

2020

March 31,
3rd Quarter Report

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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

Riaz Ahmad & Co
Chartered Accountants

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
MCB Islamic Bank Limited
United Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore

Ph: +92-423-5760379, 35760382

Fax: +92-423-5760376

Email: info@suraj.com

Web: www.suraj.com

Project Locations

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

Chief Executive's Review

I am pleased to present the unaudited financial statements for the period ended 31 March 2020.

For the period under review, earnings after tax stood at Rs. 660.530 million and earnings per share clocked at Rs.18.01. Net sales of the company were recorded at approximately Rs. 11.364 billion, i.e. an increase of approximately 11%. Distribution costs were higher than the corresponding period due to an increase in sales volume. Administrative costs were higher due to an increase in depreciation, provision for donation as part of the company's CSR policy and due to inflationary pressures. Financial charges remain at par however Other Expenses have increased significantly on account of exchange loss as a result of higher borrowing in foreign currency owing to higher price of raw materials necessitating increased borrowing.

The cotton crop in Pakistan continues to decline year on year due to poor seed germination and inclement weather. The need for imports grew manifold this year and the industry has been forced to import cotton. The shortage in cotton is expected to be in the range of almost 4 million bales. The industry could not take advantage of competitive pricing due to imposition of import duty until January 2020. The shortage of the cotton crop was evident right from the start of the season and the prudent decision should have been to remove the incidence of taxation at import stage. While we do not disagree with lending assistance to our farming community, we disagree with making the export industry pay for this. Even now the import duty and sales tax have been removed till 30 June 2020 and we can expect same to be re-imposed. It is absolutely essential that a free import/export policy be maintained in raw cotton.

Future Prospects

Due to the COVID-19 pandemic, the world is experiencing extremely turbulent and uncertain times. Being a consumer driven industry, textiles has borne the initial brunt of this downturn. Major retail chains and brands have gone out of business. Due to lockdown in many countries, the textile manufacturing has been closed for the past one month. Raw cotton prices in Pakistan and the rest of the world have become extremely weak at a time when a large part of the industry holds inventories. The foreign exchange markets have seen the rupee weaken against the US dollar, making raw materials as well as imported yarn more expensive. However, demand for yarn and fabrics is at an extremely low level. Unless the Western economies start to open up again, this situation will persist. Most of the textile manufacturing sector in Pakistan closed due to the lock down and has only now partially opened. We anticipate an extremely difficult 4th quarter and possibly the effects will carry on into the 1st quarter of the next financial period.

Your company's inherent strengths and focus on reducing costs will enable it to sustain itself during this economic downturn and be prepared for a better future. Efforts are ongoing to reduce inventories thereby reducing operating costs and ensuring a positive cash flows to meet any eventualities. There is a need to undertake prudent financial management to become competitive at the time.

Acknowledgements

We would take this opportunity to thank all our shareholders and partners for their valued support and our employees for their dedication. We would also like to thank the Board of Directors for their valuable insight and guidance.



Nadeem Maqbool
Chief Executive

29 April 2020
Lahore



Financial Statements

For The 3rd Quarter Ended March 31, 2020

Condensed Interim Statement of Financial Position (Un-Audited)

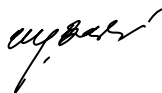
As at March 31, 2020

		Un-Audited March 31, 2020	Audited June 30, 2019
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (30 June 2019: 50,000,000) ordinary shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital	4	366,713	366,713
Reserves		6,083,567	5,701,265
TOTAL EQUITY		6,450,280	6,067,978
LIABILITIES			
Non current liabilities			
Long term financing	5	2,361,710	2,474,995
Deferred tax		277,828	277,828
		2,639,538	2,752,823
Current liabilities			
Trade and other payables	6	2,163,809	1,870,028
Accrued mark-up		41,327	47,747
Short term borrowings		1,380,986	698,968
Unclaimed dividends		6,731	3,359
Current portion of non current liabilities		344,626	347,602
		3,937,479	2,967,704
TOTAL LIABILITIES		6,577,017	5,720,527
CONTINGENCIES AND COMMITMENTS	7		
TOTAL EQUITY AND LIABILITIES		13,027,297	11,788,505

