



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

5th 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

JWAFFS REGISTRAR (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

Deloitte Yousuf Adil

Chartered Accountants Multan.



DIRECTOR'S REPORT

Dear Share Holders,

The reviewed accounts for the half year ended December 31, 2015 are being presented. Your company earned pretax profit of Rs.49.373 (M) during the period under review. Depressed international economic conditions causes in decrease in profitability as compared to the previous period. Textile Industry is facing challenges of continuous decline in yarn prices due to worldwide glut demand and unstable cotton prices in domestic and international markets. In the present scenario the results are likely to be adverse in coming period. Your's management is trying hard for maintaining profitability. We are closely monitoring the current market situation and taking all possible measures for smooth operations of the Company.

The earning per share is Rs.6.13(Par value Rs.10/=per share)

We further state that:

The Financial Statements 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 judgment.

International Accounting Standards, as applicable in Pakistan have been followed in preparation of Financial Statements.

There are no significant doubts upon the company's ability to continue as a going concern.

Internal auditor 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.

There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.

The labor management relations remained cordial and we would like to thanks to the employees of the company for their hard work and Company's Bankers for their co-operation.

FOR AND ON BEHALF OF THE BOARD

12 as on 01-

Kashif Riaz

CHIEF EXECUTIVE OFFICER

Dated February 29, 2016



AUDITOR'S REPORT TO THE MEMBERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

Introduction

We have reviewed the accompanying condensed interim balance sheet of **Sunrays Textile Mills Limited** (the Company) as at December 31, 2015, the related condensed interim profit and loss account, condensed interim cash flow statement, and condensed interim statement of changes in equity and notes to the accounts for the six months period then ended (here-in-after referred to as the "interim financial information"). Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed interim profit and loss account for the quarter ended December 31, 2015 have not been reviewed, as we are required to review only the cumulative figures for the six months ended December 31, 2015.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2015 is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

Deloitte Jousaf Adia

Chartered Accountants

Engagement Partner:
Talat Javed

Dated: February 29, 2016
Multan



**CONDENSED INTERIM BALANCE SHEET
AS AT DECEMBER 31, 2015**

		(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
ASSETS	Note		
Non-current assets			
Property, plant and equipment	4	1,216,080,506	1,072,488,174
Investment property		2,342,055	2,342,055
Long term deposits		6,991,200	6,991,200
		<u>1,225,413,761</u>	<u>1,081,821,429</u>
Current assets			
Stores and spares		79,100,426	75,811,294
Stock in trade	6	1,143,554,760	832,151,899
Trade debts		229,897,705	407,734,517
Loans and advances		70,470,528	87,554,694
Trade deposits and short term prepayments		4,418,270	4,246,480
Sales tax refundable		46,043,152	64,025,169
Income tax refundable		11,290,982	12,347,922
Other receivables		1,278,534	3,332,047
Other financial assets		24,789,959	222,588,293
Cash and bank balances		35,086,278	44,051,710
		<u>1,645,930,594</u>	<u>1,753,844,025</u>
Total assets		<u>2,871,344,355</u>	<u>2,835,665,454</u>
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised capital		100,000,000	100,000,000
Issued, subscribed and paid-up capital		69,000,000	69,000,000
Reserves		753,600,000	753,600,000
Unappropriated profits		1,221,949,801	1,165,074,911
		<u>2,044,549,801</u>	<u>1,987,674,911</u>
Surplus on revaluation of property plant and equipment		367,208,950	381,787,925
Non-current liabilities			
Deferred liabilities		43,283,892	43,035,191
Current liabilities			
Trade and other payables		329,186,620	273,638,739
Accrued mark up		854,947	1,134,658
Short term borrowings	7	79,183,022	105,016,172
Provision for taxation		7,077,123	43,377,858
		<u>416,301,712</u>	<u>423,167,427</u>
Total equity and liabilities		<u>2,871,344,355</u>	<u>2,835,665,454</u>
Contingencies and commitments	8		

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.

Mian Riaz Ahmed
Mian Riaz Ahmed
CHAIRMAN

Kashif Riaz
Kashif Riaz
CHIEF EXECUTIVE



CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
For The Six Months Ended December 31, 2015

