



HALF YEARLY REPORT
2021-22



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Company Information

Board of Directors

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

Chief Executive Officer

Nadeem Maqbool

Chief Financial Officer

Naeem Sheikh

Audit Committee

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

HR Nomination & Remuneration Committee

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

Risk Management Committee

Mr. Humayun Maqbool	(Chairman)
Mr. Nadeem Maqbool	(Member)
Mr. Sharik Bashir	(Member)

Share Registrar

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

Auditors

Riaz Ahmad & Co.
Chartered Accountants

Company Secretary

Shahzad Nazir

Bankers

Allied Bank Limited
Habib Bank Limited
MCB Bank Limited
National Bank of Pakistan
MCB Islamic Bank Limited
United Bank Limited
Dubai Islamic Bank Limited
Habib Metropolitan Bank Limited
Samba Bank Limited
FINCA Microfinance Bank Limited
Meezan Bank Limited
Bank Alfalah 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.

Directors' Report

On behalf of Board of Directors, I am pleased to present the operating and financial performance of the company for the Half Year ended 31 December 2021.

The outlook for Pakistan's textile industry continued to perform well during this period due to sustained demand for our products. Exports for the period continued their upward trajectory and Pakistan was able to build on its increased market share. Although the growth outlook remains positive, of concern is the current account deficit and inflationary pressures. This has resulted in tightening of monetary policy and stress on the exchange rate. The State Bank of Pakistan has moved swiftly in increasing the interest rate and due to this we expect some contraction in the economy. However, the government continues to maintain its export friendly policies to mitigate these challenges.

The period under review has shown a consistent rise in profitability with an increase of 31% in sales value to Rs. 11 billion as compared with the corresponding period. Financial charges have increased due to increase in interest rates and additional charges due to the new weaving project. During the reporting period, the company has achieved an increase of 94% in profit after tax with earnings per share of RS. 39.74 (2020: Rs. 20.41)

Brief Income Statement	Dec-21	Dec-20 (PKR in Million)	% Change
Sales	11,064	8,437	31.14%
Gross profit	2,607	1,262	106.5%
Operating profit	2,337	1,227	90.46%
Financial cost	(99)	(80)	23.75%
Profit before taxation	2,238	1,146	95.28%
Taxation	(474)	(241)	96.68%
Net Profit	1,763	905	94.80%
Earnings per Share (EPS)	39.74	20.41	

Due to a continuous decline in equities, the company has accounted for an impairment loss of Rs. 96.46 million. Due to domestic and global uncertainties, we are not very optimistic about performance of the equity market in the upcoming period.

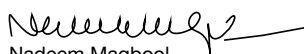
Despite an increase of almost 20% in local raw cotton output, the country continues to face a shortage of domestic raw materials. The requirements of the textile spinning industry have increased due to full operations and expansion, due to which a significant quantity of raw cotton will be imported. This will result in maintaining pressure on the exchange rate. We understand the government in contemplating steps to increase our cotton production and we can only hope that they succeed. For the remainder of the year we remain optimistic but with a note of caution. There are severe cost push pressures with a rising trend in the agricultural complex as well as oil and gas. The industry will be forced to pay higher prices for energy for balance of the current financial year. Uncertainty remains with exchange parity of Pak rupee as well as the direction taken by the central bank to reduce inflation.

On the expansion front company has begun commercial operations from recently installed weaving facility. We are confident that this addition would contribute to our growth and profitability.

Your company will continue to focus on its core competencies and its managerial expertise to limit the negative effects and continue to try and perform as per the expectations of its stakeholders. We are always looking for new opportunities to diversify and shall keep you apprised of our efforts.

Acknowledgements

On behalf of the Board of Directors, I would take this opportunity to thank all our partners and employees for their continued support. I would also take this opportunity to express my gratitude to the Board for their valuable insights and guidance.



