

Quarterly Report  
September 30,  
**2018**  
Un-Audited



# Content

02	Company Information
03	Directors' Report
04	Directors' Report (Urdu)
06	Condensed Interim Balance Sheet (Un-Audited)
08	Condensed Interim Profit And Loss Account (Un-Audited)
09	Condensed Interim Statement of Comprehensive Income (Un-Audited)
10	Condensed Interim Cash Flow Statement (Un-Audited)
11	Condensed Interim Statement of Changes in Equity (Un-Audited)
12	Selected Notes To The Interim Financial Information (Un-Audited)

## Company Information

### Board of Directors

Khalid Bashir	(Chairman)
Ahsan Bashir	
Amjad Mahmood	
Adil Bashir	
Humayun Maqbool	
Mohammad Iqbal	
Sharik Bashir	

### Chief Executive Officer

Nadeem Maqbool

### Chief Financial Officer

Farooq Ahmad

### Audit Committee

Humayun Maqbool	(Chairman)
Ahsan Bashir	(Member)
Adil Bashir	(Member)

### HR & R Committee

Ahsan Bashir	(Chairman)
Adil Bashir	(Member)
Humayun Maqbool	(Member)

### Share Registrar

Corptec Associates (Pvt.) Ltd.  
503-E, Johar Town, Lahore

### Auditors

EY Ford Rhodes  
Chartered Accountants

### Bankers

Allied Bank Limited  
Habib Bank Limited  
MCB Bank Limited  
Standard Chartered Bank (Pakistan) Limited  
United Bank Limited  
Dubai Islamic Bank Limited  
Habib Metropolitan Bank Limited

### Registered Address

7-B-3, Aziz Avenue, Gulberg-5, Lahore

Ph: +92-423-5760379, 35760382

Fax: +92-423-5760376

Email: [infor@suraj.com](mailto:infor@suraj.com)

Web: [www.suraj.com](http://www.suraj.com)

### Project Locations

Nooriabad, District Dadu, Sindh.  
Kotla Kahloon, District Nankana Sahib, Punjab.  
Bhalkot, Rawind, District Lahore, Punjab.

## Directors' Report

On behalf of the Board of Directors, I present the financial statements for the first quarter ended 30 September 2018. The company's performance resulted in a net profit of Rs. 143.312 million with earnings per share of Rs. 4.49.

Sales for the period were approximately 40% higher than the corresponding period as the new spinning plant commenced full production. Administrative expenses were higher by 10% and operating expenses were higher than the corresponding period. Financial charges increased significantly and the main reason was the due to long term funding of the new spinning unit. The equities market continued to decline due to uncertainty and as a result your company had to provide for impairment losses of almost Rs. 70 million.

### Future Prospects

The demand for textiles has started to show signs of a slowdown especially in the export markets. The cotton prices continue to remain very high and have made our end products uncompetitive in the world markets. As a result, there is an excess supply of yarn in the domestic market. The Government has taken cognizance of this situation and has decided to take a series of measures to boost exports. This includes regionally competitive energy prices which we hope will help us regain our share of export markets.

The cotton crop output is expected to remain the same as the previous year but there are serious issues with quality. Imposition of import duty on raw cotton is a step in the wrong direction as we need competitive pricing in raw materials and also the ability to procure special cottons to meet our customers demands. This cannot happen if a consistent policy is not followed in imported raw materials such as cotton and polyester.

We expect that the current year will be very challenging but we will make efforts to maintain our results. We hope that with positive steps of the government, the industry will be able to perform on an optimum level. It is essential to maintain focus on reducing costs in order to remain competitive. Our new spinning unit has achieved full commercial production this quarter.

The management is working towards improvement in efficiencies and productivity as well as enhanced cost controls.

### Acknowledgements

We would like to thank the Board of Directors for their guidance at all times and to our employees for their dedication. We would also like to thank our shareholders and all our business partners for their cooperation.