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

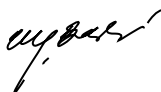
Condensed Interim Statement of Financial Position (Un-Audited)

As at March 31, 2020

	Note	Un-Audited	Audited
		March 31, 2020	June 30, 2019
(Rupees in thousand)			
ASSETS			
Property, plant and equipment	8		
Investment properties		5,138,467	5,349,114
Investment in joint venture		100,000	100,000
Long term deposits		50,000	50,000
Long term investments		19,532	19,879
Long term investments	9	587,230	771,719
		5,895,229	6,290,712
Current Assets			
Stores, spares and loose tools	10	219,213	202,325
Stock in trade	11	3,392,550	3,087,533
Trade debts	12	1,139,552	913,047
Loans and advances	13	88,831	32,827
Trade deposits and short term prepayments		86,577	52,366
Tax refunds due from the government		431,598	615,090
Other receivables		12,738	16,248
Investments held at fair value through profit or loss	14	1,730,353	134,342
Cash and bank balances		20,094	433,938
		7,121,506	5,487,716
Non-current assets classified as held for sale		10,562	10,077
		7,132,068	5,497,793
TOTAL ASSETS		13,027,297	11,788,505



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Condensed Interim Statement Of Profit Or Loss (Un-Audited)

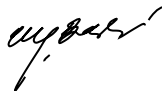
For The Period Ended March 31, 2020

	Note	Period Ended		Quarter Ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		----- (Rupees in thousand) -----			
Revenue	15	11,364,121	(Restated) 10,223,018	3,775,983	(Restated) 3,485,145
Cost of Sales	16	10,139,430	9,240,431	3,471,421	3,135,010
Gross Profit		1,224,691	982,587	304,562	350,135
Distribution Cost	17	102,002	86,304	32,683	29,849
Administrative Expenses	18	180,487	121,060	50,414	40,952
Other Expenses	19	154,311	72,316	78,652	17,521
		436,800	279,680	161,749	88,322
		787,891	702,907	142,813	261,813
Other Income	20	182,466	71,212	20,277	18,641
Profit from Operations		970,357	774,119	163,090	280,454
Finance Cost	21	139,365	132,168	44,553	44,932
Profit Before Taxation		830,992	641,951	118,537	235,522
Taxation	22	170,462	151,375	33,209	-
Profit After Taxation		660,530	490,576	85,328	235,522
Earnings per share - Basic and diluted (Rupees)		18.01	13.38	2.33	6.42

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



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Condensed Interim Statement of Comprehensive Income (Un-Audited)

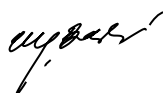
For The Period Ended March 31, 2020

	Period Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
------(Rupees in thousand) -----				
Profit After Taxation	660,530	(Restated) 490,576	85,328	(Restated) 235,522
Other comprehensive income / (loss):				
Items that will not be reclassified to profit or loss:				
Surplus / (deficit) arising on remeasurement of investments at fair value through other comprehensive income	(94,871)	(125,569)	(227,690)	3,507
Items that may be reclassified subsequently to profit or loss				
Other comprehensive income / (loss) for the period	(94,871)	(125,569)	(227,690)	3,507
Total comprehensive income / (loss) for the period	565,659	365,007	(142,362)	239,029

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



CHIEF EXECUTIVE OFFICER



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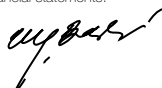
Condensed Interim Statement of Changes in Equity (Un-Audited) For The Period Ended March 31, 2020