 Six months ended Three months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Note	----- Rupees -----			
Sales - net	1,927,930,161	2,199,894,319	999,925,341	1,100,064,747
Cost of goods sold	9 (1,794,983,577)	(2,002,618,764)	(932,545,976)	(979,210,332)
Gross profit	132,946,584	197,275,555	67,379,365	120,854,415
Profit on other operations	770,059	1,471,149	(75,640)	1,471,149
	133,716,643	198,746,704	67,303,725	122,325,564
Distribution Cost	(28,939,755)	(39,542,912)	(13,507,385)	(19,911,900)
Administrative expenses	(52,450,576)	(50,753,729)	(26,288,059)	(25,935,001)
Other expenses	(3,659,226)	(8,175,766)	(1,871,179)	(5,016,914)
Finance cost	(8,853,559)	(19,541,375)	(4,939,815)	(9,799,749)
Other income	9,559,511	29,189,083	4,550,075	6,029,989
	(84,343,605)	(88,824,699)	(42,056,363)	(54,633,575)
Profit before taxation	49,373,038	109,922,005	25,247,362	67,691,989
Taxation	(7,077,123)	(26,917,422)	6,624,705	(14,126,929)
Profit for the period	42,295,915	83,004,583	31,872,067	53,565,060
Other comprehensive income	-	-	-	-
Total comprehensive income	42,295,915	83,004,583	31,872,067	53,565,060
Earnings per share - basic and diluted	6.13	12.03	4.62	7.76

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.

Mian Riaz Ahmed

Mian Riaz Ahmed
CHAIRMAN

I L asar ap-

Kashif Riaz
CHIEF EXECUTIVE


CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
For The Six Months Ended December 31, 2015

Six months ended.....	
	December 31, 2015 Rupees	December 31, 2014 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	49,373,038	109,922,005
Adjustments for :		
Depreciation on property, plant and equipment	57,844,798	49,830,203
Provision for staff retirement benefits - gratuity	6,073,801	6,389,409
Gain on sale of property, plant and equipment	(66,208)	-
Finance cost	8,853,559	19,541,375
Operating cash flows before movements in working capital	122,078,988	185,682,992
Changes in working capital		
(Increase) / decrease in current assets		
Stores and spares	(3,289,132)	656,154
Stock in trade	(311,402,861)	(707,370,438)
Trade debts	177,836,812	15,381,951
Loans and advances	(11,505,746)	(1,946,315)
Trade deposits and short term prepayments	(171,790)	(30,924)
Sales tax refundable	17,982,017	(6,167,803)
Other receivables	2,053,513	7,321,523
Increase in current liability		
Trade and other payables	55,789,976	32,431,732
	(72,707,211)	(659,724,120)
Cash generated from / (used in) operations	49,371,777	(474,041,128)
Finance cost paid	(9,133,270)	(20,511,165)
Staff retirement benefits - gratuity paid	(5,825,100)	(1,835,000)
Income Taxes paid	(13,731,006)	(28,529,628)
Net cash generated from / (used in) operating activities	20,682,401	(524,916,921)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property plant and equipment	(201,628,922)	(4,937,361)
Proceeds from disposal of property, plant and equipment	258,000	
Purchase of other financial assets	(18,716,015)	(1,717,500,000)
Proceeds from disposal of other financial assets	216,514,349	2,419,293,930
Net cash (used in) / generated from investing activities	(3,572,588)	696,856,569
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of long term financing	-	(57,133,334)
Dividend paid	(242,095)	(31,701,353)
Short term borrowings - net	(25,833,150)	(125,425,377)
Net cash used in financing activities	(26,075,245)	(214,260,064)
Net decrease in cash and cash equivalents (A+B+C)	(8,965,432)	(42,320,416)
Cash and cash equivalents at beginning of the period	44,051,710	72,275,700
Cash and cash equivalents at end of the period	35,086,278	29,955,284

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.

Mian Riaz Ahmed
Mian Riaz Ahmed
 CHAIRMAN

Kashif Riaz
Kashif Riaz
 CHIEF EXECUTIVE



CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For The Six Months Ended December 31, 2015

	Share capital	Capital reserve Share Premium	Revenue reserves		Total
			General reserve	Un-appropriated profit	
Balance as at July 01, 2014 - (audited)	69,000,000	3,600,000	750,000,000	1,204,053,258	2,026,653,258
Profit for the period	-	-	-	83,004,583	83,004,583
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2014	-	-	-	-	-
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	-	16,198,860	16,198,860
Transactions with owners:					
Interim dividend for the period ended Sep 30, 2014 at the rate of Rs. 5 per share	-	-	-	(34,500,000)	(34,500,000)
Balance as at December 31, 2014	69,000,000	3,600,000	750,000,000	1,268,756,701	2,091,356,701
Balance as at July 01, 2015 - (audited)	69,000,000	3,600,000	750,000,000	1,165,074,911	1,987,674,911
Profit for the period	-	-	-	42,295,915	42,295,915
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period ended December 31, 2015	-	-	-	42,295,915	42,295,915
Transferred to unappropriated profit on account of incremental depreciation on surplus on revaluation of property, plant and equipment	-	-	-	14,578,975	14,578,975
Balance as at December 31, 2015	69,000,000	3,600,000	750,000,000	1,221,949,801	2,044,549,801

The annexed selected notes from 1 to 13 form an integral part of this condensed interim financial information.

