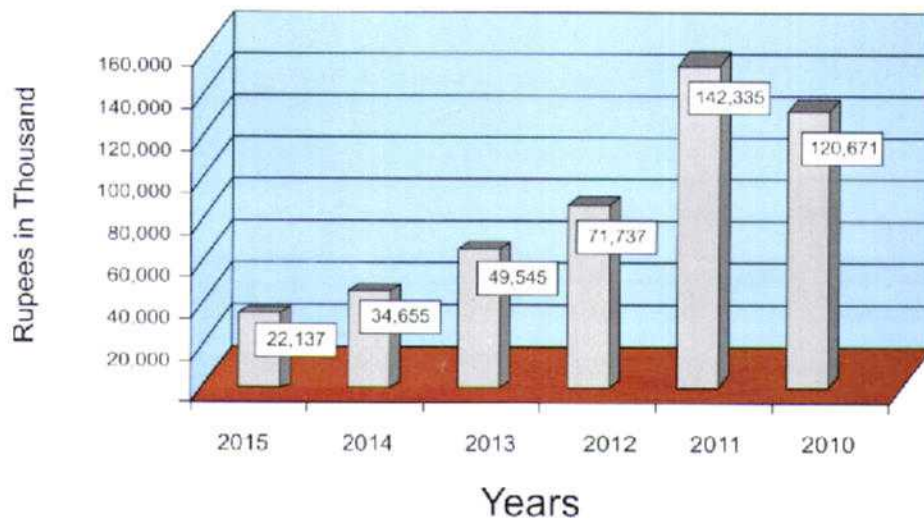




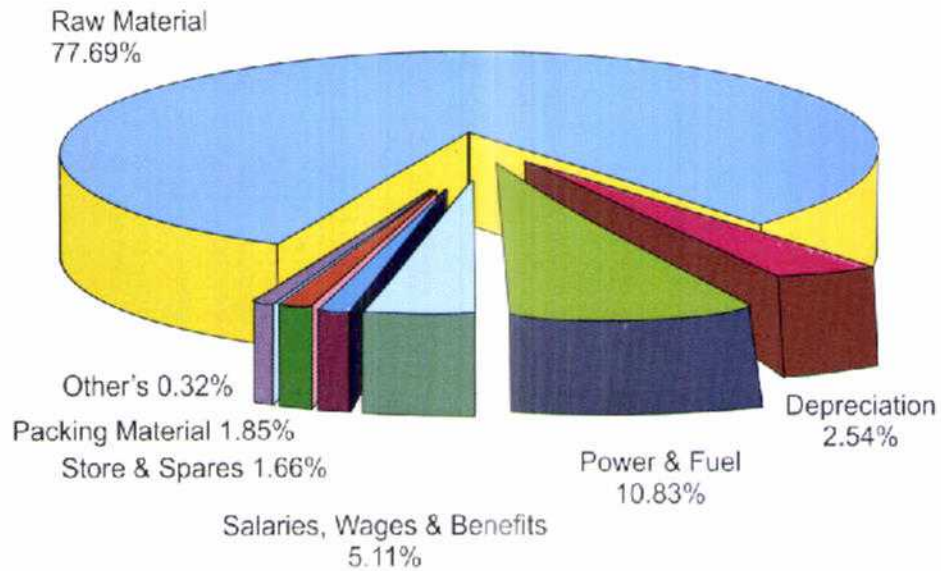
## Power and Fuel Charges



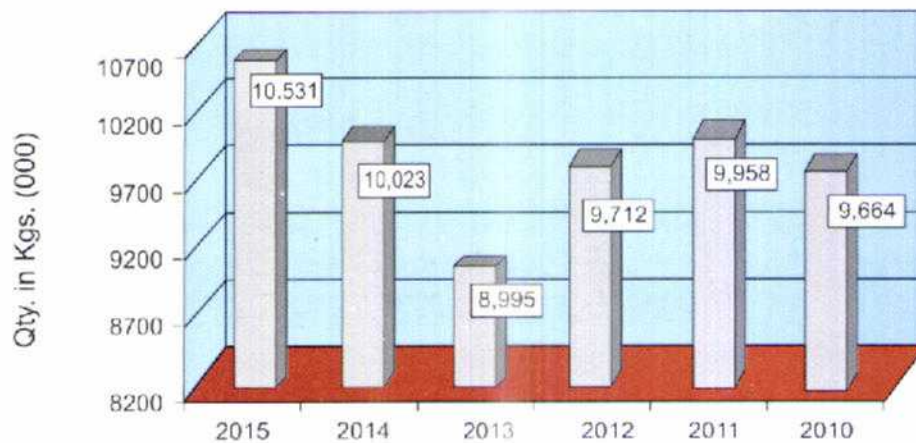
## Financial Charges



## Manufacturing Cost



## Production in 20/S Count



## SIX YEAR KEY OPERATING AND FINANCIAL DATA FROM 2010 TO 2015 (Rupees in 000)

	2015	2014	2013	2012	2011	2010
<b>OPERATING DATA</b>						
Sales	4,094,937	4,731,619	4,385,980	4,156,184	5,185,456	2,968,382
Cost of Goods Sold	3,808,038	4,211,734	3,553,092	3,453,173	4,648,402	2,369,067
Gross Profit	286,899	519,885	832,888	703,011	537,054	599,315
Profit Before Taxation	119,231	310,808	577,917	481,455	272,684	361,722
Profit After Taxation	75,543	284,279	540,033	442,540	234,689	337,492
<b>FINANCIAL DATA</b>						
Paid Up Capital	69,000	69,000	69,000	69,000	69,000	69,000
Fixed Assets	1,074,830	1,125,457	1,171,202	947,762	883,279	860,828
Current Assets	1,753,844	2,446,464	1,502,259	1,510,943	1,240,166	832,088
Current Liabilities	423,167	1,045,447	283,652	657,465	779,495	419,117
<b>KEY RATIOS</b>						
Gross Margin	7.01%	10.99%	18.99%	16.91%	10.36%	20.19%
Net Profit	1.84%	6.01%	12.31%	10.65%	4.53%	11.37%
Current Ratio	4.14	2.34	5.30	2.30	1.59	1.99
Earning Per Share(Rupees)	10.95	41.2	78.27	64.14	34.01	48.91
<b>STATISTICS</b>						
Number Of Spindle Worked	34526	35093	34497	34411	33811	32421
Production in to 20/S Count(in 000 Kgs)	10531	10023	8995	9712	9958	9664



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015

The statement is being presented to comply with the Code of Corporate Governance (CCG) contained in the listing regulations of Karachi Stock Exchange for the purpose of establishing a framework of good governance, where by a listed Company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner.

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

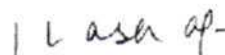
Category	Names
Independent Directors	Sheikh Nishat Ahmed
Executive Directors	Mian Riaz Ahmed Mr. Kashif Riaz (CEO)
Non Executive Directors	Mr. Shahwaiz Ahmed Mr. Irfan Ahmed Mr. Naveed Ahmed Mr. Shafqat Masood Mian Mohammad Ahmed Mr. Shahzad Ahmed

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

- 2) The Directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company (excluding the listed subsidiaries of listed holding companies where applicable).
- 3) All the resident directors of the Company are registered as tax payers and none of them have defaulted in payment of any loan to a banking company, a development financial institution or a non-banking financial company, or being a member of a stock exchange, has been declared as defaulter by the stock exchange.
- 4) There was no casual vacancy occurred in the Board during the year.
- 5) The Company has prepared a "Code of Conduct" and has ensured that appropriate steps have taken to disseminate it throughout the Company along with its supporting policies and procedures.
- 6) The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
- 7) All the powers of the Board have been duly exercised and the Board has taken decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive and non-executive directors have been taken by the Board.
- 8) The meetings of the Board were presided over by the Chairman and in his absence, by a director elected by the Board for this purpose and the Board has met at least once in every quarter. Written notices of the Board meetings, along with agenda were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.

- 9) The Company is in the process of arranging training course and certification under directors training program for certain directors.
- 10) There were no new appointments of CFO, Company Secretary and Head of Internal Audit during the year.
- 11) The Directors report for this year has been prepared in compliance with the requirement of the CCG and fully describes the salient matters required to be disclosed.
- 12) The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
- 13) The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
- 14) The Company has complied with all the corporate and financial reporting requirements of the CCG.
- 15) The Board has formed an Audit Committee. It comprises of three members, of whom all are the non - executive directors. The chairman of the committee is an independent director.
- 16) The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the Company, as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance
- 17) The Board has formed a Human Resource and Remuneration Committee. It comprises of three members, all of whom are non - executive directors. The chairman of the committee is an independent director
- 18) The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
- 19) The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review Program of the Institute of Chartered Accountants of Pakistan(ICAP),that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on the code of ethics as adopted by ICAP.
- 20) The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
- 21) The 'closed period' prior to the announcement of interim / final results, and business decisions, which may materially affect the market price of the Company's securities, was determined and intimated to directors and stock exchange.
- 22) Material / price sensitive information has been disseminated among all market participants at once through stock exchange.
- 23) We confirm that all other material principles enshrined in the CCG have been complied with by the company.