	RESERVES									Total Equity
	Share capital	Capital Reserves				Revenue Reserves			Total	
		Share premium reserve	Fair value reserve on AFS investments	Fair value reserve on FVTOCI investments	Sub total	General	Unappropri- ated profit	Sub total		
------(Rupees in thousand)-----										
Balance as at 30 June 2018 - (audited)	318,881	29,000	41,976	-	70,976	3,714,000	1,516,342	5,230,342	5,301,318	5,620,199
Adjustment on adoption of IFRS 9	-	-	(41,976)	42,460	484	-	(484)	(484)	-	-
Adjusted total equity as at 01 July 2018	318,881	29,000	-	42,460	71,460	3,714,000	1,515,858	5,229,858	5,301,318	5,620,199
Transactions with owners:	-	-	-	-	-	-	(127,552)	(127,552)	(127,552)	(127,552)
Final dividend for the year ended 30 June 2018 @ Rupees 4.00 per share	47,832	-	-	-	-	-	(47,832)	(47,832)	(47,832)	-
Bonus shares issued for the year ended 30 June 2018 @ 15%	47,832	-	-	-	-	-	(175,384)	(175,384)	(175,384)	(127,552)
Transfer of gain on disposal of investments held at FVTOCI to retained earnings	-	-	-	(38)	(38)	-	38	38	-	-
Profit for the period - re-stated	-	-	-	-	-	-	490,576	490,576	490,576	490,576
Other comprehensive loss for the period - re-stated	-	-	-	(125,569)	(125,569)	-	-	-	(125,569)	(125,569)
Total comprehensive income for the period	-	-	-	(125,569)	(125,569)	-	490,576	490,576	365,007	365,007
Balance as at 31 March 2019 - (Un-Audited)	366,713	29,000	-	(83,147)	(54,147)	3,714,000	1,831,088	5,545,088	5,490,941	5,857,654
Profit for the period	-	-	-	-	-	-	368,142	368,142	368,142	368,142
Other comprehensive loss for the period	-	-	-	(157,818)	(157,818)	-	-	-	(157,818)	(157,818)
Total comprehensive income for the period	-	-	-	(157,818)	(157,818)	-	368,142	368,142	210,324	210,324
Balance as at 30 June 2019 - (Audited)	366,713	29,000	-	(240,965)	(211,965)	3,714,000	2,199,230	5,913,230	5,701,265	6,067,978
Transaction with owners:	-	-	-	-	-	-	(183,357)	(183,357)	(183,357)	(183,357)
Final dividend for the year ended 30 June 2019 @ Rupees 5.00 per share	-	-	-	-	-	-	(183,357)	(183,357)	(183,357)	(183,357)
Profit for the period	-	-	-	-	-	-	660,530	660,530	660,530	660,530
Other comprehensive income for the period	-	-	-	(94,871)	(94,871)	-	-	-	(94,871)	(94,871)
Total comprehensive income for the period	-	-	-	(94,871)	(94,871)	-	660,530	660,530	565,659	565,659
Balance as at 31 March 2020 - (Un-Audited)	366,713	29,000	-	(335,836)	(306,836)	366,713	29,000	-	(335,836)	(306,836)

The annexed notes form an integral part of these condensed interim financial statements.



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flows (Un-Audited)