**Nadeem Maqbool**  
Chief Executive



**Humayun Maqbool**  
Director

October 24, 2018  
Lahore

## ڈائریکٹر ز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے کمپنی کی بابت پہلی سہ ماہی جو کہ 30 ستمبر 2018 کو اختتام پذیر کی مالی کارکردگی کا جائزہ پیش کرتا ہوں۔ کمپنی کی کارکردگی کا نتیجہ 143.312 ملین روپے خالصتاً منافع رہا رو فی حصص آمدن 4.49 روپے رہی۔

اس مدت میں قیمت فروخت پچھلی مدت کی نسبت 40 فی صد زیادہ رہی۔ جسکی بنیادی وجہ نئے سپینگ پلانٹ سے مکمل پیداوار شروع کر دی ہے۔ انتظامی اخراجات اس مدت کے مقابلے کی نسبت 10 فی صد زیادہ رہے۔ مالی اخراجات میں نمایاں اضافہ کی اہم وجہ ہمارے نئے سپینگ پونٹ کے لیے لی گئی مالی معاونت ہے۔ ایکویٹی مارکیٹ مسلسل تسلسل کا شکار رہی ہے جس کی وجہ غیر یقینی صورت حال ہے اور اس کے نتیجہ میں آپ کی کمپنی کو تقریباً 70 ملین روپے کے نقصانات فراہم کرنے پڑے ہیں۔

### مستقبل پر نظر

ٹیکسٹائل کی طلب میں سست رفتاری کا سامنا ہے اور خاص طور پر برآمدی مارکیٹ میں اس کی علامات ظاہر ہو رہی ہیں۔ کپاس کی قیمت میں اضافہ جاری ہے اور ہماری مصنوعات کو عالمی دنیا میں غیر معمولی بنا دیا ہے جس کے نتیجے میں مقامی منڈی میں دھاکہ وافر مقدار میں موجود ہے۔ حکومت نے اس صورت حال کو تنجیدگی سے لیا ہے اور برآمدات کے فروغ کے لیے مسلسل اقدامات کا فیصلہ کیا ہے۔ ان کاوشوں میں علاقائی سطح پر مسابقتی توانائی کی قیمتیں شامل ہیں جس سے ہم یہ امید کرتے ہیں کہ ہمیں برآمدی مارکیٹ میں اپنا مقام حاصل کرنے میں مدد ملے گی۔ یہ توقع کی جاسکتی ہے کہ کپاس کی پیداوار پچھلے سال کی طرح رہے گی لیکن معیار کے سنگین مسائل ہیں۔ خام کپاس پر برآمدی ڈیوٹی لگنا ایک غلط اقدام ہے کیونکہ ہمیں اپنے گاہک کی طلب کو پورا کرنے کے لیے منتخب کپاس خریدنے کی ضرورت ہے۔ اگر یہ پالیسی مستقل مزاجی سے نہیں اپنائی جائے گی تو ہم درآمدی کپاس اور پولیسٹر نہیں خرید سکیں گے۔

ہمیں توقع ہے کہ موجودہ نتائج حاصل کرنے کے لیے ہمیں اس سال سخت مقابلہ کا سامنا کرنا پڑے گا۔ ہم یہ امید کرتے ہیں کہ حکومت کے امیدوار اقدامات سے صنعت زیادہ اچھے نتائج دے گی۔ ہمیں پیداواری لاگت کم کرنے پر توجہ دینے کی اشد ضرورت ہے۔ ہمارے نئے پیداواری پونٹ نے اس سہ ماہی میں مکمل صلاحیت حاصل کر لی ہے۔ انتظامیہ بہتر پیداواری صلاحیت اور لاگت حاصل کرنے میں اور لاگت کم کرنے میں کوشاں ہے۔

### اظہار تشکر

اس موقع سے فائدہ اٹھاتے ہوئے ہم بورڈ آف ڈائریکٹرز کی جانب سے تمام شراکت دار اور ملازموں کی بھرپور حمایت اور حوصلہ افزائی کیلئے تہہ دل سے ان کے مشکور ہیں۔ اس موقع سے فائدہ اٹھاتے ہوئے میں بورڈ کا اور شراکت داروں کے تعاون کا بھی بے حد مشکور ہوں۔



ہمایوں مقبول

ڈائریکٹر



ندیم مقبول

چیف ایگزیکٹو

24 اکتوبر 2018

# Financial Statements

For the Quarter ended September 30, 2018

**Condensed Interim Balance Sheet (Un-Audited)****As At September 30, 2018**

		Un-Audited	Audited
		Sep 30, 2018	June 30, 2018
	Note	(Rupees in thousand)	
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorized share capital			
50,000,000 (30 June 2018: 50,000,000) ordinary shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital		318,881	318,881
Share premium		29,000	29,000
Revenue reserves		5,373,654	5,230,342
Available for sale reserve		71,520	41,976
		5,793,055	5,620,199
<b>Non-current liabilities</b>			
Long term financing	5	2,842,456	2,885,828
Deferred tax		66,511	66,511
		2,908,967	2,952,339
<b>Current liabilities</b>			
Trade and other payables	6	1,802,100	1,584,381
Short term borrowings		500,148	993,116
Current portion of non current liabilities		70,060	40,708
		2,372,308	2,618,205
		5,281,275	5,570,544
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>11,074,330</b>	<b>11,190,743</b>