On behalf of the Board of Directors



Kashif Riaz  
Chief Executive Officer

Date: October 02, 2015



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

*We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors (the Board) of Sunrays Textile Mills Limited (the Company) for the year ended June 30, 2015 to comply with the Listing Regulation of the Karachi Stock Exchange, where the Company is listed.*

*The responsibility for compliance with the Code is that of the Board of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.*

*As 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's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.*

*The Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.*

*Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.*

*Further, we highlight a non-compliance with the requirement of the Code as mentioned in paragraph 9 where it has been stated that the Company is in the process of arranging training course and certification under directors training program for certain directors.*

*Nadeem Yousuf Adil*

Chartered Accountants  
Engagement Partner:  
Nadeem Yousuf Adil

Date: October 02, 2015  
Place: Karachi

## **AUDITOR'S REPORT TO THE MEMBERS**

We have audited the annexed balance sheet of **Sunrays Textile Mills Limited** ("the Company") as at June 30, 2015 and the related profit and loss account, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) In our opinion-
  - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose Company's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company.
- (c) in our opinion, and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming parts thereof conform with the approved accounting standards as applicable in Pakistan, and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion, 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.

*Nadeem Yusuf Adil*

**Chartered Accountants**

**Engagement Partner:**

Nadeem Yusuf Adil

**Date: October 02, 2015**

**Karachi**

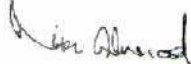


# SUNRAYS TEXTILE MILLS LIMITED

## BALANCE SHEET AS AT JUNE 30, 2015

<i>ASSETS</i>	<i>Note</i>	<i>2015</i>	<i>2014</i>
<i>----- Rupees -----</i>			
<i>Non-current assets</i>			
Property, plant and equipment	4	1,072,488,174	1,116,559,289
Investment properties	5	2,342,055	2,342,055
Long term deposits	6	6,991,200	6,991,200
		1,081,821,429	1,125,892,544
<i>Current assets</i>			
Stores and spares	7	75,811,294	84,411,049
Stock in trade	8	832,151,899	651,321,671
Trade debts	9	407,734,517	490,760,420
Loans and advances	10	87,554,694	97,398,412
Trade deposits and short term prepayments	11	4,246,480	2,128,415
Other receivables		3,332,047	9,221,577
Other financial assets	12	222,588,293	990,500,235
Sales tax refundable		64,025,169	44,768,473
Income tax refundable		12,347,922	3,677,753
Cash and bank balances	13	44,051,710	72,275,700
		1,753,844,025	2,446,463,705
<i>Total assets</i>		<b>2,835,665,454</b>	<b>3,572,356,249</b>
<i>EQUITY AND LIABILITIES</i>			
<i>Share capital and reserves</i>			
Issued, subscribed and paid-up capital	14	69,000,000	69,000,000
Reserves	15	753,600,000	753,600,000
Unappropriated profit		1,165,074,911	1,204,053,258
		1,987,674,911	2,026,653,258
Surplus on revaluation of property, plant and equipment	16	381,787,925	414,185,645
<i>Non-current liabilities</i>			
Long term loans	17	-	38,088,890
Deferred liabilities	18	43,035,191	28,937,111
		43,035,191	67,026,001
<i>Current liabilities</i>			
Trade and other payables	19	273,638,739	237,889,361
Accrued markup	20	1,134,658	4,143,739
Short term borrowings and running finance	21	105,016,172	757,989,651
Current portion of non-current liabilities	22	-	19,044,444
Provision for taxation		43,377,858	45,424,150
		423,167,427	1,064,491,345
<i>Total equity and liabilities</i>		<b>2,835,665,454</b>	<b>3,572,356,249</b>
<i>Contingencies and commitments</i>			
	23		

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

  
Mian Riaz Ahmed  
Chairman

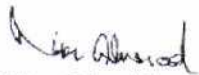
  
Kashif Riaz  
Chief Executive



## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2015

	Note	2015 ----- Rupees -----	2014
Sales-net	24	4,094,937,171	4,731,619,297
Cost of sales	25	(3,808,038,232)	(4,211,733,863)
Gross profit		286,898,939	519,885,434
(Loss)/Profit on other operations	26	(1,549,372)	7,429,454
		285,349,567	527,314,888
Distribution cost	27	(68,772,380)	(85,898,978)
Administrative expenses	28	(102,061,793)	(94,325,536)
Other expenses	29	(8,865,668)	(23,107,711)
Finance cost	30	(22,137,232)	(34,654,849)
Other income	31	35,718,186	21,480,779
		(166,118,887)	(216,506,295)
Profit before taxation		119,230,680	310,808,593
Taxation	32	(43,687,220)	(26,529,313)
Profit for the year		75,543,460	284,279,280
<b>Other comprehensive income</b>			
Other comprehensive income for the year - net of tax		-	-
Remeasurement of defined benefit obligation		(8,919,527)	-
<b>Total comprehensive income for the year</b>		<b>66,623,933</b>	<b>284,279,280</b>
<b>Earnings per share - basic and diluted</b>	33	<b>10.95</b>	<b>41.20</b>

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

  
Mian Riaz Ahmed  
Chairman

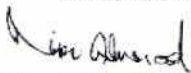
  
Kashif Riaz  
Chief Executive



## CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

	2015	2014
	Rupees	
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	119,230,680	310,808,593
Adjustments for:		
Depreciation on property, plant and equipment	101,748,781	106,664,813
Unrealized gain on re-measurement of other financial assets	(188,293)	(6,700,236)
Realized gain on disposal of other financial assets	(34,975,712)	(14,285,764)
Provision for staff retirement benefits - gratuity	11,409,453	8,914,113
Gain on sale of property, plant and equipment	(150,925)	(179,014)
Finance cost	22,137,232	34,654,849
Operating cash flows before changes in working capital	219,211,216	439,877,354
<b>Changes in working capital</b>		
<i>(Increase) / decrease in current assets</i>		
Stores and spares	8,599,755	(23,123,283)
Stock in trade	(180,830,228)	208,620,521
Trade debts	83,025,903	(91,109,867)
Loans and advances (excluding advance income tax)	(8,661,632)	1,212,048
Trade deposits and short term prepayments	(2,118,065)	(22,127)
Sales tax refundable	(19,256,696)	(11,896,035)
Other receivables	5,889,530	(6,060,790)
<i>Increase in current liabilities</i>		
Trade and other payables (excluding unclaimed dividend)	36,585,766	17,258,935
	(76,765,667)	94,879,402
Cash generated from operations	142,445,549	534,756,756
Finance cost paid	(25,146,313)	(35,874,977)
Staff retirement benefits - gratuity paid	(6,230,900)	(5,817,068)
Income taxes paid	(35,898,331)	(64,524,559)
<b>Net cash generated from operating activities</b>	75,170,005	428,540,152
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Addition to property, plant and equipment	(58,206,741)	(61,835,818)
Proceeds from disposal of property, plant and equipment	680,000	1,095,000
Payment for purchase of other financial assets	(2,639,808,155)	(2,023,100,000)
Proceeds from disposal of other financial assets	3,442,884,102	1,053,585,765
<b>Net cash generated from/used in investing activities</b>	745,549,206	(1,030,255,053)
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term financing	(57,133,334)	(28,210,105)
Short term borrowings - net	(652,973,479)	757,989,651
Dividends paid	(138,836,388)	(111,994,353)
<b>Net cash (used in)/ generated from financing activities</b>	(848,943,201)	617,785,193
Net (decrease) / increase in cash and cash equivalents (A+B+C)	(28,223,990)	16,070,292
Cash and cash equivalents at beginning of the year	72,275,700	56,205,408
Cash and cash equivalents at end of the year	<b>44,051,710</b>	<b>72,275,700</b>

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

  
Mian Riaz Ahmed  
Chairman

  
Kashif Riaz  
Chief Executive



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2015

	Share capital	Capital reserve		Revenue reserves		Total
		Share premium	General reserve	Unappropriated profit		
Balance as at June 30, 2013	69,000,000	3,600,000	750,000,000	987,279,280	1,809,876,511	
<b>Transactions with owners</b>						
Interim dividend for the year ended June 30, 2014 @ Rs. 5 per share	-	-	-	(34,500,000)	(34,500,000)	
Interim dividend for the year ended June 30, 2014 @ Rs. 10 per share	-	-	-	(69,000,000)	(69,000,000)	
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	284,279,280	284,279,280	
Other comprehensive income for the year - net of tax	-	-	-	284,279,280	284,279,280	
<b>Total comprehensive income for the year</b>						
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	-	284,279,280	284,279,280	
Balance as at June 30, 2014	69,000,000	3,600,000	750,000,000	1,204,053,258	2,026,653,258	
<b>Transactions with owners</b>						
Interim dividend for the year ended June 30, 2015 @ Rs. 5 per share	-	-	-	(34,500,000)	(34,500,000)	
Interim dividend for the year ended June 30, 2015 @ Rs. 15 per share	-	-	-	(103,500,000)	(103,500,000)	
<b>Comprehensive income for the year</b>						
Profit for the year	-	-	-	(138,000,000)	(138,000,000)	
Other comprehensive income for the year - net of tax	-	-	-	75,543,460	75,543,460	
Reimbursement of defined benefit obligation	-	-	-	(8,919,527)	(8,919,527)	
<b>Total comprehensive income for the year</b>						
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	-	66,623,933	66,623,933	
Balance as at June 30, 2015	69,000,000	3,600,000	750,000,000	1,165,074,911	1,987,674,911	

Balance as at June 30, 2013

**Transactions with owners**

Interim dividend for the year ended June 30, 2014 @ Rs. 5 per share

Interim dividend for the year ended June 30, 2014 @ Rs. 10 per share

**Comprehensive income for the year**

Profit for the year

Other comprehensive income for the year - net of tax

**Total comprehensive income for the year**

Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment

Balance as at June 30, 2014

**Transactions with owners**

Interim dividend for the year ended June 30, 2015 @ Rs. 5 per share

Interim dividend for the year ended June 30, 2015 @ Rs. 15 per share

**Comprehensive income for the year**

Profit for the year

Other comprehensive income for the year - net of tax

Reimbursement of defined benefit obligation

**Total comprehensive income for the year**

Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment

Balance as at June 30, 2015

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

*Mian Riaz Ahmed*  
Mian Riaz Ahmed  
Chairman

*Kashif Riaz*  
Kashif Riaz  
Chief Executive



## NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

### 1. GENERAL INFORMATION

1.1 Sunrays Textile Mills Limited "the Company" was incorporated in Pakistan on August 27, 1987 as a public limited company under the Companies Ordinance, 1984 and its shares are quoted on the Karachi Stock Exchange. The Company is principally engaged in trade, manufacture and sale of yarn. The Company is also operating a ginning unit and an ice factory on leasing arrangements. The registered office of the Company is situated at Karachi. The mill is located at District Muzaffargarh, Dera Ghazi Khan Division, in the province of Punjab.