Nadeem Maqbool
Chief Executive

February 24, 2022
Lahore

ڈائریکٹر رپورٹ

توسیع کے باعث انڈسٹری کی ضروریات میں اضافہ ہوا جس کی وجہ سے خام کٹن کی کثیر مقدار کو درآمد کرنا پڑا۔ اس کی وجہ سے شرح مبادلہ پر دباؤ برقرار رہے گا۔ ہم تسلیم کرتے ہیں کہ حکومت کٹن کی پیداوار بڑھانے کے لئے مؤثر اقدامات کر رہی ہے اور ہم اُن کی کامیابی کی امید کرتے ہیں۔ سال کے باقی دنوں میں ہم محتاط اور پر امید رہے۔ زرعی، تیل اور گیس کے شعبوں میں بڑھتے ہوئے رجحان کے باعث لاگت پر بہت دباؤ رہا۔ حالیہ مالیاتی سال کے توازن کی خاطر انڈسٹری توانائی کی مد میں زیادہ قیمتیں ادا کرنے کے لئے مجبور ہوئی۔ پاکستانی روپے کی قدر میں رد و بدل کے ساتھ ساتھ افراط زر کو کم کرنے کے لئے مرکزی بینک کے اقدامات کے باوجود غیر یقینی صورت حال برقرار ہے۔

توسیع کی بابت کمپنی نے حالیہ نصب شدہ ویونگ سہولت کے ذریعے کمرشل آپریشنز کا آغاز کر دیا ہے۔ ہم پر عزم ہیں کہ یہ اضافہ ہماری مثبت نمو اور منافع میں اہم کردار ادا کرے گا۔

آپ کی کمپنی اپنی بنیادی صلاحیتوں پر پور توجہ دے گی اور منفی اثرات کو محدود کرنے کے لئے اپنی انتظامی مہارت کو بروئے کار لائے گی اور اپنے حصص داران کی توقعات پر پورا اترنے کے لئے اپنی کارکردگی میں بہتری لائے گی۔ ہم تنوع کے نئے مواقع پر ہمیشہ نظر رکھتے ہیں۔ ہم آپ کو اپنی کاوشوں سے متعلق آگاہ رکھیں گے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے میں اس موقع پر اپنے تمام شراکت داروں اور ملازمین کی مسلسل حمایت کے لئے تہہ دل سے شکر یہ ادا کرتا ہوں۔ گراں قدر بصیرت اور رہنمائی کے لئے میں بورڈ کا بھی شکر گزار ہوں۔



ندیم مقبول

چیف ایگزیکٹو

24 فروری، 2022ء

لاہور

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے میں 31 دسمبر 2021ء کو اختتام پذیر شدہ سالانہ اجلاس میں شرکت کر رہا ہوں۔ پاکستان کی ٹیکسٹائل انڈسٹری نے ہماری مصنوعات کی معقول طلب کے باعث اس مدت میں اچھی کارکردگی دکھائی۔ اس مدت میں برآمدات کا گراف بڑھتا رہا اور پاکستان مارکیٹ میں اپنا کردار بڑھانے میں کامیاب ہوا۔ اگرچہ نمو کی بابت توقعات مثبت رہیں البتہ کرنٹ اکاؤنٹ خسارہ اور افراط زر کا دباؤ توجہ کا مرکز رہا۔ اس طرح مانیٹری پالیسی کو مزید سخت کرنا پڑا اور شرح مبادلہ پر دباؤ بڑھ گیا۔ اسٹیٹ بینک آف پاکستان نے تیز رفتاری سے شرح سود میں اضافہ کیا اور اس وجہ سے معیشت مزید سکڑنے کا اندیشہ ظاہر کیا جا رہا ہے۔ تاہم، حکومت ان مسائل سے خبردار نہ ہونے کے لئے برآمدات کے لئے موافق پالیسیاں مرتب کر رہی ہے۔