**CONTINGENCIES AND COMMITMENTS**

7

The annexed notes form an integral part of this interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



		Un-Audited	Audited
		Sep 30, 2018	June 30, 2018
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	8	5,420,934	5,483,352
Investment properties		100,000	100,000
Investment in joint venture		50,000	50,000
Long term deposits		19,879	19,879
		5,590,813	5,653,231
Current assets			
Stores, spares and loose tools	9	162,030	182,562
Stock in trade	10	2,452,419	2,714,766
Trade debts	11	819,975	732,216
Loans and advances	12	106,709	103,274
Trade deposits and short term prepayments		36,976	18,692
Balances with statutory authorities		6,554	6,554
Tax refunds due from the government		615,939	565,662
Other receivables		11,540	31,511
Short term investments	13	1,013,035	1,052,384
Cash and bank balances		193,276	64,827
		5,418,453	5,472,448
Assets held for sale		65,064	65,064
		5,483,517	5,537,512
TOTAL ASSETS		11,074,330	11,190,743

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER



**Condensed Interim Profit And Loss Account (Un-Audited)****For The Period Ended September 30, 2018**

		Sep 30, 2018	Sep 30, 2017
	Note	(Rupees in thousand)	
Sales	14	3,091,611	2,157,288
Cost of sales	15	2,767,450	2,027,515
Gross profit		324,161	129,773
Distribution cost	16	30,381	28,922
Administrative expenses	17	39,526	35,342
Other operating expenses	18	79,776	16,235
		149,683	80,499
		174,478	49,274
Other operating income	19	6,889	4,056
		181,367	53,330
Finance cost	20	38,055	30,053
Profit before taxation		143,312	23,277
Taxation	21	-	713
Profit after taxation		143,312	22,564
Earnings per share - Basic and diluted (Rupees)		4.49	0.78

The annexed notes form an integral part of this interim financial information.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

**Condensed Interim Statement of Comprehensive Income (Un-Audited)**  
For The Period Ended September 30, 2018

	Sep 30, 2018	Sep 30, 2017
	(Rupees in thousand)	
Profit for the period	143,312	22,564
Other comprehensive income:		
Other comprehensive income to be reclassified to profit and loss in subsequent periods :		
Net realized gain on available for sale investment	29,544	(149,346)
Items not to be reclassified to profit and loss in subsequent periods :		
Total comprehensive income / (loss) for the period	172,856	(126,782)

The annexed notes form an integral part of this interim financial information.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Condensed Interim Cash Flow Statement (Un-Audited)

### For The Period Ended September 30, 2018

	Sep 30, 2018	Sep 30, 2017
	(Rupees in thousand)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	143,312	23,277
Adjustment for non-cash and other items:		
Depreciation	123,610	51,281
Gain on disposal of property, plant and equipment	(1,156)	(1,987)
Net (gain) / loss on short term investment	(968)	14,003
Dividend income	(2,202)	(700)
Exchange (gain) / loss	(1,222)	381
Finance cost	38,055	30,053
Cash flows from operating activities before working capital changes	299,429	116,308
<b>EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	20,532	(20,693)
Stock in trade	262,347	98,617
Trade debts	(86,537)	(121,688)
Loans and advances	(3,435)	55,357
Trade deposits and short term prepayments	(18,284)	(15,995)
Other receivables	19,971	2,319
<b>Increase in current liabilities:</b>		
Trade and other payables	219,224	144,213
Net cash from /(used in) working capital	413,818	142,130
<b>CASH GENERATED FROM /(USED IN) OPERATIONS</b>	713,247	258,438
Finance cost paid	(39,560)	(40,659)
Income tax paid	(50,277)	(39,971)
<b>NET CASH FROM /(USED IN) OPERATING ACTIVITIES</b>	623,410	177,808
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure incurred	(62,136)	(164,447)
Proceeds from disposal of property, plant and equipment	2,100	3,350
Investments - net	69,861	50,358
Dividend received	2,202	700
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	12,027	(110,039)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long term financing - net	(13,739)	9,860
Finance lease liabilities repaid	(281)	(227)
(Decrease)/ increase in short term borrowings - net	(492,968)	(9,835)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	(506,988)	(202)
<b>NET CASH (USED IN) / FROM FINANCING ACTIVITIES</b>	128,449	67,567
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	64,827	41,676
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	193,276	109,243

The annexed notes form an integral part of this interim financial information.