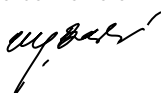
For The Period Ended March 31, 2020

	Period Ended	
	March 31, 2020	March 31, 2019
	(Rupees in thousand)	
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	830,992	641,951
Adjustment for non-cash and other items:		
Depreciation	372,802	372,171
Gain on disposal of property, plant and equipment	(13,471)	(12,206)
Net (gain) on short term investment	(6,951)	(1,551)
Provision for Workers' Profit Participation Fund	44,649	27,134
Provision for Workers' Welfare Fund	17,340	10,311
Profit on bank deposits	(13,712)	(8,449)
Dividend income	(141,592)	(38,802)
Exchange (gain) / loss	-	(4,405)
Fair value adjustment on investments held at fair value through profit or loss		31,092
Finance cost	139,365	132,169
Cash flows from operating activities before working capital changes	1,229,422	1,149,415
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(16,888)	(23,710)
Stock in trade	(305,017)	(988,770)
Trade debts	(226,505)	14,662
Loans and advances	(56,004)	(5,801)
Trade deposits and short term prepayments	(34,211)	(8,497)
Other receivables	3,510	19,256
Increase in current liabilities:		
Trade and other payables	292,584	506,693
Net cash from / (used in) working capital	(342,531)	(486,167)
CASH GENERATED FROM / (USED IN) OPERATIONS	886,891	663,248
Finance cost paid	(145,785)	(139,423)
Workers' profit participation fund paid	(60,792)	(19,097)
Profit on bank deposits received	13,712	8,449
Income tax paid	13,030	(68,337)
NET CASH FROM / (USED IN) OPERATING ACTIVITIES	707,056	444,840
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(179,267)	(148,989)
Proceeds from disposal of property, plant and equipment	30,099	38,430
Investments - net	(1,499,443)	(91,012)
Dividend received	141,592	38,802
(Increase) / decrease in long term deposits - net	347	-
NET CASH USED IN INVESTING ACTIVITIES	(1,506,672)	(162,769)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(116,261)	(61,110)
Finance lease liabilities repaid	-	(829)
(Decrease)/ increase in short term borrowings - net	682,018	(112,391)
Dividend paid	(179,985)	(127,486)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	385,772	(301,816)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(413,844)	(19,745)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	433,938	64,827
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	20,094	45,082

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For The Period Ended March 31, 2020

1. THE COMPANY AND ITS OPERATIONS

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. Its registered office is situated at 7-B-3, Aziz Avenue, Gulberg-5, Lahore. The Company is engaged in the manufacturing, sale and trading of yarn, cloth and processing of cloth.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, 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 the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2019. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. ACCOUNTING POLICIES

The accounting policies and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2019. The Company has adopted IFRS 16 from 01 July 2019. The new standard eliminates the classification of leases as either operating leases or finance leases and instead introduces a single lessee accounting model. IFRS 16 is not applicable on short-term leases and leases of low-value assets. The Company has only short-term operating leases, hence, the adoption of IFRS 16 does not have any impact on the amounts recognized in prior periods and is not expected to significantly affect the current or future periods.

3.1 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For The Period Ended March 31, 2020

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-Audited	Audited		Un-Audited	Audited
March 31, 2020	June 30, 2019		March 31, 2020	June 30, 2019
(No. of Shares in thousand)			(Rupees in thousand)	
17,400	17,400	Ordinary shares of Rupees 10 each fully paid up in cash	174,000	174,000
19,271	19,271	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	192,713	192,713
36,671	36,671		366,713	366,713

5. LONG TERM FINANCING - SECURED

Opening balance	2,822,597	2,925,708
Acquired/(repaid) during the period / year	(116,261)	(103,111)
	2,706,336	2,822,597
Less: Current portion	344,626	347,602
	2,361,710	2,474,995

6. TRADE AND OTHER PAYABLES

Creditors	601,486	474,293
Accrued liabilities	1,475,648	1,310,946
Payable to employees' provident fund trust	124	39
Workers' welfare fund	39,178	21,838
Workers' profit participation fund	44,649	60,792
Income tax deducted at source	2,724	2,120
	2,163,809	1,870,028

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For The Period Ended March 31, 2020

7. CONTINGENCIES AND COMMITMENTS

CONTINGENCIES

- There has been no significant change in the contingencies since the date of preceding published annual financial statements.

COMMITMENTS

- i) Letters of credit for capital expenditure are of Rupees 163.722 million (30 June 2019: Rupees 9.800 million).
- ii) Other commitment are of Rupees NIL (30 June 2019: Rupees 9.800 million).