### 2. BASIS OF PRESENTATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or the directives of the Companies ordinance, 1984 shall prevail.

#### 2.2 Basis of measurement

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

#### 2.3 Functional and presentation currency

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

#### 2.4 Significant accounting estimates and judgments

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

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

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

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

#### 2.5 New accounting standards / amendments and IFRS interpretations that are effective for the year ended June 30, 2015

The following standards, amendments and interpretations are effective for the year ended June 30, 2015. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

*Amendments to IAS 19 - Employee  
Benefits: Employee contributions*

*Effective from accounting period beginning  
on or after  
July 1, 2014*

The amendments to IAS 19 clarify how an entity should account for contributions made by employees or third parties that are linked to services to defined benefit plans, based on whether those contributions are dependent on the number of years of service provided by the employee.

For contributions that are independent of the number of years of service, the entity may either recognize the contribution as a reduction of the service cost in the period in which the related service is rendered, or to attribute them to the employees' periods of service either using the plan's contribution formula or on a straight line basis; whereas for contributions that are dependent on the number of years of service, the entity is required to attribute them to the employees' periods of service. Retrospective application is required.

*Amendments to IAS 32 Financial  
Instruments: Presentation - Offsetting  
financial assets and financial liabilities*

*Effective from accounting period beginning  
on or after  
January 1, 2014*

These amendments clarify the meaning of "currently has a legally enforceable right to set-off". It will be necessary to assess the impact to the entity by reviewing settlement procedures and legal documentation to ensure that offsetting is still possible in cases where it has been achieved in the past. In certain cases, offsetting may no longer be achieved. In other cases, contracts may have to be renegotiated. The requirement that the right of set-off be available for all counterparties to the netting agreement may prove to be a challenge for contracts where only one party has the right to offset in the event of default.

*IAS 36 Impairment of Assets - Recoverable  
Amount Disclosures for Non-Financial  
Assets*

*Effective from accounting period beginning  
on or after  
January 1, 2014*

The amendments to IAS 36 remove the requirement to disclose the recoverable amount of a cash-generating unit (CGU) to which goodwill or other intangible assets with indefinite useful lives had been allocated when there has been no impairment or reversal of impairment of the related CGU. Furthermore, the amendments introduce additional disclosure requirements applicable to when the recoverable amount of an asset or a CGU is measured at fair value less costs of disposal. The new disclosures include the fair value hierarchy, key assumptions and valuation techniques used which are in line with the disclosure required by IFRS 13 Fair value Measurements. The amendments require retrospective application.

*IAS 39 Financial Instruments: Recognition  
and Measurement - Novation of  
Derivatives and Continuation of Hedge  
Accounting*

*Effective from accounting period beginning  
on or after  
January 1, 2014*

The amendment allows the continuation of hedge accounting (under IAS 30 and IFRS 9 chapter on hedge accounting) when a derivative is novated to a clearing counterparty and certain conditioned are met.

*IFRIC 21 - Levies*

*Effective from accounting period beginning  
on or after  
January 1, 2014*

IFRIC 21 defines a levy as a payment to a government for which an entity receives no specific goods or services. A liability is recognized when the obligating event occurs. The obligating event is the activity that triggers payment of the levy. This is typically specified in the legislation that imposes the levy.

**2.6 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.



***Amendments to IAS 16 and IAS 38  
Clarification of acceptable methods of  
depreciation and amortization***

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

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendment to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortization of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) When the intangible asset is expressed as a measure of revenue. For example, an entity could acquire a concession to explore and extract gold from a gold mine. The expiry of the contract might be based on a fixed amount of total revenue to be generated from the extraction (for example, a contract may allow the extraction of gold mine until the total cumulative revenue from the sale of goods reaches CU 2 billion) and not be based on time or on the amount of gold extracted. Provided that the contract specifies a fixed total amount of revenue to be generated on which amortization is to be determined, the revenue that is to be generated might be an appropriate basis for amortizing the intangible asset; or
- b) When it can be demonstrated that revenue and the consumption of the economic benefits of the intangible assets are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016.

***Amendments to IAS 16 and IAS 41  
Agriculture: Bearer plants***

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

The amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture define a bearer plant and require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16, instead of IAS 41. In terms of the amendments, bearer plants can be measured using either the cost model or the revaluation model set out in IAS 16.

On the initial application of the amendments, entities are permitted to use the fair value of the items of bearer plants as their deemed cost as at the beginning of the earliest period presented. Any difference between the previous carrying amount and fair value should be recognized in opening retained earnings at the beginning of the earliest period presented.

The produce growing on bearer plants continues to be accounted for in accordance with IAS 41.

***IAS 27 (Revised 2011) – Separate  
Financial Statements***

***Effective from accounting period beginning  
on or after January 01, 2015. IAS 27 (Revised  
2011) will concurrently apply with IFRS 10.***

The revised Standard sets out the requirements regarding separate financial statements only. Most of the requirements in the revised Standard are carried forward unchanged from the previous Standard. Subsequently, IASB issued amendment to IAS 27 wherein it has allowed to follow the equity method in the separate financial statements also. These amendments will be effective from January 01, 2016 with earlier application allowed.

***IAS 28 (Revised 2011) – Investments in  
Associates and Joint Ventures***

***Effective from accounting period beginning  
on or after January 01, 2015***

Similar to the previous Standard, the new Standard deals with how to apply the equity method of accounting. However, the scope of the revised Standard has been changed so that it covers investments in joint ventures as well because IFRS 11 requires investments in joint ventures to be accounted for using the equity method of accounting.

***IFRS 10 – Consolidated Financial  
Statements***

***Effective from accounting period beginning  
on or after January 01, 2015. Earlier  
adoption is encouraged.***

IFRS 10 replaces the part of IAS 27 Consolidated and Separate Financial Statements that deals with consolidated financial statements and SIC 12 Consolidation - Special Purpose Entities. Under IFRS 10, there is only one basis for consolidation for all entities, and that basis is control. This change is to remove the perceived

inconsistency between the previous version of IAS 27 and SIC 12; the former used a control concept while the latter placed greater emphasis on risks and rewards. IFRS 10 includes a more robust definition of control in order to address unintentional weaknesses of the definition of control set out in the previous version of IAS 27. Specific transitional provisions are given for entities that apply IFRS 10 for the first time. Specifically, entities are required to make the 'control' assessment in accordance with IFRS 10 at the date of initial application, which is the beginning of the annual reporting period for which IFRS 10 is applied for the first time. No adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is the same before and after the application of IFRS 10. However, adjustments are required when the 'control' conclusion made at the date of initial application of IFRS 10 is different from that before the application of IFRS 10.

***IFRS 11 – Joint Arrangements***

*'Effective from accounting period beginning on or after January 01, 2015*

IFRS 11 replaces IAS 31 Interest in Joint Ventures and SIC 13 Jointly Controlled Entities – Non monetary Contributions by Venturers. IFRS 11 deals with how a joint arrangement should be classified where two or more parties have joint control. There are two types of joint arrangements under IFRS 11: joint operations and joint ventures. These two types of joint arrangements are distinguished by parties' rights and obligations under the arrangements. Under IFRS 11, the existence of a separate vehicle is no longer a sufficient condition for a joint arrangement to be classified as a joint venture whereas, under IAS 31, the establishment of a separate legal vehicle was the key factor in determining whether a joint arrangement should be classified as a jointly controlled entity.

***IFRS 12 – Disclosure of Interests in Other Entities***

*'Effective from accounting period beginning on or after January 01, 2015*

IFRS 12 is a new disclosure Standard that sets out what entities need to disclose in their annual consolidated financial statements when they have interests in subsidiaries, joint arrangements, associates or unconsolidated structured entities (broadly the same as special purpose entities under SIC 12). IFRS 12 aims to provide users of financial statements with information that helps evaluate the nature of and risks associated with the reporting entity's interest in other entities and the effects of those interests on its financial statements.

***IFRS 13 – Fair Value Measurement***

*'Effective from accounting period beginning on or after January 01, 2015*

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value. The scope of IFRS 13 is broad; it applies to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except in specified circumstances. IFRS 13 gives a new definition of fair value for financial reporting purposes. Fair value under IFRS 13 is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market condition (i.e. an exit price) regardless of whether that price is directly observable or estimated using another valuation technique. IFRS 13 should be applied prospectively as of the beginning of the annual period in which it is initially applied.