Mian Riaz Ahmed
Mian Riaz Ahmed
 CHAIRMAN

l l ash ap-
Kashif Riaz
 CHIEF EXECUTIVE



SELECTED NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UNAUDITED) For The Six Months Ended December 31, 2015

1. STATUS AND ACTIVITIES

- 1.1** Sunrays Textile Mills Limited (the Company) was incorporated in Pakistan on August 27, 1987 under the Companies Ordinance, 1984 and its shares are quoted on Pakistan Stock Exchange Limited. The Company is principally engaged in manufacturing and sale of yarn. The company is also operating a ginning unit and an ice factory on leasing arrangement. 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
- 1.2** This condensed interim financial information is presented in Pak-Rupees, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

- 2.1** This condensed interim financial information of the Company for the six months period ended December 31, 2015 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.
- 2.2** This condensed interim financial information does not include all information required for full annual financial statements and should be read in conjunction with annual audited financial statements for the year ended June 30, 2015. Comparative balance sheet is extracted from annual audited financial statements for the year ended June 30, 2015 whereas comparative profit and loss account, comparative statement of changes in equity and comparative cash flow statement are stated from un-audited condensed interim financial information for the six months ended on December 31, 2014.
- 2.3** This condensed interim financial information is unaudited. However, a limited scope review of this condensed interim financial information has been performed by the external auditors of the Company in accordance with the requirements of 5.19.13(b) of Rule Book of Pakistan Stock Exchange Limited and they have issued their review report thereon. This condensed interim financial information is being submitted to the shareholders as required by section 245 of Companies Ordinance, 1984.

3. ACCOUNTING POLICIES AND ESTIMATES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of financial statements of the Company for the year ended June 30, 2015.

IFRS 13 establishes a single source of guidance for fair value measurements and disclosures about fair value measurements. However, it 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. The application of this standard does not have an impact on this condensed interim financial information. The different levels by valuation methods have been defined below:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or either directly (that is, as prices) or indirectly (that is, derived from prices).

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

4. PROPERTY, PLANT AND EQUIPMENT

	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
4.1 Operating assets	1,196,425,884	1,072,488,174
Capital work in progress	19,654,622	-
	<u>1,216,080,506</u>	<u>1,072,488,174</u>
4.1. Operating assets		
Opening book value	1,072,488,174	1,090,224,050
Additions during the period / year - cost		
Plant and machinery	181,848,300	47,601,717
Electric Installations	-	26,335,239
Factory Equipment	-	2,537,718
Electric appliances	126,000	233,026
Vehicles	-	7,834,280
	181,974,300	84,541,980
Disposals during the period / year - cost	(1,570,974)	(5,129,608)
Depreciation charge for the period / year	(57,844,798)	(92,547,715)
Depreciation charge on disposals	1,379,182	(4,600,533)
Closing book value	<u>1,196,425,884</u>	<u>1,072,488,174</u>



5. FAIR VALUE MEASUREMENTS

The Company follows the revaluation model for its free hold Land, Building on Free Hold Land, Plant and machinery. The fair value measurement as at June 30, 2013 was performed by KG Traders (Private) Limited, independent valuer not related to the Company. KG Traders (Private) Limited is on panel of Pakistan Banks Association as 'Any Amount' asset valuator. It is also on panel of State Bank of Pakistan and possesses appropriate qualification and recent experience in the fair value measurements in the relevant locations. The fair value of these assets was determined using the comparable price method after performing detailed enquiries and verification from various estate agents, brokers and builders keeping in view the location of the property/project, condition, size, utilization and other relevant factors. In the estimating the fair value of free hold Land, Building on Free Hold Land, Plant and machinery the highest and best use of these assets is their current use.

The revaluation resulted in a further surplus of Rs. 284 million Out of the total revaluation surplus of Rs. 450 million Rs. 367 million (June 2015: Rs. 3,812 million) remains undepreciated as at December 31, 2015.

Since the date of last revaluation, there has been no material change in the market factors that derive fair value of these properties, therefore, management believes that the carrying value of 'office premises' approximate its fair market value.

Other financial assets includes quoted equity shares. The investment is re-measured at each reporting date at its fair value by using the prevailing market rate of shares on Pakistan Stock Exchange Limited ("PSX").

As at December 31, 2015

	Level 1	Level 2	Level 3	Total
Other Financial Assets	24,789,959	-	-	24,789,959
Free Hold Land	-	131,247,000	-	131,247,000
Building on Free Hold Land	-	165,739,526	-	165,739,526
Plant and Machinery	-	827,742,187	-	827,742,187
Total	24,789,959	1,124,728,713	-	1,149,518,672

Comparative June 30, 2015

Other Financial Assets	222,588,293	-	-	222,588,293
Free Hold Land	-	131,247,000	-	131,247,000
Building on Free Hold Land	-	174,462,660	-	174,462,660
Plant and Machinery	-	689,459,263	-	689,459,263
Total	222,588,293	995,168,923	-	1,217,757,216

Fair value of other financial assets approximated their carrying value.