		Un-Audited	Audited
		March 31,	June 30,
		2020	2019
	Note	(Rupees in thousand)	
8. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	(8.1)	5,057,688	5,327,574
Capital work in progress	(8.2)	80,779	21,540
		5,138,467	5,349,114
8.1 Operating Fixed Assets - Tangible			
Opening book value		5,327,574	5,318,000
Add: Additions during the period / year -cost	(8.1.1)	121,610	534,183
		5,449,184	5,852,183
Less: Deletions during the period / year		18,694	24,067
		5,430,490	5,828,116
Less: Depreciation during the period / year		372,802	500,542
Book value at the end of the period / year		5,057,688	5,327,574
8.1.1 Additions During the Period / Year - Cost			
Factory building		-	25,258
Residential building		-	21,707
Office premises		-	121,912
Plant and machinery		63,820	354,335
Electric installations		17,642	-
Vehicles		40,148	10,971
		121,610	534,183

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
 For The Period Ended March 31, 2020

	Un-Audited	Audited
	March 31, 2020	June 30, 2019
	(Rupees in thousand)	
8.1.2 Capital Work in Progress		
Factory building	26,005	2,216
Plant and machinery	44,232	19,324
Advances for capital expenditures	10,542	-
	80,779	21,540
9. LONG TERM INVESTMENT		
Refund Payment Orders	-	86,000
Securities held at fair value through other comprehensive income	568,558	667,047
Investment in related party	18,472	18,472
Other investments	200	200
	587,230	771,719
10. STORE , SPARE PARTS AND LOOSE TOOLS		
Stores in transit	46,776	3,310
Stores	198,067	223,575
Spares parts	8,110	9,155
Loose tools	196	221
	253,149	236,261
Less : Provision for slow moving / obsolete items	33,936	33,936
	219,213	202,325
11. STOCK IN TRADE		
Raw material in transit	509,004	-
Raw material	1,963,544	2,236,861
Work in process	180,561	159,344
Finished goods	723,543	684,544
Waste	15,898	6,784
	3,392,550	3,087,533
12. TRADE DEBTS		
Considered good:		
Secured against letters of credit	8,422	20,291
Unsecured	1,164,127	925,237
	1,172,549	945,528
Less: Provision for doubtful debts	(32,997)	(32,481)
	1,139,552	913,047

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Period Ended March 31, 2020

	Note	Un-Audited	Audited
		March 31, 2020	June 30, 2019
		(Rupees in thousand)	
13. LOANS AND ADVANCES			
Considered good:			
Loans to employees		6,818	5,728
Advances to suppliers		60,021	15,039
Advance against letter of credit		14,961	8,297
Due from related parties - unsecured		7,031	3,763
		88,831	32,827
14. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS			
Equity investments	14.1	120,544	134,342
Mutual funds	14.2	1,609,809	-
		1,730,353	134,342
14.1 Securities Held At Fair Value Through Profit Or Loss			
Opening balance		200,938	-
Reclassified to FVPL under IFRS 9		-	180,821
Purchases		1,878	24,820
Redemptions		(15,671)	(4,703)
		187,145	200,938
Fair value adjustment		(66,601)	(66,596)
		120,544	134,342
14.2 Mutual Funds			
HBL Cash Fund		321,511	-
Alfalah GHP Money Market Fund		245,124	-
MCB Cash Management Optimizer		284,628	-
NBP Money Market Fund		226,267	-
ABL Cash Fund		317,925	-
ATLAS Money Market Fund		214,354	-
		1,609,809	-