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

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

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 14 – Regulatory Deferral Accounts
- IFRS 15 – Revenue from Contracts with Customers



### 3. SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Staff retirement benefits

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

Details of the scheme are given in the note 18.1 to these financial statements.

#### 3.2 Taxation

##### *Current*

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

##### *Deferred*

Deferred tax is provided using the liability method for all temporary differences at the balance sheet date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. In this regard, the effects on deferred taxation of the portion of income subject to final tax regime is also considered in accordance with the requirement of Technical Release – 27 of Institute of Chartered Accountants of Pakistan.

Deferred income tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses and credits, if any, to the extent that it is probable that taxable profit will be available against which such temporary differences and tax losses and credits can be utilized.

Deferred income tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

#### 3.3 Dividend distribution

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

#### 3.4 Foreign currencies

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

Gains and losses arising on retranslation are

#### 3.5 Property, plant and equipment

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

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

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

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

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

### **Capital work-in-progress**

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

### **3.6 Investment property**

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

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

### **3.7 Stores and spares**

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

### **3.8 Stock in trade**

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

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

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

### **3.9 Trade debts and other receivables**

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

### **3.10 Investments**

#### **Financial assets at fair value through profit and loss**

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

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

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

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

### **3.11 Financial instruments**

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

#### **Financial assets**

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



## ***Financial liabilities***

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

### **3.12 *Off setting of financial instruments***

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

### **3.13 *Provision***

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

### **3.14 *Impairment***

#### ***Financial assets***

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

#### ***Non-financial assets***

The company assesses at each balance sheet date whether there is any indication that assets except deferred tax assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

### **3.15 *Trade and other payables***

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

### **3.16 *Leases***

Leases are classified as finance lease whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. These are stated at the lower of present value of minimum lease payments under the lease agreements and the fair value of the assets. The related obligations of lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of financial cost on the remaining balance of principal liability for each period. Depreciation is charged at the rates stated in note 4.I applying reducing balance method to write off a cost of the assets over its estimated useful life in view of certainty of ownership of assets at the end of the lease period.

All other leases are classified as operating leases.

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

### **3.17 Revenue recognition**

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

### **3.18 Cash and cash equivalents**

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

### **3.19 Borrowing cost**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are charged to

### **3.20 Earning Per share**

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



# SUNRAYS TEXTILE MILLS LIMITED

## 4. PROPERTY, PLANT AND EQUIPMENT

Note	2015 Rupees	2014 Rupees
Operating assets	1,072,488,174	1,090,224,050
Capital work-in-progress	-	26,335,239
	<u>1,072,488,174</u>	<u>1,116,559,289</u>

### 4.1 Operating assets

Particulars	Cost / revalued amount			Depreciation			Written down value		Rate
	Opening	Additions / (disposal)	Closing	Opening	For the year / (on disposal)	Closing	As at June 30		
<b>Owned</b>									
Freehold land	131,247,000	-	131,247,000	-	-	-	131,247,000	-	-
Building on freehold land	230,692,122	-	230,692,122	36,844,722	19,384,740	56,229,462	174,462,660		10%
Plant and machinery	1,340,971,169	47,601,717	1,388,572,886	627,218,509	71,895,114	699,113,623	689,459,263		10%
Electric installations	29,310,583	26,335,239	55,645,822	19,051,958	2,342,625	21,394,583	34,251,239		10%
Factory equipments	1,717,778	2,837,718	4,255,496	1,164,428	182,221	1,346,649	2,908,847		10%
Office equipments	4,708,546	-	4,708,546	3,160,541	154,801	3,315,342	1,393,204		10%
Electric appliances	3,918,043	233,026	4,151,069	2,079,891	201,291	2,281,182	1,869,887		10%
Furniture and fittings	7,785,873	-	7,785,873	4,659,197	314,668	4,953,865	2,832,008		10%
Vehicles	73,580,369	7,834,280	76,285,041	39,548,187	7,273,321	42,220,975	34,064,066		20%
	<b>1,823,931,483</b>	<b>79,412,372</b>	<b>1,903,343,855</b>	<b>733,707,433</b>	<b>97,148,248</b>	<b>830,855,681</b>	<b>1,072,488,174</b>		
<b>Owned</b>									
Freehold land	131,247,000	-	131,247,000	-	-	-	131,247,000		-
Building on freehold land	230,692,122	-	230,692,122	15,306,122	21,538,600	36,844,722	193,847,400		10%
Plant and machinery	1,300,790,190	40,180,979	1,340,971,169	549,890,190	77,328,319	627,218,509	713,752,660		10%
Electric installations	24,387,315	4,923,268	29,310,583	18,289,481	762,477	19,051,958	10,258,625		10%
Factory equipments	1,717,778	-	1,717,778	1,102,945	61,483	1,164,428	553,350		10%
Office equipments	4,708,546	-	4,708,546	2,988,540	172,001	3,160,541	1,548,005		10%
Electric appliances	3,374,021	544,022	3,918,043	1,898,217	181,674	2,079,891	1,838,152		10%
Furniture and fittings	6,977,324	808,549	7,785,873	4,309,368	329,829	4,639,197	3,146,676		10%
Vehicles	61,324,369	15,379,000	73,580,369	35,464,771	6,290,430	39,548,187	34,032,182		20%
	<b>1,765,218,605</b>	<b>58,712,818</b>	<b>1,823,931,483</b>	<b>629,249,634</b>	<b>104,457,799</b>	<b>733,707,433</b>	<b>1,090,224,050</b>		

### 4.2 The following assets were disposed off during the year.

Particulars	Cost	Accumulated Depreciation	Rupees			Mode Of Disposal	Particulars of buyers
			Carrying value	Sale proceed	Gain/Loss		
Honda Civic MLN-30	1,403,584	1,199,258	204,426	250,000	45,574	Negotiation	Muhammad Zaifur Awan
Toyota Corolla MLN-666	1,304,580	1,131,306	173,274	290,000	26,726	Negotiation	Muhammad Arif
Honda Civic MLD-8917	1,223,964	1,130,873	93,091	130,000	36,909	Negotiation	Muhammad Iqash
Toyota Corolla MNZ-6606	1,197,380	1,139,096	58,284	100,000	41,716	Negotiation	Muhammad Zaifur Awan
<b>2015</b>	<b>5,129,608</b>	<b>4,600,533</b>	<b>529,075</b>	<b>680,000</b>	<b>150,925</b>		

There were disposals of Rs. 3,123 million of property, plant and equipment during the year ended June 30, 2014.

	Note	2015	Rupees	2014
4.3 Depreciation for the year has been allocated as under:				
Cost of goods sold	25	93,804,699		99,690,880
Administrative expense	28	7,944,082		6,973,934
		<b>101,748,781</b>		<b>106,664,814</b>

4.4 Revaluation of freehold land, building on freehold land and plant and machinery was carried out as on September 30, 1996 and June 30, 2007 by an independent valuer M/s. Iqbal A. Nanjee & Company, Lahore on the basis of depreciated replacement values. Revaluation surplus has been credited to surplus on revaluation of property, plant and equipment.

Further, The Company has its freehold land, building on freehold land and plant and machinery revalued on June 30, 2013 by K.G. Traders (Private) Limited, independent valuers not connected with the Company. The basis used for the revaluation of these assets were as follows:

#### Freehold land

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

#### Building on freehold land

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

#### Plant and machinery

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

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

	Note	2015	Rupees	2014
Freehold land		41,038,562		41,038,562
Building on freehold land		49,138,251		54,598,057
Plant and machinery		689,459,263		713,752,660
4.6 Capital work-in-progress		<b>779,636,076</b>		<b>809,389,279</b>
Electricity connection		-		26,335,239
4.6.1 Movement in capital work in progress	4.6.1	-		<b>26,335,239</b>
Opening balance		26,335,239		26,335,239
Transfer to operating assets		(26,335,239)		-
Closing balance		-		<b>26,335,239</b>

## 5. INVESTMENT PROPERTIES

Investment property comprise of land held by the Company for capital appreciation purposes, and is not currently in use by the Company for business purposes. The fair value of land as at June 30, 2015 is Rs. 3 million (2014: 2.5 million).