  
CHIEF EXECUTIVE OFFICER

  
DIRECTOR

  
CHIEF FINANCIAL OFFICER

## Condensed Interim Statement of Changes in Equity (Un-Audited)

For The Period Ended September 30, 2018

	Share capital	Share premium	Revenue Reserves			Available for sale reserve	Total
			General	Unappropriated profit	Sub total		
	----- (Rupees in thousand) -----						
Balance as on 01 July 2017	289,892	29,000	3,714,000	1,066,838	4,780,838	180,506	5,280,236
Net profit for the period from 01 July 2017 to 30 September 2017	-	-	-	22,564	22,564		22,564
Other comprehensive income	-	-	-	-	-	(149,346)	(149,346)
Total comprehensive income for the period	-	-	-	22,564	22,564	(149,346)	(126,782)
Balance as on 30 September 2017	289,892	29,000	3,714,000	1,089,402	4,803,402	31,160	5,153,454
Balance as on 01 July 2018	318,881	29,000	3,714,000	1,516,342	5,230,342	41,976	5,620,199
Net profit for the period from 01 July 2018 to 30 September 2018	-	-	-	143,312	143,312		143,312
Other comprehensive (loss)	-	-	-	-	-	29,544	29,544
Total comprehensive (loss) for the period	-	-	-	143,312	143,312	29,544	172,856
Balance as on 30 September 2018	318,881	29,000	3,714,000	1,659,654	5,373,654	71,520	5,793,055

The annexed notes form an integral part of this interim financial information.

  
 CHIEF EXECUTIVE OFFICER

  
 DIRECTOR

  
 CHIEF FINANCIAL OFFICER

## Selected Notes To The Interim Financial Information (Un-Audited)

### For The Period Ended September 30, 2018

#### 1. THE COMPANY AND ITS ACTIVITIES

Suraj Cotton Mills Limited (the Company) was incorporated in Pakistan as a public limited company under the Companies Act 1913 (now Companies Act 2017), and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the manufacturing, sale and trading of yarn, cloth and processing of cloth. Registered Head Office of the Company is situated at 7-B-3, Aziz Avenue, Gulberg-5, Lahore.

The Company is currently operating the following four business units:

- One spinning unit located at Karachi - Hyderabad Motorway, Noori Abad, Jamshoro, Sindh.
- One spinning unit located at 4-KM. Raiwind Manga Road, Raiwind, Punjab.
- One spinning unit & one weaving unit, both located at Shahkot, Punjab.

#### 2. STATEMENT OF COMPLIANCE

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

International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and

Provisions of and directives issued under the Companies Act, 2017,

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### 3. BASIS OF PREPARATION

3.1 These interim condensed financial statements have been prepared under the historical cost convention except for short term investments which are carried at their fair values.

3.2 The interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the annual financial statements as at 30 June 2018.

#### 4. ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of condensed interim financial information requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amount of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and the key sources of the estimation are the same as those that applied to the financial statements for the year ended 30 June 2018.