گذشتہ برس کی اسی مدت کی نسبت زیر جائزہ مدت کے دوران 31 فی صد اضافے کے ساتھ 11 بلین روپے سلیز حجم کے باعث نفع میں مسلسل اضافہ ریکارڈ ہوا۔ شرح سود میں اضافہ اور نئے پروڈیکٹ پر اضافی اخراجات کے باعث مالیاتی اخراجات میں اضافہ ہوا۔ رپورٹنگ پیریڈ کے دوران کمپنی نے منافع علاوہ ٹیکس میں 94 فی صد اضافہ ریکارڈ کیا جب کہ فی حصص آمدنی 39.74 روپے رہی (2020: 20.41 روپے)۔ 31 دسمبر 2021ء اختتام پذیر شدہ سالانہ اجلاس میں شرکت کر رہا ہوں۔

مختصر اکٹم شیٹ	دسمبر-2021ء	دسمبر-2020ء
(ملین روپوں میں)		
سلیز	11,064	8,437
مجموعی منافع	2,607	1,262
آپریٹنگ منافع	2,337	1,227
قرضوں پر لاگت	(99)	(80)
نفع ہمعے ٹیکسیشن	2,238	1,146
ٹیکسیشن	(474)	(241)
خالص منافع	1,763	905
فی حصص آمدنی (EPS)	39.74	20.41

ایکویٹیٹر میں مسلسل تنزلی کے باعث کمپنی کو 96.46 ملین روپے کا امپائر منٹ خسارہ برداشت کرنا پڑا۔ ملکی اور غیر ملکی غیر یقینی کی صورت حال کی وجہ سے ہم آئندہ مدت میں ایکویٹی مارکیٹ کی کارکردگی میں مثبت پیش رفت کی امید نہیں رکھتے۔ ملکی سطح پر خام کاشن پیداوار میں تقریباً 20 فی صد اضافے کے باوجود ملک مقامی خام مال کی قلت کا شکار ہے۔ ٹیکسٹائل سپننگ کلی طور پر فعال ہونے اور



Financial Statements

Half Year Ended December 31, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Suraj Cotton Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SURAJ COTTON MILLS LIMITED as at 31 December 2021 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2021 and 31 December 2020 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2021.

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 condensed interim financial statements 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 condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

The engagement partner on the review resulting in this independent auditor's review report is Atif Anjum.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: February 24, 2022

UDIN: RR202110132Lj3HDUFu1

Condensed Interim Statement of Financial Position

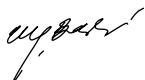
As At December 31, 2021

		Un-Audited	Audited
		Dec 31, 2021	June 30, 2021
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
50,000,000 (30 June 2021: 50,000,000) ordinary shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital			
44,372,287 (30 June 2021: 40,338,443) ordinary shares of Rupees 10 each		443,722	403,384
Reserves	4	10,058,240	8,864,618
TOTAL EQUITY		10,501,962	9,268,002
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing - Secured	5	3,752,325	2,595,380
Lease liability		673	1,186
Deferred liabilities		684,854	396,510
		4,437,852	2,993,076
CURRENT LIABILITIES			
Trade and other payables		3,015,374	2,206,833
Accrued mark-up		52,561	26,293
Short term borrowings		898,827	429,454
Current portion of non-current liabilities		908,528	800,501
Provision for taxation - net		144,563	-
Unclaimed dividend		7,313	6,387
		5,027,166	3,469,468
TOTAL LIABILITIES		9,465,018	6,462,544
CONTINGENCIES AND COMMITMENTS			
	6		
TOTAL EQUITY AND LIABILITIES		19,966,980	15,730,546