## 6. LONG TERM DEPOSITS

	Note	2015	Rupees	2014
Opening balance		6,991,200		435,200
Additions during the year		-		6,556,000
		<b>6,991,200</b>		<b>6,991,200</b>

## 7. STORES AND SPARES

Stores		54,416,985		61,380,952
Spares		21,394,309		23,030,097
		<b>75,811,294</b>		<b>84,411,049</b>



# SUNRAYS TEXTILE MILLS LIMITED

	Note	2015	2014
		----- Rupees -----	
<b>8. STOCK-IN-TRADE</b>			
Raw material		565,827,062	460,133,892
Raw material in-transit		144,303,521	114,345,807
Work in process		21,702,529	32,854,844
Finished goods			
- Spinning unit		48,090,428	36,367,917
- Ginning factory		45,996,175	13,000
		94,086,603	36,380,917
Waste		6,232,184	7,606,211
		<b>832,151,899</b>	<b>651,321,671</b>
<b>8.1</b>	The stock of Raw material and Finished goods has been written down to Net realizable value by Rs. 29.1 million (2014: Nil) and Rs. 2.8 million (2014: Nil) respectively.		
<b>9. TRADE DEBTS</b>			
Foreign - secured and considered good		310,398,861	448,215,877
Local - unsecured	9.1	97,335,656	42,544,543
		<b>407,734,517</b>	<b>490,760,420</b>
<b>9.1</b>	It includes due from associated undertakings relating to sale of yarn in normal course of business. Detail of balances due is as follows:		
Indus Home Limited		4,794,879	474,342
Indus Dyeing & Manufacturing Co. Limited		-	81,028
Haji Maula Bakhsh Cotton Factory		-	137,218
		<b>4,794,879</b>	<b>692,588</b>
<b>9.2</b>	Trade debts are non-interest bearing and are generally on 60 to 90 days credit terms.		
<b>9.3</b>	Trade debts consist of a large number of diversified customers. Ongoing credit evaluation is performed on the financial condition of trade debts. The fair vale of trade debts approximate their carrying amounts.		
<b>9.4</b>	The Company provides for doubtful trade debts on the basis of past due balances. Balances considered bad and irrecoverable are written off when identified.		
<b>9.5</b>	The aging of past due trade debts is as follows:		
Past due for more than 03 months but less than 01 year		4,940,448	5,576,614
Past due for more than 01 year but less than 02 years		66,593	96,758
Past due for more than 02 years		96,600	-
		<b>5,103,641</b>	<b>5,673,372</b>
<b>10. LOANS AND ADVANCES</b>			
<i>Considered good</i>			
Due from employees		9,352,701	8,157,512
Advances :			
Income tax		58,417,094	76,922,444
To suppliers / services		10,550,216	9,568,635
To contractor		184,337	224,337
L/C expenses		9,050,346	2,525,484
		<b>87,554,694</b>	<b>97,398,412</b>
<b>11. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
Bank guarantee margin		3,694,410	1,694,410
Prepayments		552,070	434,005
		<b>4,246,480</b>	<b>2,128,415</b>
<b>12. OTHER FINANCIAL ASSETS</b>			
Carrying value of investment at fair value through profit and loss - held for trading	12.1	<b>222,588,293</b>	<b>990,500,235</b>

## 12.1 Market value of other financial assets

	2015	2014	Note	2015	2014
	Number of Units			Rupees	
<b>Investments in units of mutual funds</b>					
2,117,805	5,167,737	Faysal - Money market fund		213,982,975	521,062,951
-	4,500,531	ABL - Government securities fund - B		-	45,190,737
-	448,563	UBL - Government securities fund - class 'C'		-	45,023,999
-	7,584,451	MCB - Pakistan cash management fund		-	379,222,548
<b>Investment in ordinary shares of listed companies</b>					
	Number of Shares				
11,000	-	Pakistan Petroleum Limited		1,777,046	-
5,500	-	Engro Fertilizer		465,686	-
11,000	-	Allied Bank Ltd.		1,147,253	-
7,500	-	Engro Power Generation		294,188	-
3,000	-	Fatima Fertilizer		119,215	-
5,000	-	Fauji Fertilizer Bin Qasim		284,423	-
400	-	Gadoon Textile Mills		76,703	-
500	-	Nishat Mill		56,607	-
6,000	-	United Bank Ltd.		989,027	-
400	-	Pakistan Gum And Chemical		99,886	-
50,000	-	Bank Of Punjab Ltd.		401,765	-
10,000	-	Pak International Bulk		354,380	-
5,000	-	Pakgen Power Ltd.		152,688	-
25,000	-	Pakistan Telecommunication		571,920	-
10,000	-	Bank Al Habib Ltd.		450,390	-
400	-	Archroma Pakistan Ltd.		196,155	-
11,000	-	Treet Corporation Ltd.		849,344	-
5,000	-	Meezan Bank Ltd.		207,693	-
2,000	-	National Bank Of Pakistan		110,949	-
				<b>222,588,293</b>	<b>990,500,235</b>

## 13. CASH AND BANK BALANCES

Cash in hand				3,041,783	2,313,723
Cash with banks					
- Current accounts				40,142,012	68,640,382
- Term deposit receipt		13.1		746,320	1,300,000
- Saving accounts		13.1		121,595	21,595
				41,009,927	69,961,977
				<b>44,051,710</b>	<b>72,275,700</b>

13.1 Effective mark-up rate in respect of saving and deposit accounts ranges from 6.00% to 8.50% (2014: 7.00% to 9.00%) per annum.

## 14. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

	2015	2014		2015	2014
	Numbers				
<b>Authorized</b>					
	10,000,000	10,000,000	Ordinary shares of Rs. 10 each	100,000,000	100,000,000
<b>Issued, subscribed and paid up</b>					
	6,900,000	6,900,000	Ordinary shares of Rs. 10 each fully paid in cash	69,000,000	69,000,000

## 15. RESERVES

<b>Capital</b>					
Share premium				3,600,000	3,600,000
<b>Revenue</b>					
General reserve				750,000,000	750,000,000
				<b>753,600,000</b>	<b>753,600,000</b>



16. SURPLUS ON REVALUATION OF	Note	2015	Rupees	2014
<b>PROPERTY, PLANT AND EQUIPMENT</b>	16.1	381,787,925		414,185,645
<b>16.1 Surplus on revaluation of property, plant and equipment</b>				
Opening balance		414,185,645		450,183,112
Transferred to unappropriated profit on account of:				
Incremental depreciation - net of deferred tax		(32,397,720)		(35,997,467)
Related deferred tax liability		-		-
Effect of revaluation of property, plant and equipment carried out at year end		-		-
		<u>(32,397,720)</u>		<u>(35,997,467)</u>
Closing balance		381,787,925		414,185,645
<b>Related deferred tax liability</b>				
Opening balance		-		(30,718,130)
Reversal of deferred tax liability		-		30,718,130
		<u>-</u>		<u>-</u>
Closing balance		<u>381,787,925</u>		<u>414,185,645</u>
<b>17. LONG TERM LOANS</b>				
<b>From banking companies</b>				
MCB Bank Limited				
- Demand finance - I	17.1	-		57,133,334
Less:				57,133,334
Current portion shown under current liabilities	22	-		19,044,444
		<u>-</u>		<u>38,088,890</u>

### 17.1 MCB Bank Limited - Demand finance - I

This finance was obtained to finance textile machinery imported through MCB bank limited for BMR and was secured against already registered pari passu hypothecation/equitable mortgage charge of Rs. 115 million over current and fixed assets of the Company including land measuring 90 Kanals and 10 Marla's and personal guarantees of all the directors of the Company. It carries mark-up at the rate of 6 month KIBOR + 2.00 % per annum. The loan has been fully repaid during the year.

18. DEFERRED LIABILITIES	Note	2015	Rupees	2014
Staff retirement benefits - gratuity	18.1	43,035,191		28,937,111
		<u>43,035,191</u>		<u>28,937,111</u>
<b>18.1 Provision for gratuity</b>				
<b>Liability recognized in the balance sheet</b>				
Present value of defined benefit obligation		43,035,191		28,937,111
		<u>43,035,191</u>		<u>28,937,111</u>
<b>Movement in the net liability</b>				
Opening balance		28,937,111		25,840,066
Charge for the year		11,409,453		8,914,113
Payment made during the year		(6,230,900)		(5,817,068)
Remeasurement of defined benefit obligation		8,919,527		-
Provision for gratuity		<u>43,035,191</u>		<u>28,937,111</u>
<b>Changes in present value of defined benefit obligation</b>				
Opening defined benefit obligation		28,937,111		25,840,066
Current service cost		8,698,179		6,200,906
Interest cost		2,711,274		2,713,207
Benefits paid		(6,230,900)		(5,817,068)
Remeasurement of defined benefit obligation		8,919,527		-
		<u>43,035,191</u>		<u>28,937,111</u>
<b>Charge for the year</b>				
Current service cost		8,698,179		6,200,906
Interest cost		2,711,274		2,713,207
		<u>11,409,453</u>		<u>8,914,113</u>

<i>Allocation of charge for the year</i>	<i>Note</i>	<u>2015</u>	<u>Rupees</u>	<u>2014</u>
Cost of sales		9,296,603		7,486,950
Administrative expenses		2,112,850		1,427,163
		<b>11,409,453</b>		<b>8,914,113</b>

As per actuarial valuation carried out as at June 30, 2015 by Nauman Associates using Projected Unit Credit Method, the following significant assumptions have been used for valuation of defined benefit obligation of the Company:

	<u>2015</u>	<u>2014</u>
Discount rate	9.75%	10.50%
Expected rate of salary increase in future years	8.75%	9.50%
Average expected remaining working life time of employees	6 years	6 years

Mortality rate was based on the EFU 61-66 mortality table.

## 18.2 Deferred taxation

As the Company's export sales were more than 80%, management opted for the Income Tax Circular No. 05 of 2000, according to which local sales of goods (manufactured for export) as well as waste material, not constituting more than 20% of such production, may also be treated as export sales if the assessee opts to pay tax on such sales at the rate applicable to export sales. As a result, management recognized the provision for taxation for local sale at rate applicable to export sales. Therefore, no deferred tax has been recognized as all income of the company falls under the Final Tax Regime.