## Selected Notes To The Interim Financial Information (Un-Audited)

For The Period Ended September 30, 2018

		Un-Audited Sep 30, 2018	Audited June 30, 2018
	Note	( Rupees in thousand )	
<b>5. LONG TERM FINANCING - secured</b>			
Opening balance		2,925,708	2,370,242
Acquired/(repaid) during the period / year		(13,739)	555,466
		2,911,969	2,925,708
Less: Current portion		69,513	39,880
		2,842,456	2,885,828
<b>6. TRADE AND OTHER PAYABLES</b>			
Creditors		578,231	451,170
Accrued liabilities		1,169,320	1,067,574
Payable to employees' provident fund trust		221	164
Workers' profit participation fund		10,867	22,421
Income tax deducted at source		8,217	6,303
Accrued markup		35,244	36,749
		1,802,100	1,584,381
<b>7. CONTINGENCIES AND COMMITMENTS</b>			
Contingencies			
-	There has been no significant change in the contingencies since the date of preceding published annual financial statements.		
Commitments			
-	As on balance sheet date the commitments in respect of capital expenditure was amounted to Rs. 54,527 thousand (June 30, 2018: Rs. 31,183 thousand).		
<b>8. PROPERTY, PLANT AND EQUIPMENT</b>			
Operating fixed assets - tangible	(8.1)	5,213,437	5,318,000
Assets subject to finance lease	(8.2)	2,049	2,157
Capital work-in-progress		205,448	163,195
		5,420,934	5,483,352
<b>8.1 Operating fixed assets - tangible</b>			
Opening book value		5,318,000	2,441,092
Add: Additions during the period / year -cost	(8.1.1)	19,883	3,363,939
		5,337,883	5,805,031
Less: Deletions during the period / year		944	81,066
		5,336,939	5,723,965
Less: depreciation during the period / year		123,502	405,965
Book value at the end of the period / year		5,213,437	5,318,000



## Selected Notes To The Interim Financial Information (Un-Audited)

### For The Period Ended September 30, 2018

		Un-Audited	Audited
		Sep 30, 2018	June 30, 2018
Note		( Rupees in thousand )	
8.1.1	Additions during the period / year - cost		
	Factory building	-	425,520
	Residential building	-	81,418
	Plant and machinery	18,135	2,759,465
	Electric installations	-	73,002
	Office equipment	-	2,191
	Vehicles	1,748	22,343
		19,883	3,363,939
8.2	Assets subject to finance lease		
	Opening book value	2,157	3,290
	Add: Additions during the period / year -cost	-	554
	Less: Depreciation during the period / year	108	579
	Book value at the end of the period / year	2,049	2,157
9.	STORE , SPARE PARTS AND LOOSE TOOLS		
	Stores in transit	1,347	7,747
	Stores	179,891	194,748
	Spares parts	11,017	10,309
	Loose tools	266	249
		192,521	213,053
	Less : Provision for slow moving / obsolete items	30,491	30,491
		162,030	182,562
10.	STOCK IN TRADE		
	Raw material	1,120,405	1,818,001
	Raw material in transit	-	33,772
	Work in process	162,354	148,646
	Finished goods	1,130,760	682,551
	Waste	38,900	31,796
		2,452,419	2,714,766



## Selected Notes To The Interim Financial Information (Un-Audited)

For The Period Ended September 30, 2018

		Un-Audited	Audited	
		Sep 30, 2018	June 30, 2018	
		( Rupees in thousand )		
Note				
11.	TRADE DEBTS			
	Considered good:			
	Secured against letters of credit	15,288	10,977	
	Unsecured	804,687	721,239	
		819,975	732,216	
	Considered doubtful - unsecured	29,599	29,599	
	Less: Provision for doubtful debts	(29,599)	(29,599)	
		-	-	
		819,975	732,216	
12.	LOANS AND ADVANCES			
	Considered good:			
	Loans to employees	5,972	5,026	
	Advances to suppliers	61,222	67,414	
	Due from related parties - unsecured	17,411	18,480	
	Advance against letter of credit	22,104	12,354	
		106,709	103,274	
13.	SHORT TERM INVESTMENTS			
	Available for sale	13.1	1,013,035	1,052,384
			1,013,035	1,052,384
13.1	AVAILABLE FOR SALE			
	Related party - unquoted		2,200	2,200
	Related party - quoted		49,999	49,999
	Other - quoted		1,200,877	1,198,857
			1,253,076	1,251,056
	Unrealized gain on revaluation of investment - net		71,521	41,976
	Impairment (loss)		(311,562)	(240,648)
			1,013,035	1,052,384