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

		Un-Audited	Audited
		Dec 31,	June 30,
		2021	2021
	Note	(Rupees in thousand)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	7	8,010,197	5,570,690
Right-of-use asset		1,915	2,128
Investment properties		477,690	477,690
Long term investments		839,255	971,627
Long term deposits		21,871	22,076
		9,350,928	7,044,211
CURRENT ASSETS			
Stores, spares and loose tools		272,714	218,925
Stock-in-trade		4,627,090	3,203,682
Trade debts		1,907,667	1,439,847
Loans and advances		239,656	39,972
Short term deposits and prepayments		144,626	105,614
Income tax refundable - net		-	137,167
Other receivables		315,625	23,018
Short term investments	8	2,803,987	3,211,269
Cash and bank balances		278,535	282,975
		10,589,900	8,662,469
Non-current assets classified as held for sale		26,152	23,866
		10,616,052	8,686,335
TOTAL ASSETS			
		19,966,980	15,730,546


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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


For The Half Year Ended December 31, 2021

		HALF YEAR ENDED		QUARTER ENDED	
		Dec 31,	Dec 31,	Dec 31,	Dec 31,
		2021	2020	2021	2020
Note		----- (Rupees in thousand) -----			
Revenue From Contracts With Customers	9	11,064,747	8,437,747	6,137,151	4,386,944
Cost of sales	10	(8,457,622)	(7,175,727)	(4,764,657)	(3,630,479)
Gross profit		2,607,125	1,262,020	1,372,494	756,465
Distribution Cost		(103,036)	(73,077)	(57,935)	(36,315)
Administrative Expenses		(110,516)	(102,563)	(57,670)	(55,558)
Other Expenses		(265,946)	(109,670)	(109,149)	(74,635)
		(479,498)	(285,310)	(224,754)	(166,508)
		2,127,627	976,710	1,147,740	589,957
Other income		210,124	250,623	102,601	158,678
Profit from operations		2,337,751	1,227,333	1,250,341	748,635
Finance cost		(99,449)	(80,367)	(55,933)	(47,547)
Profit before taxation		2,238,302	1,146,966	1,194,408	701,088
Taxation		(474,845)	(241,144)	(255,006)	(167,932)
Profit after taxation		1,763,457	905,822	939,402	533,156
			(Restated)		(Restated)
Earnings per share - Basic and diluted (Rupees)	11	39.74	20.41	21.17	12.02

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

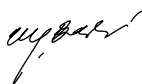
Condensed Interim Statement of Comprehensive Income (Un-Audited)
For The Half Year Ended December 31, 2021

	HALF YEAR ENDED		QUARTER ENDED	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
	------(Rupees in thousand)-----			
Profit after taxation	1,763,457	905,822	939,402	533,156
Other comprehensive (loss) / income:				
Items that will not be reclassified to profit or loss: (Deficit) / surplus arising on remeasurement of investments at fair value through other comprehensive income - net of tax	(126,113)	207,480	(5,208)	79,816
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive (loss) / income for the period	(126,113)	207,480	(5,208)	79,816
Total comprehensive income for the period	1,637,344	1,113,302	934,194	612,972

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



CHIEF EXECUTIVE OFFICER



DIRECTOR




CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (Un-Audited) For The Half Year Ended December 31, 2021