### 18.2.1 Movement in temporary differences:

	<u>As at July 01, 2013</u>	<u>Recognised in equity</u>	<u>Recognised in profit and loss</u>	<u>As at June 30, 2014</u>
	<u>Rupees</u>			
<b>Deferred tax credits</b>				
Surplus on revaluation of property, plant and equipment	30,718,130	(30,718,130)	-	-
Accelerated tax depreciation	21,206,065	-	(21,206,065)	-
Fair value gain on other financial assets	-	-	-	-
<b>Deferred tax debits</b>				
Provision for gratuity	(2,205,040)	-	2,205,040	-
<b>June 30, 2014</b>	<b>49,719,155</b>	<b>(30,718,130)</b>	<b>(19,001,025)</b>	<b>-</b>

## 19. TRADE AND OTHER PAYABLES

	<i>Note</i>	<u>2015</u>	<u>2014</u>
		<u>Rupees</u>	
Creditors		80,185,487	82,382,855
Accrued liabilities		116,610,486	86,537,437
Workers' Profit Participation Fund	19.1	6,432,389	16,764,679
Workers' Welfare Fund		36,123,502	33,690,223
Advance from customers		3,447,494	3,618,797
Dividend payable		12,711,223	13,547,611
Due to employees		507,258	528,756
Due to associated undertakings	19.2	788,548	19,400
Income tax deducted at source		229,790	46,684
Sales tax deducted at source		1,629,036	649,037
Due to directors		14,973,526	103,882
		<b>273,638,739</b>	<b>237,889,361</b>
<b>19.1 Workers' Profit Participation Fund</b>			
Opening balance		16,764,679	31,584,742
Interest on funds utilized in the Company's business	30	551,425	1,377,285
		17,316,104	32,962,027
Payment to the fund		(17,316,104)	(32,962,027)
Allocation for the year	29	6,432,389	16,764,679
Closing balance		<b>6,432,389</b>	<b>16,764,679</b>
<b>19.2 Due to associated undertakings</b>			
<i>On account of trading activities</i>			
Indus Dyeing & Manufacturing Co. Limited		788,548	19,400
		<b>788,548</b>	<b>19,400</b>



		2015	2014
	<i>Note</i>	----- Rupees -----	----- Rupees -----
<b>20. ACCRUED MARKUP</b>			
Accrued mark-up on:			
- Long term financing		-	1,780,105
- Short term borrowings		1,134,658	2,363,634
		<u>1,134,658</u>	<u>4,143,739</u>
<b>21. SHORT TERM BORROWINGS AND RUNNING FINANCE</b>			
<i>Secured - under markup arrangements</i>			
Running finances (RF)		512,986	100,000
Finance Exchange -FE 25		100,712,950	748,451,128
Book overdraft		3,790,236	9,438,523
	21.1	<u>105,016,172</u>	<u>757,989,651</u>
<b>21.1</b> Short term facilities available from commercial banks under mark up arrangements amounts to Rs. 5,830 million (2014: Rs. 5,830 million) of which facilities aggregating to Rs. 5,725 million (2014: Rs. 5,072 million) remained unutilized at the year end. The rate of mark up ranges from 9.33% to 11.62% per annum (2014: 10.19% to 11.44% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods, hypothecation of stock, store and spares and charge on current assets of the Company.			
<b>22. CURRENT PORTION OF NON-CURRENT LIABILITIES</b>			
Current portion of long term financing	17	-	19,044,444
		-	<u>19,044,444</u>
<b>23. CONTINGENCIES AND COMMITMENTS</b>			
<i>Contingencies</i>			
Bank guarantees	23.1	47,463,713	40,663,713
Foreign bills discounted		301,554,695	704,904,974
		<u>349,018,408</u>	<u>745,568,687</u>
<b>23.1 Bank guarantees</b>			
<i>In favour of</i>	<i>Bank</i>		
Sui Northern Gas Pipelines Limited	MCB Bank Limited	23,203,246	23,203,246
Excise and taxation	Soneri Bank Limited	23,985,915	17,185,915
CCI & E	Habib Bank Limited	274,552	274,552
		<u>47,463,713</u>	<u>40,663,713</u>
<i>Commitments</i>			
Under letters of credit for:			
- Stores and spares		4,356,436	1,776,000
- Raw Material		38,714,316	-
		<u>43,070,752</u>	<u>1,776,000</u>
<b>24. SALES -net</b>			
<i>Exports</i>			
Yarn	24.1	3,370,216,071	3,814,390,741
Waste		10,000,326	29,658,145
		3,380,216,397	3,844,048,886
<i>Local</i>			
Yarn		688,796,689	865,844,011
Doubling		10,494,677	12,512,270
Waste		68,581,171	78,554,148
		767,872,537	956,910,429
Less:			
Sales Tax @ 2% on local sales		(17,313,359)	(23,841,994)
Commission		(35,838,404)	(45,498,024)
		<u>4,094,937,171</u>	<u>4,731,619,297</u>

**24.1** It includes indirect export of Rs. 353 million (2014: 271 million).

	Note	2015	2014
		Rupees	
<b>25. COST OF SALES</b>			
Raw material consumed	25.1	2,869,861,562	3,285,340,557
Power and fuel		400,103,149	400,143,676
Salaries, wages and benefits	25.2	188,802,588	164,547,494
Depreciation	4.3	93,804,699	99,690,880
Packing material consumed		68,356,074	68,338,648
Stores and spares consumed		61,284,645	57,239,301
Repairs and maintenance		6,595,766	7,500,186
Insurance		4,480,745	5,203,089
Others		648,388	654,045
		<u>3,693,937,616</u>	<u>4,088,657,876</u>
<b>Work in process</b>			
Opening stock		32,854,844	27,665,361
Closing stock		(21,702,529)	(32,854,844)
		<u>11,152,315</u>	<u>(5,189,483)</u>
Cost of goods manufactured		<u>3,705,089,931</u>	<u>4,083,468,393</u>
<b>Finished goods</b>			
Opening stock		43,974,128	43,607,548
Purchase of finished goods		113,296,785	128,632,050
Closing stock		(54,322,612)	(43,974,128)
		<u>102,948,301</u>	<u>128,265,470</u>
		<u><b>3,808,038,232</b></u>	<u><b>4,211,733,863</b></u>
<b>25.1 Raw material consumed</b>			
Opening stock		460,133,892	705,500,857
Purchases including purchase expenses		2,484,880,748	2,308,327,279
Transferred from ginning unit		490,673,984	731,646,313
		<u>3,435,688,624</u>	<u>3,745,474,449</u>
Closing stock		(565,827,062)	(460,133,892)
		<u><b>2,869,861,562</b></u>	<u><b>3,285,340,557</b></u>
<b>25.2</b>			
It includes Rs.9.29 million (2014 : Rs. 7.49 million) in respect of staff retirement benefits - gratuity.			
<b>26. (LOSS)/PROFIT ON OTHER OPERATIONS</b>			
Profit on ginning factory	26.1	62,690	123,610
(Loss) / Profit on ice factory	26.2	(1,612,062)	7,305,844
		<u>(1,549,372)</u>	<u>7,429,454</u>
<b>26.1 Profit on ginning factory</b>			
Transferred to spinning operations		491,493,679	731,646,313
Sales - net		6,264,660	12,111,028
		<u>497,758,339</u>	<u>743,757,341</u>
Cost of goods transferred / sold (ginning)	26.1.1	(483,509,136)	(732,365,745)
Gross profit		14,249,203	11,391,596
Administrative expenses		(14,180,850)	(11,257,933)
Bank charges		(5,663)	(10,053)
		<u>(14,186,513)</u>	<u>(11,267,986)</u>
Net Profit		<u><b>62,690</b></u>	<u><b>123,610</b></u>
<b>26.1.1 Cost of goods transferred / sold (ginning)</b>			
Opening stock		13,000	4,403,541
Cost of ginning and oil		529,492,311	727,975,204
Closing stock		(45,996,175)	(13,000)
		<u><b>483,509,136</b></u>	<u><b>732,365,745</b></u>
<b>26.2 (Loss)/profit on ice factory</b>			
Sales - net		21,800,045	25,810,496
Cost of goods sold		(23,066,752)	(18,149,574)
Gross profit		(1,266,707)	7,660,922
Administrative expenses		(345,355)	(355,078)
		<u><b>(1,612,062)</b></u>	<u><b>7,305,844</b></u>
<b>26.3</b>			
(Loss)/Profit from other operations arises from the company's ginning unit and an ice factory on leasing arrangements.			



# SUNRAYS TEXTILE MILLS LIMITED

		2015	2014
		----- Rupees -----	
<b>27. DISTRIBUTION COST</b>	<i>Note</i>		
Export development surcharge		7,678,747	7,801,056
Ocean freight		27,865,326	39,430,472
Forwarding expenses		12,743,935	14,500,019
Local freight		20,331,573	23,476,800
Others		152,799	690,631
		<b>68,772,380</b>	<b>85,898,978</b>
<b>28. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and benefits	28.1	45,862,283	38,991,037
Director's remuneration		14,400,000	14,400,000
Depreciation	11	7,944,082	6,973,934
Vehicle running and maintenance		6,098,749	6,267,121
Travelling and conveyance		5,780,762	6,675,965
Postage, telephone and fax		2,994,703	3,423,542
Electricity, gas & fuel		2,370,766	2,621,901
Printing and stationery		1,513,137	2,091,173
Auditors' remuneration	28.2	1,150,000	1,150,000
Rent, rates and taxes		4,182,750	4,310,008
Donations	28.3	1,872,800	1,252,550
Insurance		1,214,631	1,593,082
Fees, subscription and periodicals		1,018,345	1,389,957
Entertainment		1,225,169	1,441,173
Repairs and maintenance		205,242	361,646
Legal and professional charges		1,260,100	980,120
Others		2,968,274	402,327
		<b>102,061,793</b>	<b>94,325,536</b>
<b>28.1</b>	It includes Rs. 2.11 million (2014: Rs. 1.43 million) in respect of staff retirement benefits - gratuity.		
<b>28.2 Auditors' remuneration</b>			
Statutory audit		1,000,000	1,000,000
Review of compliance with Code of Corporate Governance		50,000	50,000
Half year review		100,000	100,000
		<b>1,150,000</b>	<b>1,150,000</b>
<b>28.3</b>	None of the directors or his / her spouse has any interest in the donee's fund.		
<b>29. OTHER EXPENSES</b>			
Workers' Profit Participation Fund	19.1	6,432,389	16,764,679
Workers' Welfare Fund		2,433,279	6,343,032
		<b>8,865,668</b>	<b>23,107,711</b>
<b>30. FINANCE COST</b>			
Interest / markup on:			
Long term financing		1,964,584	7,302,897
Short term borrowings		14,146,454	20,529,780
Interest on Worker's Profit Participation Fund	19.1	551,425	1,377,285
Bank charges and commission		5,474,769	5,444,887
		<b>22,137,232</b>	<b>34,654,849</b>
<b>31. OTHER INCOME</b>			
<b>Income from financial assets</b>			
Unrealized gain on remeasurement of other financial assets		188,293	6,700,236
Realized gain on disposal of other financial assets		34,975,712	14,285,764
Interest / profit on bank deposits		297,330	315,765
Dividend Income		105,926	-
<b>Income from non financial assets</b>			
Gain on sale of property, plant and equipment	4.2	150,925	179,014
		<b>35,718,186</b>	<b>21,480,779</b>
<b>32. TAXATION</b>			
Current year:			
Current		43,687,220	45,530,338
Deferred		-	(19,001,025)
		<b>43,687,220</b>	<b>26,529,313</b>