## Selected Notes To The Interim Financial Information (Un-Audited)

### For The Period Ended September 30, 2018

		Un-Audited	
		Sep 30, 2018	Sep 30, 2017
		( Rupees in thousand )	
<b>14. SALES</b>			
Export	64,703	126,653	
Local	2,850,012	1,959,007	
Waste	176,896	71,628	
	<b>3,091,611</b>	<b>2,157,288</b>	
<b>15. COST OF SALES</b>			
Raw material consumed	2,382,205	1,473,131	
Sizing expenses	15,744	13,750	
Stores, spares and loose tools consumed	44,872	58,156	
Packing materials	32,788	21,438	
Salaries, wages and other benefits	221,654	190,804	
Fuel and power	400,533	252,169	
Repairs and maintenance	7,053	11,436	
Insurance	7,177	6,514	
Depreciation	119,611	47,454	
Other factory overheads	4,834	4,969	
	<b>3,236,471</b>	<b>2,079,821</b>	
Work-in-process:			
Opening stock	148,646	104,445	
Closing stock	(162,354)	(119,297)	
	<b>(13,708)</b>	<b>(14,852)</b>	
Cost of goods manufactured	<b>3,222,763</b>	<b>2,064,969</b>	
Finished goods:			
Opening stock	714,347	715,798	
Closing stock	(1,169,660)	(753,252)	
	<b>(455,313)</b>	<b>(37,454)</b>	
	<b>2,767,450</b>	<b>2,027,515</b>	
<b>16. DISTRIBUTION COST</b>			
Salaries, wages and other benefits	912	742	
Commission on sales	18,750	17,989	
Freight and shipment	5,919	5,754	
Clearing and forwarding	4,637	4,112	
Export development surcharge	163	325	
	<b>30,381</b>	<b>28,922</b>	

**Selected Notes To The Interim Financial Information (Un-Audited)**  
**For The Period Ended September 30, 2018**

		Un-Audited	
		Sep 30, 2018	Sep 30, 2017
		( Rupees in thousand )	
<b>17. ADMINISTRATIVE EXPENSES</b>			
Salaries, wages and other benefits	23,415	21,268	
Rent, rates and taxes	1,766	1,418	
Electricity and gas	1,651	1,267	
Traveling and conveyance	1,881	2,628	
Repair and maintenance	1,388	866	
Vehicle running and maintenance	1,420	1,229	
Printing and stationery	2,193	447	
Communication	331	480	
Fee and subscription	663	596	
Advertisement	249	-	
Insurance	546	624	
Depreciation	4,000	3,827	
Entertainment	23	97	
Research and Development	-	95	
Donation	-	500	
	<b>39,526</b>	<b>35,342</b>	
<b>18. OTHER OPERATING EXPENSES</b>			
Workers profit participation fund	7,543	1,070	
Loss on short term investment	-	14,003	
Impairment loss on short term investment	70,914	-	
Others	1,319	1,162	
	<b>79,776</b>	<b>16,235</b>	
<b>19. OTHER OPERATING INCOME</b>			
Exchange gain / (loss)	1,222	(381)	
Profit on bank deposits	361	370	
Dividend income	2,202	700	
Net gain on short term investment	968	-	
Sale of empties and scrap	980	1,380	
Gain on disposal of operating fixed assets	1,156	1,987	
	<b>6,889</b>	<b>4,056</b>	

## Selected Notes To The Interim Financial Information (Un-Audited)

### For The Period Ended September 30, 2018

		Un-Audited	
		Sep 30, 2018	Sep 30, 2017
		( Rupees in thousand )	
<b>20. FINANCE COST</b>			
Interest / mark-up on:			
Long term financing		25,674	6,158
Short term borrowings		10,670	37
Liabilities against assets subject to finance lease		17	28,172
Bank charges and commission		1,694	1,881
		<b>38,055</b>	<b>30,053</b>
<b>21. TAXATION</b>			
Charge for the period:			
Current		-	713
		-	713

## 22. OPERATING SEGMENT INFORMATION

The textile sector comprises of spinning, combing, weaving, dyeing, bleaching, printing, stitching, buying, selling and dealing in yarn, cloth and other goods and fabrics made from raw cotton and synthetic fiber(s). This sector also includes power generation facilities which provide electricity for internal consumption purposes.

## Selected Notes To The Interim Financial Information (Un-Audited)

### For The Period Ended September 30, 2018

#### 22.1 Business segments

For management purposes, the Suraj Cotton Mills is organized into business units based on their products and services and has two reportable operating segments as follows:

**Spinning:** Production of different quality of yarn using natural and artificial fibers.

**Weaving:** Production of different quality of greige fabric using yarn.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on arm's length basis in a manner similar to transactions with third parties.