	RESERVES								Total Equity
	Share capital	Capital reserves			Revenue Reserves			Total	
		Share premium reserve	Fair value reserve on FVTOCI	Sub total	General Reserve	Unappropriated profit	Sub total		
	(Rupees in thousand)								
Balance as at 30 June 2020 - (audited)	366,713	29,000	(229,568)	(200,568)	3,714,000	2,736,468	6,450,468	6,249,900	6,616,613
Transactions with owners:									
Bonus shares issued for the year ended 30 June 2020 @ 10%	36,671	-	-	-	-	[36,671]	[36,671]	[36,671]	-
Final dividend for the year ended 30 June 2020 @ Rupees 4.00 per share	-	-	-	-	-	[146,685]	[146,685]	[146,685]	[146,685]
Profit for the period	-	-	-	-	-	905,822	905,822	905,822	905,822
Other comprehensive income for the period	-	-	207,480	207,480	-	-	-	207,480	207,480
Total comprehensive income for the period	-	-	207,480	207,480	-	905,822	905,822	1,113,302	1,113,302
Balance as at 31 December 2020 - (un-audited)	403,384	29,000	(22,088)	6,912	3,714,000	3,458,934	7,172,934	7,179,846	7,583,230
Profit for the period	-	-	-	-	-	1,652,699	1,652,699	1,652,699	1,652,699
Other comprehensive income for the period	-	-	32,073	32,073	-	-	-	32,073	32,073
Total comprehensive income for the period	-	-	32,073	32,073	-	1,652,699	1,652,699	1,684,772	1,684,772
Balance as at 30 June 2021 - (Audited)	403,384	29,000	9,985	38,985	3,714,000	5,111,633	8,825,633	8,864,618	9,268,002
Transactions with owners:									
Bonus shares issued for the year ended 30 June 2021 @ 10%	40,338	-	-	-	-	[40,338]	[40,338]	[40,338]	-
Final dividend for the year ended 30 June 2021 @ Rupees 10.00 per share	-	-	-	-	-	[403,384]	[403,384]	[403,384]	[403,384]
Profit for the period	-	-	-	-	-	1,763,457	1,763,457	1,763,457	1,763,457
Other comprehensive loss for the period	-	-	(126,113)	(126,113)	-	-	-	(126,113)	(126,113)
Total comprehensive income for the period	-	-	(126,113)	(126,113)	-	1,763,457	1,763,457	1,637,344	1,637,344
Balance as at 31 December 2021 - (un-audited)	443,722	29,000	(116,128)	(87,128)	3,714,000	6,431,368	10,145,368	10,058,240	10,501,962

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 Half Year Ended December 31, 2021

		HALF YEAR ENDED	
		Dec 31,	Dec 31,
		2021	2020
	Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	937,766	2,602,848
Finance cost paid		(63,952)	(75,631)
Workers' profit participation fund paid		(165,741)	(45,788)
Income tax paid		(181,862)	(34,407)
Profit on bank deposits received		6,096	6,768
Decrease in long term deposits		205	-
NET CASH GENERATED FROM OPERATING ACTIVITIES		532,512	2,453,790
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,719,565)	(150,701)
Proceeds from sale of property, plant and equipment		50,910	10,299
Advance for purchase of investment properties		-	(400,000)
Investments made		(1,851,598)	(1,399,288)
Proceeds from sale of investments		2,160,633	267,997
Dividend received		161,726	80,209
Proceeds from disposal of non-current assets classified as held for sale		21,199	14,484
NET CASH USED IN INVESTING ACTIVITIES		(2,176,695)	(1,577,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		1,756,983	-
Repayment of long term financing		(183,667)	(1,125)
Repayment of lease liability		(488)	-
short term borrowings - net		469,373	(714,987)
Dividend paid		(402,458)	(147,029)
NET CASH FROM / (USED IN) FINANCING ACTIVITIES		1,639,743	(863,141)
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(4,440)	13,649
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		282,975	207,139
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		278,535	220,788

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

1. THE COMPANY AND ITS OPERATIONS

Suraj Cotton Mills Limited is a public limited company incorporated in Pakistan 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-III, Aziz Avenue, Gulberg-V, Lahore. The Company is engaged in 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 2021. 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 2021.

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.