32.1 Finance Act, 2015 introduced income tax at the rate of 10% on undistributed reserves where such reserves of the company are in excess of its paid up capital and the company derives profits for a tax year but does not distribute requisite cash dividend within six months of the end of the said tax year. Liability in respect of such income tax, if any, is recognized when the prescribed time period for distribution of dividend expires.

### 33. EARNINGS PER SHARE - BASIC AND DILUTED

		2015	2014
Profit after tax	<i>Rupees</i>	75,543,460	284,279,280
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>	10.95	41.20

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

### 34. REMUNERATION TO CHIEF EXECUTIVE OFFICER AND DIRECTOR

	Director	Chief executive officer	Executives
<b>2015</b>			
Remuneration	6,480,000	6,480,000	8,256,600
House rent	720,000	720,000	917,400
Conveyance - cars	578,211	1,016,844	1,121,920
	<b>7,778,211</b>	<b>8,216,844</b>	<b>10,295,920</b>
Number of persons	<b>1</b>	<b>1</b>	<b>13</b>
<b>2014</b>			
Remuneration	6,480,000	6,480,000	7,708,915
House rent	720,000	720,000	856,546
Conveyance - cars	541,791	886,251	1,052,726
	<b>7,741,791</b>	<b>8,086,251</b>	<b>9,618,187</b>
Number of persons	<b>1</b>	<b>1</b>	<b>13</b>

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

### 35. FINANCIAL INSTRUMENTS

35.1 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.

#### 35.2 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:

	2015	2014
	<i>Rupees</i>	
Long term deposits	6,991,200	435,200
Trade debts	407,734,517	490,760,420
Loans and advances	29,137,600	8,157,512
Trade deposits and other receivables	7,026,457	10,915,987
Other financial assets	222,588,293	990,500,235
Bank balances	41,009,927	69,961,977
	<b>714,487,994</b>	<b>1,570,731,331</b>

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

#### Counterparties

The Company conducts transactions with the following major counterparties:

- Trade debtors
- Banks and other financial institutions

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



### 35.2.1 Credit risk related to trade debtors

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

Trade receivables are non-interest bearing and are generally on 60 to 90 days credit terms.

Impairment losses	2015		2014	
	Gross	Impairment	Gross	Impairment
The aging of trade debts at the reporting date was:				
		<u>Rupees</u>		
Not yet due	402,630,876	-	485,087,048	-
Past due for:				
- more than 03 months but less than 01 year	4,940,448	-	5,576,614	-
- more than 01 year but less than 02 years	66,593	66,593	96,758	96,758
- more than 02 years	96,600	96,600	-	-
	<b>407,734,517</b>	<b>163,193</b>	<b>490,760,420</b>	<b>96,758</b>

Trade debts include debtors with a carrying amount of Rs. 4.94 million (2014: Rs 5.58 million) which are past due at the reporting date but not impaired as there has not been a significant change in credit quality and the amounts are still considered recoverable.

#### Concentration of credit risk

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

### 35.2.2 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.

### 35.3 Liquidity risk

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

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts and bank loans. At June 30, 2015, the Company's debt has been fully mature (2014: 33.33%).

#### 35.3.1 Liquidity risk table

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

Particulars	Less than 1 month	1 - 3 months	3 months - 1 years	1 - 5 years	More than 5 years	Total
	<u>Rupees</u>					
Long term financing	-	-	-	-	-	-
Short term borrowings	-	-	105,016,172	-	-	105,016,172
Trade and other payables	-	-	268,332,419	-	-	268,332,419
Accrued markup	1,134,658	-	-	-	-	1,134,658
<b>2015</b>	<b>1,134,658</b>	<b>-</b>	<b>373,348,591</b>	<b>-</b>	<b>-</b>	<b>374,483,249</b>
Long term financing	-	-	19,044,444	38,088,890	-	57,133,334
Short term borrowings	-	-	757,989,651	-	-	757,989,651
Trade and other payables	-	-	233,574,843	-	-	233,574,843
Accrued markup	4,143,739	-	-	-	-	4,143,739
<b>2014</b>	<b>4,143,739</b>	<b>-</b>	<b>1,010,608,938</b>	<b>38,088,890</b>	<b>-</b>	<b>1,052,841,567</b>
<b>Off balance sheets items</b>						
Letters of credit						<u>Rupees</u>
Bank guarantees						43,070,752
Foreign bills discounted						1,776,000
<b>Off balance sheet gap</b>						47,463,713
						40,663,713
						301,554,695
						704,904,974
						<b>392,089,160</b>
						<b>747,344,687</b>

### 35.4 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.

#### 35.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

##### Exposure to currency risk

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

	2015		2014	
	Rupees	US Dollar	Rupees	US Dollar
Trade debts	310,398,861	3,058,117	448,215,877	4,548,106
	<b>310,398,861</b>	<b>3,058,117</b>	<b>448,215,877</b>	<b>4,548,106</b>

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

	2015	Rupees	2014
Average rate	101.71		102.89
Balance sheet date rate	101.5		98.55

##### Sensitivity analysis - foreign currency

At June 30, 2015, if the Rupee had weakened / strengthened by 10% against the US Dollar with all other variables held constant, Profit for the year would have been lower / higher by Rs. 20.97 million (2014: Rs. 30.02 million), as a result of foreign exchange gains / losses on translation of foreign currency trade debts. Profit / (loss) is more sensitive to movement in Rupee / foreign currency exchange rates in 2015 than 2014 because of high fluctuation in foreign currency exchange rate.

#### 35.4.2 Interest rate risk

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

	2015		2014	
	Effective Interest Rate	Rupees	Effective Interest Rate	Rupees
<b>Fixed rate instruments</b>				
<b>Financial assets:</b>				
- Deposit Accounts	6.00% - 8.50%	867,915	7.00% - 10.00%	1,321,595
<b>Variable rate instruments</b>				
<b>Financial liabilities:</b>				
- Long term financing	-	-	10.28%-12.17%	57,133,334
- Short term borrowings	9.33% - 11.62%	105,016,172	10.19%-11.44%	757,989,651
		<b>105,884,087</b>		<b>816,444,580</b>

##### Sensitivity analysis - interest rate

If interest rates had been 100 basis points higher / lower and all other variables were held constant, the Company's profit / loss for the year ended June 30, 2015 would decrease / increase by Rs. 1.05 million (2014: Rs. 0.81 million). This is mainly attributable to the Company's exposure to interest rates on its variable rate financial instruments.

#### 35.4.3 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.

#### 35.5 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.



### 35.5.1 Fair value hierarchy

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

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derive from prices).

Level 3: Inputs for asset or liability that are not based on observable market data (unobservable inputs).

The Company does not have any other financial instruments to be classified here other than "other financial assets" as disclosed in note 12, that are classified in level 1 as per hierarchy stated above.

### 35.6 Financial instruments by category

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

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

	2015	2014
	Rupees	
<b>Assets carried at fair value</b>		
Other financial assets	222,588,293	990,500,235
	<b>222,588,293</b>	<b>990,500,235</b>
<b>Assets categorized as loan and receivables</b>		
Long term deposits	6,991,200	435,200
Trade debts	407,734,517	490,760,420
Loans and advances	29,137,600	8,157,512
Trade deposits and other receivables	7,026,457	10,915,987
Cash and bank balances	44,051,710	72,275,700
	<b>494,941,484</b>	<b>582,544,819</b>
<b>Liabilities carried at amortized cost</b>		
Long term finances	-	57,133,334
Trade and other payables	268,332,419	233,574,843
Short term borrowings	105,016,172	757,989,651
Accrued markup	1,134,658	4,143,739
	<b>374,483,249</b>	<b>1,052,841,567</b>

### 36. 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, 2015 and June 30, 2014 were as follows:

	Note	2015	2014
		Rupees	
Total debt		105,016,172	815,122,985
Less: Cash and cash equivalents		(44,051,710)	(72,275,700)
Net debt		60,964,462	742,847,285
Total equity		1,987,674,911	2,026,653,258
Adjusted capital		<b>2,048,639,373</b>	<b>2,769,500,543</b>
Debt-to-adjusted capital ratio		<b>2.98%</b>	<b>26.82%</b>

### 37. 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), trade and other payables (note 19) and remuneration of Chief Executive Officer and director (note 34). Other significant transactions with related parties are as follows:

<b>Transactions with associated undertakings</b>		
Sale of goods and services	156,427,493	20,377,453
Purchase of goods and service	26,622,000	-
All transactions with related parties have been carried out on agreed terms and conditions.		