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Period Ended March 31, 2020

	Period Ended					
	March 31, 2020			March 31, 2019		
	Spinning	Weaving	Total	Spinning	Weaving	Total
	-----Rupees in Thousand-----					
15. SALES						
Local	8,987,946	4,042,917	13,030,863	8,160,236	3,361,926	11,522,162
Export	80,761	87,579	168,340	84,089	249,785	333,874
Inter Segments	(1,835,082)	-	(1,835,082)	(1,633,018)	-	(1,633,018)
	7,233,625	4,130,496	11,364,121	6,611,307	3,611,711	10,223,018
15.1 Disaggregation Of The Company's Revenue From Contracts With Customer Is As Follows.						
Segments						
Sale of yarn	8,525,021	-	8,525,021	7,738,425	-	7,738,425
Sale of fabric	-	4,113,085	4,113,085	-	3,587,922	3,587,922
Sale of waste	543,686	17,411	561,097	505,900	23,789	529,689
Inter-segment eliminations	(1,835,082)	-	(1,835,082)	(1,633,018)	-	(1,633,018)
Total revenue from contracts with customers	7,233,625	4,130,496	11,364,121	6,611,307	3,611,711	10,223,018
Geographic markets						
Pakistan	8,987,946	4,042,917	13,030,863	8,160,236	3,361,926	11,522,162
China	9,290	115	9,405	38,358	-	38,358
Hong Kong	-	8,994	8,994	-	146,706	146,706
Italy	-	45,441	45,441	-	49,306	49,306
Protugal	-	9,289	9,289	-	10,090	10,090
Sri Lanka	4,057	-	4,057	2,055	-	2,055
South Korea	-	10,994	10,994	-	25,972	25,972
Turkey	-	12,746	12,746	-	17,711	17,711
UAE	47,994	-	47,994	43,676	-	43,676
Viet Nam	19,420	-	19,420	-	-	-
Inter-segment eliminations	(1,835,082)	-	(1,835,082)	(1,633,018)	-	(1,633,018)
Total revenue from contracts with customers	7,233,625	4,130,496	11,364,121	6,611,307	3,611,711	10,223,018
Timing of revenue recognition						
Goods transferred at a point in time	7,233,625	4,130,496	11,364,121	6,611,307	3,611,711	10,223,018
Total revenue from contracts with customers	7,233,625	4,130,496	11,364,121	6,611,307	3,611,711	10,223,018

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)

For The Period Ended March 31, 2020

	Period Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees in Thousand-----				
16. COST OF SALES				
Raw material consumed	7,579,112	6,749,414	2,514,872	2,139,813
Sizing expenses	50,529	47,069	14,988	15,556
Stores, spares and loose tools consumed	192,820	172,943	64,526	70,335
Packing materials	104,341	106,770	31,193	34,776
Salaries, wages and other benefits	709,630	636,243	238,486	204,186
Fuel and power	1,128,909	1,106,998	307,942	329,718
Repairs and maintenance	52,793	21,552	17,481	7,303
Insurance	21,937	22,517	7,328	7,730
Depreciation	351,628	359,963	118,133	120,325
Other factory overheads	17,062	15,108	5,017	4,871
	10,208,761	9,238,577	3,319,966	2,934,613
Work-in-process:				
Opening stock	159,344	148,646	189,420	164,082
Closing stock	(180,561)	(171,360)	(180,561)	(171,360)
	(21,217)	(22,714)	8,859	(7,278)
Cost of goods manufactured	10,187,544	9,215,863	3,328,825	2,927,335
Finished goods:				
Opening stock	691,328	714,347	882,038	897,454
Closing stock	(739,442)	(689,779)	(739,442)	(689,779)
	(48,114)	24,568	142,596	207,675
	10,139,430	9,240,431	3,471,421	3,135,010
17. DISTRIBUTUION COST				
Salaries, wages and other benefits	3,965	3,382	1,412	1,155
Commission on sales	70,608	56,792	21,484	18,894
Freight and shipment	20,580	19,789	7,261	6,757
Clearing and forwarding	6,429	5,502	2,293	2,777
Export development surcharge	420	839	233	266
	102,002	86,304	32,683	29,849

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
 For The Period Ended March 31, 2020