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 2021.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2021

	Un-Audited	Audited
	Dec 31,	June 30,
	2021	2021
	(Rupees in thousand)	
4. RESERVES		
Capital reserves:		
Share premium reserve	29,000	29,000
Fair value reserve on FVTOCI	(116,128)	9,985
	(87,128)	38,985
Revenue reserves:		
General reserve	3,714,000	3,714,000
Unappropriated profit	6,431,368	5,111,633
	10,145,368	8,825,633
	10,058,240	8,864,618
5. LONG TERM FINANCING - secured		
Opening balance	2,962,714	2,590,654
Add: Obtained during the period / year	1,756,984	566,259
Less: Repaid during the period / year	(183,667)	(30,274)
Less: Other changes - non-cash movement	(416,372)	(163,925)
	4,119,659	2,962,714
Less: Current portion shown under current liabilities	(367,334)	(367,334)
	3,752,325	2,595,380

6. CONTINGENCIES AND COMMITMENTS

6.1 Contingencies

Guarantees of Rupees 279.049 million (30 June 2021: Rupees 288.476 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Director Excise and Taxation, Karachi against infrastructure cess and others.

6.2 Commitments

- Contracts for capital expenditure are approximately of Rupees 1,103.343 million (30 June 2021: Rupees 3,306.022 million).
- Letters of credit other than for capital expenditure are of Rupees 1,059.494 million (30 June 2021: Rupees 465.840 million).
- Outstanding foreign currency forward contracts are of Rupees Nil (30 June 2021: Rupees 439.899 million).

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

		Un-Audited Dec 31, 2021	Audited June 30, 2021
		(Rupees in thousand)	
	Note		
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - owned	7.1	5,720,533	4,669,213
Capital Work-in-progress	7.2	2,289,664	901,477
		8,010,197	5,570,690
7.1 Operating fixed assets - owned			
Opening book value		4,669,213	4,940,565
Add: Cost of additions during the period / year	7.1.1	1,331,377	214,485
		6,000,590	5,155,050
Less: Book value of deletions during the period / year	7.1.2	(28,775)	(6,122)
		(13,945)	(15,799)
Less: Book value of assets transferred to non-current assets classified as held for sale during the period / year		(237,337)	(463,916)
		5,720,533	4,669,213
7.1.1 Cost of additions			
Free hold land		723,630	-
Buildings on freehold land		-	21,320
Plant and machinery		561,151	172,427
Vehicles		46,596	20,738
		1,331,377	214,485
7.1.2 Book value of deletions			
Plant and machinery		24,671	4,087
Vehicles		4,104	2,035
		28,775	6,122
7.2 Capital work in progress			
Buildings on freehold land		289,079	233,247
Plant and machinery		1,925,470	653,126
Electric installations		72,102	15,104
Advance for purchase of vehicle		3,013	-
		2,289,664	901,477

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2021

		Un-Audited	Audited
		Dec 31, 2021	June 30, 2021
		(Rupees in thousand)	
	Note		
8. SHORT TERM INVESTMENTS			
At fair value through profit or loss:			
Equity investments		318,353	398,068
Mutual funds		2,485,634	2,813,201
		2,803,987	3,211,269

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition.

	Spinning				Weaving				Total - Company			
	Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended		Half Year Ended		Quarter Ended	
	Dec-21	Dec-20	Dec-21	Dec-20	Dec-21	Dec-20	Dec-21	Dec-20	Dec-21	Dec-20	Dec-21	Dec-20
	Rupees in Thousand											
Primary geographical markets												
Pakistan	6,650,734	5,444,622	3,831,358	2,766,320	4,412,137	2,833,352	2,304,767	1,555,443	11,062,871	8,277,974	6,136,125	4,321,763
Hong Kong	-	-	-	-	-	50,106	-	33,646	-	50,106	-	33,646
Italy	-	-	-	-	-	86,351	-	26,393	-	86,351	-	26,393
Korea	-	-	-	-	-	10,387	-	5,142	-	10,387	-	5,142
Turkey	-	-	-	-	-	12,433	-	-	-	12,433	-	-
Sri Lanka	1,876	496	1,026	-	-	-	-	-	1,876	496	1,026	-
	6,652,610	5,445,118	3,832,384	2,766,320	4,412,137	2,992,629	2,304,767	1,620,624	11,064,747	8,437,747	6,137,151	4,386,944
Major products lines												
Yarn	6,652,610	5,445,118	3,832,384	2,766,320	-	-	-	-	6,652,610	5,445,118	3,832,384	2,766,320
Greign fabric	-	-	-	-	4,412,137	2,992,629	2,304,767	1,620,624	4,412,137	2,992,629	2,304,767	1,620,624
	6,652,610	5,445,118	3,832,384	2,766,320	4,412,137	2,992,629	2,304,767	1,620,624	11,064,747	8,437,747	6,137,151	4,386,944
Timing of revenue recognition												
Products transferred at a point in time	6,652,610	5,445,118	3,832,384	2,766,320	4,412,137	2,992,629	2,304,767	1,620,624	11,064,747	8,437,747	6,137,151	4,386,944
Products transferred over time	-	-	-	-	-	-	-	-	-	-	-	-
External revenue as re-ported	6,652,610	5,445,118	3,832,384	2,766,320	4,412,137	2,992,629	2,304,767	1,620,624	11,064,747	8,437,747	6,137,151	4,386,944