38. PLANT CAPACITY AND PRODUCTION	2015	2014
Number of spindles installed	35,328	35,328
Number of spindles worked	34,526	35,093
Number of shifts/ day	3	3
Installed capacity after conversion into 20/s count KGs	12,063,655	12,063,655
Actual production of yarn after conversion into 20/s count KGs	10,531,307	10,022,778

**Reasons for Increase/(decrease)**

It is difficult to describe precisely the production capacity in spinning unit since it fluctuates widely depending on various factors such as count of yarn spun, spindles speed and twist etc. It also varies according to the pattern of production adopted in a particular year.

**39. SEGMENT REPORTING**

The Company's core business is manufacturing and sale of yarn and it generate more than 90% of its revenue and profit from the production and sale of yarn. Decision making process is centralized at head office lead by Chief Executive Officer who continuously involves in day to day operations and regularly reviews operating results and assesses its performance and makes necessary decisions about resources to be allocated to the segments. Currently it has one yarn manufacturing unit. Owing to the similarity in nature of the products and services, nature of the production processes, type or class of customers for the products and services, the methods used to distribute the products, the nature of the regulatory environment all the yarn producing units are aggregated into a single operating segment and the Company's performance is evaluated by the management on an overall basis, therefore these operational segments by location are not separately reportable segments. Company also has an ice factory and ginning factory results of these operations are separately disclosed in note 24 of these financial statements.

**40. NUMBER OF EMPLOYEES**

The total average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	2015	2014
Number of employees as at year end	887	775
Average number of employees during the year	851	771

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

In respect of current year, the directors proposed to pay cash dividend of Rs. Nil (2014: Rs. Nil)

**42. RECLASSIFICATION**

Certain prior year figures have been rearranged and reclassified, wherever necessary for the purpose of comparison. These are as follows:

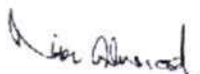
Previous Classification	Current Classification	Note	Amount (Rupees)
Capital work in progress	Long term deposits	4.6 & 6	6,556,000

**43. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 02, 2015 by the Board of Directors of the Company.

**44. GENERAL**

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

  
Mian Riaz Ahmed  
Chairman

  
Kashif Riaz  
Chief Executive



# SUNRAYS TEXTILE MILLS LIMITED

**SUNRAYS TEXTILE MILLS LIMITED**  
**FORM 34 (A)**  
**PATTERN OF SHARE HOLDING OF SHARES HELD BY THE SHARE HOLDERS**  
**AS AT JUNE 30, 2015**

NUMBER OF SHARE HOLDERS	SHARE - HOLDING		TOTAL SHARES HELD
	FROM	TO	
1,120	1	100	55,197
602	101	500	244,747
41	501	1,000	32,338
25	1,001	5,000	68,146
8	5,001	15,500	47,337
3	15,501	30,000	78,122
5	35,001	150,000	406,707
2	160,001	300,000	445,387
1	300,001	530,000	318,842
5	530,001	795,000	3,345,594
1	900,000	1,858,000	1,857,583
<b>1,813</b>			<b>6,900,000</b>

**CATEGORIES OF SHARE HOLDERS**  
**AS AT JUNE 30, 2015**

CATEGORIES OF SHARE HOLDERS	NUMBER OF SHARE HOLDERS	SHARES HELD	PERCENTAGE %
1. Individuals	1,783	445,487	6.46
2. Associated companies	1	82,384	1.19
3. Financial Institution	1	24,243	0.35
4. Insurance Companies	1	40,194	0.58
5. Mutual Fund	1	318,842	4.62
5. Joint Stock companies	9	26,265	0.38
6. Directors, CEO their Spouses & Minor Childrens	17	5,962,585	86.41
<b>TOTAL</b>	<b>1,813</b>	<b>6,900,000</b>	<b>100.00</b>

**DETAIL OF CATEGORIES OF SHARE HOLDERS**  
**AS AT JUNE 30, 2015**

Name	Number of Shareholders	Shares Held
<b>INDIVIDUAL</b>	1,783	445,487
<b>ASSOCIATED COMPANIES</b>	01	
M/s Indus Dyeing & Mfg Co.Ltd.		82,384
<b>FINANCIAL INSTITUTIONS</b>	01	
National Bank of Pakistan		24,243
		<b>24,243</b>
<b>JOINT STOCK COMPANIES</b>	09	
Treet Corporation limited		1,763
Y.S. Securities & Services (Pvt) Ltd.		700
S H Bukhari Securities (Pvt) Ltd.		400
Msmaniar Financial (Pvt) Ltd		100
Adoel & Nadeem Securities (Pvt) Ltd.		500
NH Capital Pvt Ltd		1
Mapel Leaf Capital Ltd		1
Treet Power Limited		21,300
Fikree SMC (pvt) Ltd		1,500
		<b>26,265</b>



Name	Number of Shareholders	Shares Held
<b>INSURANCE COMPANIES</b>		
State Life Insurance Company	01	40,194
<b>MUTUAL FUND</b>		
CDC-Trustee National Investment (Unit) Trust	01	318,842
		318,842
<b>DIRECTORS, CEO, THEIR SPOUSES &amp; MINOR CHILDREN</b>		
	17	<b>Shares Held</b>
Mian Muhammad Ahmad		666,893
Mian Riaz Ahmad		100
Yasmeen Riaz		278,830
Shahzad Ahmad		648,483
Naveed Ahmad		670,093
Kashif Riaz		1,857,583
Imran Ahmad		773,187
Irfan Ahmad		586,938
Shazia Naveed		104,482
Shafqat Masood		4,501
Shahwaiz Ahmed		198
Mr. Seikh Nishat Ahmed		100
Aisha Irfan		166,557
Mrs. Salma Jabeen		23,605
Mrs. Lozina Shahzad		126,695
Fadia Kashif		52,952
Tahia Imran		1,388
		5,962,585
<b>GRAND TOTAL</b>	<b>1,813</b>	<b>6,900,000</b>

**Shareholders Holding 10% or More Voting Interest in the Company  
AS AT JUNE 30, 2015**

DIRECTORS, CEO, THEIR SPOUSES AND MINOR CHILDREN	SHARES HELD	PERCENTAGE %
Mr. Kashif Riaz	1,857,583	26.92
Imran Ahmad	773,187	11.21

Detail of purchase / sale of shares by Directors, Company Secretary, Head of Internal Audit Department, Chief Finance Officer, Chief Executive Officer and their spouses, minor children during 2014-2015

NAME	PURCHASE	SOLD	Gift
Mian Riaz Ahmed	11,500	Nil	(805,220)
Mian Mohammad Ahmed	100	Nil	39000
Mr. Shahzad Ahmed	Nil	Nil	(39,000)
Mr. Kashif Riaz	Nil	Nil	805220



## FORM OF PROXY

24<sup>th</sup> Annual General Meeting  
SUNRAYS TEXTILE MILLS LIMITED

I/ We \_\_\_\_\_  
of \_\_\_\_\_ in the  
district of \_\_\_\_\_ Being a member (s) of SUNRAYS TEXTILE MILLS LIMITED hereby  
appoint \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ as my proxy, and failing him, \_\_\_\_\_ of \_\_\_\_\_  
\_\_\_\_\_ another Member of the Company to vote for me and on my behalf at the  
24<sup>th</sup> Annual General Meeting of the company to be held on the 31<sup>st</sup> day of October 2015 and at any  
adjournment thereof.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015.

Signed by the said Member

SIGNED IN THE PRESENCE OF:

1. Signature: \_\_\_\_\_

2. Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Address: \_\_\_\_\_

CNIC/Passport No: \_\_\_\_\_

CNIC/Passport No: \_\_\_\_\_

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

Affix Revenue  
Stamp Rs. 5/-

(\*) upon failing of appointed proxy.



**Notes:**

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

AFFIX  
CORRECT  
POSTAGE

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



## DIVIDEND MANDATE FORM

### Members of SUNRAYS TEXTILE MILLS LIMITED

Subject: Dividend Mandate Form

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

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

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

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

YES

NO

If yes, then please provide the following information:

#### (i) Shareholder's Detail

Name of the Shareholder	
Folio No./ CDC Participants I D A/c No.	
CNIC NO.	
Passport No. (in case of foreign shareholder)**	
Land Line Phone Number	
Cell Number	

#### (ii) Shareholder's Bank Detail

Title of Bank Account	
Bank Account Number	
Bank's Name	
Branch Name and Address	

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

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

\_\_\_\_\_  
Signature of the Shareholder

Date: \_\_\_\_\_



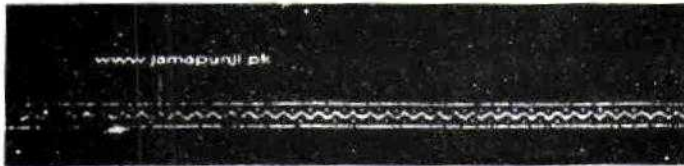
Note:

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

AFFIX  
CORRECT  
POSTAGE

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





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