	Spinning		Weaving		Elimination of Inter-segment transactions		Total	
	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017	Sep 30, 2018	Sep 30, 2017
----- (Rupees in thousand) -----								
<b>Sales</b>								
External	1,972,475	1,278,677	1,119,136	878,611	-	-	3,091,611	2,157,288
Inter-segment	513,802	306,380	-	-	513,802	306,380	-	-
	2,486,277	1,585,057	1,119,136	878,611	513,802	306,380	3,091,611	2,157,288
<b>Cost of sales</b>								
External	2,196,382	1,484,727	571,068	542,788	-	-	2,767,450	2,027,515
Inter-segment	-	-	513,802	306,380	513,802	306,380	-	-
	2,196,382	1,484,727	1,084,870	849,168	513,802	306,380	2,767,450	2,027,515
Gross profit	289,895	100,330	34,266	29,443	-	-	324,161	129,773
Distribution cost	18,444	15,240	11,937	13,682	-	-	30,381	28,922
Administrative expenses	29,295	27,383	10,231	7,959	-	-	39,526	35,342
	47,739	42,623	22,168	21,641	-	-	69,907	64,264
Profit before taxation and unallocated income and expenses	242,156	57,707	12,098	7,802	-	-	254,254	65,509
Unallocated income and expenses:								
Other operating expenses							(79,776)	(16,235)
Other operating income / (loss)							6,889	4,056
Finance costs							(38,055)	(30,053)
							(110,942)	(42,232)
Profit before taxation							143,312	23,277
Taxation							-	713
Profit for the period							143,312	22,564
Inter segment sales and purchases have been eliminated on consolidation.								
<b>Other disclosures</b>								
Capital expenditure	62,136	164,447	-	-	-	-	62,136	164,447
	Un-Audited Sep 30, 2018	Audited Jun 30, 2018	Un-Audited Sep 30, 2018	Audited Jun 30, 2018	Un-Audited Sep 30, 2018	Audited Jun 30, 2018	Un-Audited Sep 30, 2018	Audited Jun 30, 2018
----- (Rupees in thousand) -----								
OPERATING ASSETS	7,481,699	7,868,755	1,536,591	1,319,129	-	-	9,018,290	9,187,884

#### 22.2 GEOGRAPHICAL SEGMENTS

Secondary information is reported geographically.

The Company operates in only one geographical segment i.e. Pakistan, as the Company has no distinguishable component other than Pakistan that is engaged in providing products within a particular economic environment.

## Selected Notes To The Interim Financial Information (Un-Audited)

### For The Period Ended September 30, 2018

#### 23. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, companies in which directors are interested, staff retirement funds, directors and key management personnel. Significant transactions with related parties and associated undertakings are as under:

Relationship with the Company	Nature of transactions	Un-Audited	
		Sep 30, 2018	Sep 30, 2017
		(Rupees in thousand)	
Associated companies	Sale of goods and services	26,981	44,209
	Purchase of goods and services	119,822	72,171
Employees Provident Fund Trust	Amount contributed	-	4,085
Director and Chief Executive	Remuneration	9,730	8,820

Transactions entered into with the key management personnel as per their terms of employment are excluded from related party transactions.

#### 24. DATE OF AUTHORIZATION

This interim financial information was authorized for issue by the Board of Directors of the Company on October 24, 2018.

#### 25. GENERAL

25.1 Provisions in respect of Worker's Profit Participation Fund (WPPF) and taxation are estimated and these are subject to final adjustment in the annual financial statements.

25.2 Figures have been rounded off to the nearest thousand rupees.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



















**Be aware, Be alert,  
Be safe**

Learn about investing at  
[www.jamapunji.pk](http://www.jamapunji.pk)

**Key features:**

-  Licensed Entities Verification
-  Scam meter\*
-  Jamapunji games\*
-  Tax credit calculator\*
-  Company Verification
-  Insurance & Investment Checklist
-  FAQs Answered

-  Stock trading simulator  
(based on live feed from KSE)
-  Knowledge center
-  Risk profiler\*
-  Financial calculator
-  Subscription to Alerts (event  
notifications, corporate and  
regulatory actions)
-  Jamapunji application for  
mobile device
-  Online Quizzes



Jama Punji is an Investor  
Education Initiative of  
Securities and Exchange  
Commission of Pakistan

 [jamapunji.pk](http://jamapunji.pk)

 [@jamapunji\\_pk](https://twitter.com/jamapunji_pk)

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





## Suraj Cotton Mills Limited

### Address:

7-B 3, Aziz Avenue,  
Gulberg-5, Lahore - Pakistan

PABX: +92 42 35760381

Fax: +92 42 35760376

---

For more Information  
[info@suraj.com](mailto:info@suraj.com)