	Period Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees in Thousand-----				
18. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits	85,413	73,580	28,767	25,724
Rent, rates and taxes	5,021	4,792	1,523	1,559
Electricity and gas	5,749	4,547	1,718	1,704
Traveling and conveyance	5,220	3,546	1,846	966
Repair and maintenance	6,262	5,117	2,648	1,400
Vehicle running and maintenance	5,238	4,908	1,568	1,672
Printing and stationery	3,162	5,159	510	1,372
Communication	1,538	1,390	527	242
Fee and subscription	3,017	3,158	930	962
Advertisement	125	296	-	-
Insurance	1,838	1,659	691	558
Depreciation	21,205	12,208	8,061	4,093
Entertainment	99	-	55	-
Donation	36,600	700	1,570	700
	180,487	121,060	50,414	40,952
19. OTHER OPERATING EXPENSES				
Workers profit participation fund	44,649	27,134	6,386	9,012
Workers welfare fund	17,340	10,311	2,800	3,425
Impairment loss on short term investment	-	31,093	-	4,024
Exchange loss	67,956	-	67,956	-
Others	24,366	3,778	1,510	1,060
	154,311	72,316	78,652	17,521
20. OTHER OPERATING INCOME				
Exchange gain / (loss)	-	4,405	-	1,348
Profit on bank deposits	13,712	8,449	3,935	6,247
Dividend income	141,592	38,802	45,971	45
Net gain on short term investment	6,950	1,551	(32,993)	-
Sale of empties and scrap	6,741	5,799	2,605	2,659
Gain on disposal of operating fixed assets	13,471	12,206	759	8,342
	182,466	71,212	20,277	18,641

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Period Ended March 31, 2020

	Period Ended		Quarter Ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
-----Rupees in Thousand-----				
21. FINANCE COST				
Interest / mark-up on:				
Long term financing	70,948	78,095	24,497	23,261
Short term borrowings	63,063	47,195	18,520	18,831
Liabilities against assets subject to finance lease	-	31	-	5
	134,011	125,321	43,017	42,097
Bank charges and commission	5,354	6,847	1,536	2,835
	139,365	132,168	44,553	44,932
22. TAXATION				
Charge for the period:				
Current	170,462	-	33,209	-
Deferred	-	151,375	-	-
	170,462	151,375	33,209	-

23. OPERATING SEGMENT INFORMATION

23.1 The Company has two reportable segments. The following summary describes the operation in each of the Company's reportable segments:

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

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

Transactions between operating segments are recorded on arm's length basis in a manner similar to transactions with third parties. Inter segment sales and purchases have been eliminated from the total.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Period Ended March 31, 2020

	Spinning		Weaving		Un-Audited		Elimination of Inter-segment transactions		Total-Company	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
----- (Rupees in thousand) -----										
Sales										
External	7,233,625	6,611,307	4,130,496	3,611,712	-	-	11,364,121	10,223,019	11,364,121	10,223,019
Inter-segment	1,835,082	1,633,018	-	-	1,835,082	1,633,018	-	-	-	-
	9,068,707	8,244,325	4,130,496	3,611,712	1,835,082	1,633,018	11,364,121	10,223,019	11,364,121	10,223,019
Cost of sales										
External	8,190,072	7,475,189	1,949,358	1,765,242	-	-	10,139,430	9,240,431	10,139,430	9,240,431
Inter-segment	-	-	1,835,082	1,633,018	1,835,082	1,633,018	-	-	-	-
	8,190,072	7,475,189	3,784,440	3,398,260	1,835,082	1,633,018	10,139,430	9,240,431	10,139,430	9,240,431
Gross profit	878,635	769,136	346,056	213,462	-	-	1,224,691	982,588	1,224,691	982,588
Distribution cost	59,982	49,521	42,020	36,783	-	-	102,002	86,304	102,002	86,304
Administrative expenses	143,848	92,280	36,639	28,780	-	-	180,487	121,060	180,487	121,060
	203,830	141,801	78,659	65,563	-	-	282,489	207,364	282,489	207,364
Profit before taxation and unallocated income and expenses	674,805	627,335	267,397	147,889	-	-	942,202	775,224	942,202	775,224
Unallocated income and expenses:										
Operating expenses							(154,311)	(72,316)	(154,311)	(72,316)
Other income							182,466	71,212	182,466	71,212
Finance cost							(139,365)	(132,168)	(139,365)	(132,168)
							(111,210)	(133,272)	(111,210)	(133,272)
Profit before taxation							830,992	641,952	830,992	641,952
Taxation							170,462	151,375	170,462	151,375
Profit for the period							660,530	490,577	660,530	490,577