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

6. STOCK IN TRADE

	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
Raw material	668,579,737	565,827,062
Raw material in-transit	320,346,489	144,303,521
Work in process	28,555,310	21,702,529
Finished goods		
- Spinning unit	59,654,427	48,090,428
- Ginning factory	59,616,239	45,996,175
Waste	119,270,666	94,086,603
	6,802,558	6,232,184
	1,143,554,760	832,151,899

7. SHORT-TERM BORROWINGS

Secured - under mark-up arrangements

Running finances (RF)	76,042,056	512,986
Finance Exchange - FE 25	-	100,712,950
Bank Overdraft	3,140,966	3,790,236
	79,183,022	105,016,172

7.1. Short term facilities available from commercial banks under mark up arrangements amounts to Rs. 5,830 million (June 30, 2014: Rs. 5,830 million) of which facilities aggregating to Rs. 5,212 million (June 30, 2014: Rs. 5,725 million) remained unutilized at the period end. The rate of mark up ranges from 7.50% to 7.57% per annum (June 30, 2014: 9.33% to 11.62% per annum) payable on quarterly basis. These finances are secured against pledge of raw material and finished goods, hypothecation of store and spares and charge on current assets of the Company.

8. CONTINGENCIES AND COMMITMENTS

	(Unaudited) December 31, 2015 Rupees	(Audited) June 30, 2015 Rupees
8.1. Contingencies		
Bank guarantees	8.1.1 49,463,713	47,463,713
Inland bills discounted	9,340,697	
Foreign bills discounted	300,506,120	301,554,695
8.1.1. Bank guarantees	359,310,530	349,018,408
In favour of		
Sui Northern Gas Pipelines Limited	Bank	
Excise and taxation	MCB Bank Limited	23,203,246
CCI & E	Sonari Bank Limited	23,985,915
Excise and taxation	Habib Bank Limited	274,552
	United Bank Limited	2,000,000
8.2 Commitments	49,463,713	47,463,713
Under letters of credit for:		
- Stores & spares	5,318,237	4,356,436
- Raw material	224,356,337	38,714,316
	229,674,574	43,070,752



9. COST OF GOODS SOLD	Six months ended		Three months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
Raw material consumed	1,260,197,135	1,533,749,290	630,390,391	769,589,234
Power & fuel	164,980,899	216,471,497	88,330,239	113,544,392
Salaries wages & benefits	87,995,722	93,911,401	38,043,964	50,506,632
Packing material consumed	30,889,629	36,176,799	15,380,737	19,098,847
Stores & spares consumed	22,874,716	28,155,254	9,378,439	14,586,906
Repair and maintenance	3,467,904	1,828,031	1,939,259	946,205
Insurance	3,000,000	3,000,000	1,500,000	1,500,000
Depreciation	54,146,516	45,955,792	27,095,220	22,995,490
others	371,010	251,431	170,406	130,372
	1,627,923,531	1,959,499,495	812,228,655	992,898,078
Adjustment in work in process	(6,852,781)	4,602,133	759,373	1,583,861
Cost of goods manufactured	1,621,070,750	1,964,101,628	812,988,028	994,481,939
Opening finished goods	54,322,612	43,974,128	-	45,070,925
Purchase of finished goods	186,047,200	75,893,210	73,761,000	21,007,670
Closing finished goods	(66,456,985)	(81,350,202)	45,796,948	(81,350,202)
Adjustment in Finished goods	173,912,827	38,517,136	119,557,948	(15,271,607)
	1,794,983,577	2,002,618,764	932,545,976	979,210,332

The above detail of finished goods does not include stock of ginning unit.

The profit from ginning unit during the period is Rs. nil (June 2015: Rs. 62,690).

10. RELATED PARTY TRANSACTIONS

10.1 Aggregate transactions made with the associated undertakings were as follows:

	Six months ended		Three months ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
	----- Rupees -----			
Sale of goods	71,833,360	49,008,757	23,309,697	34,827,941

10.2 All transactions with related parties have been carried out on agreed terms and conditions.

11. FINANCIAL RISK MANAGEMENT


The company's risk management objectives and policies are consistent with those objectives and policies which were disclosed in the financial statements of the company as at and for the year ended June 30, 2015.


12. DATE OF AUTHORIZATION OF ISSUE

The condensed interim financial information is authorized for issue by the Board of Directors of the Company on February 29, 2016.

13. FIGURES

Figures have been rounded off to the nearest rupee except as stated otherwise.


Mian Riaz Ahmed
 CHAIRMAN


Kashif Riaz
 CHIEF EXECUTIVE