Inter segment sales and purchases have been eliminated on consolidation.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Period Ended March 31, 2020

23.3 Reconciliation of Reportable Segment Assets and Liabilities

	Spinning		Weaving		Total Company	
	Un-Audited March 31, 2020	Audited June 30, 2019	Un-Audited March 31, 2020	Audited June 30, 2019	Un-Audited March 31, 2020	Audited June 30, 2019
Total assets for reportable segment	8,419,527	8,617,326	1,698,027	1,489,951	10,117,554	10,107,277
Unallocated assets:						
Investment properties					100,000	100,000
Investment in joint venture					50,000	50,000
Long term investments					587,230	771,719
Tax refunds due from the government					431,598	615,090
Investments held at fair value through profit or loss					1,730,353	134,342
Non-current assets classified as held for sale					10,562	10,077
Total assets as per condensed interim statement of financial position	5,617,298	4,715,969	675,160	723,371	13,027,297	11,788,505
Total liabilities for reportable segments					6,292,458	5,439,340
Unallocated liabilities:						
Deferred income tax liability					277,828	277,828
Unclaimed dividend					6,731	3,359
Total liabilities as per condensed interim statement of financial position					6,577,017	5,720,527

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Period Ended March 31, 2020

24. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 31 March 2020 - Un-audited	Level 1	Level 2	Level 3	Total
	-----Rupees in Thousand -----			
Financial assets				
Investments at fair value through profit or loss	1,730,353	-	-	1,730,353
Investments at fair value through other comprehensive income	568,558	-	-	568,558
	<u>2,298,911</u>	<u>-</u>	<u>-</u>	<u>2,298,911</u>
Recurring fair value measurements at 30 June 2019 - Audited				
Financial assets				
Investments at fair value through profit or loss	134,342	-	-	134,342
Investments at fair value through other comprehensive income	667,047	-	-	667,047
	<u>801,389</u>	<u>-</u>	<u>-</u>	<u>801,389</u>

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period ended 31 March 2020. Further there was no transfer in and out of level 3 measurements.

The Company's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

(ii) Valuation techniques used to determine level 1 fair values

Specific valuation technique used to value financial instruments was use of quoted market prices.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Period Ended March 31, 2020

26. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2019.

27. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 29, 2020.

28. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison.

The Company adopted IFRS 9 'Financial Instruments' from 01 July 2018. However, at the time of preparation of condensed interim financial statements for the period ended 31 March 2019, IFRS 9 was not applied in view of relaxation granted by the Securities and Exchange Commission of Pakistan. Hence, now, the corresponding figures appearing in the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been restated as follows:

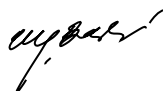
	<u>Un-Audited</u> <u>Period Ended</u> <u>March 31, 2019</u> <u>Rupees in Thousand</u>
Other income decreased by	(38)
Other expenses decreased by	(136,764)
Profit after taxation increased by	136,764
Other comprehensive income decreased by	136,764
Total comprehensive income increased by	-

29. GENERAL

Figures have been rounded off to the nearest thousand of Rupees unless otherwise stated.



CHIEF EXECUTIVE OFFICER



DIRECTOR

















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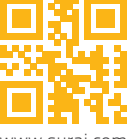


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