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2021

UN-AUDITED				
	HALF YEAR ENDED		QUARTER ENDED	
	Dec 31, 2021	Dec 31, 2020	Dec 31, 2021	Dec 31, 2020
-----Rupees in Thousand-----				
10. COST OF SALES				
Raw materials consumed	7,328,353	4,687,053	3,978,251	2,434,889
Sizing expenses	46,207	30,917	24,831	15,534
Stores, spare parts and loose tools consumed	137,523	132,292	66,894	65,055
Packing materials consumed	88,559	74,078	43,864	38,262
Salaries, wages and other benefits	574,149	477,433	291,435	239,229
Fuel and power	800,244	701,661	434,061	361,476
Repair and maintenance	52,233	45,242	25,434	25,602
Insurance	16,914	15,433	8,722	7,652
Other factory overheads	12,266	9,051	6,466	3,559
Depreciation	222,132	214,958	113,332	107,905
	9,278,580	6,388,118	4,993,290	3,299,163
Work-in-process:				
Opening Stock	183,121	167,564	235,712	183,227
Closing Stock	(287,496)	(201,283)	(287,496)	(201,283)
	(104,375)	(33,719)	(51,784)	(18,056)
Cost of goods manufactured	9,174,205	6,354,399	4,941,506	3,281,107
Finished goods:				
Opening stock	866,645	1,368,302	1,406,379	896,346
Closing stock	(1,583,228)	(546,974)	(1,583,228)	(546,974)
	(716,583)	821,328	(176,849)	349,372
	8,457,622	7,175,727	4,764,657	3,630,479

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

		Un-Audited	
		HALF YEAR ENDED	
		Dec 31, 2021	Dec 31, 2020
		(Rupees in thousand)	
11. EARNINGS PER SHARE - BASIC AND DILUTED			
There is no dilutive effect on the basic earnings per share which is based on:			
Profit attributable to ordinary shareholders	(Rupees in thousand)	1,763,457	905,822
			(Restated)
Weighted average number of ordinary shares	(Numbers)	44,372,287	44,372,287
			(Restated)
Earnings per share - Basic and diluted	(Rupees)	39.74	20.41
12. CASH GENERATED FROM OPERATIONS			
Profit before taxation		2,238,302	1,146,966
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment		237,338	229,136
Depreciation on right-of-use asset		213	-
Gain on sale on investments at fair value through profit or loss		(6,464)	(36,112)
Exchange gain - net		(254)	(5,424)
Reversal of allowance for expected credit loss		(319)	(32,372)
Dividend income		(161,726)	(80,209)
Gain on disposal of property, plant and equipment		(22,135)	(4,906)
Gain on disposal of non-current assets classified as held for sale		(9,540)	(8,360)
Provision for Workers' Profit Participation Fund		120,210	61,599
Provision for Workers' Welfare Fund		45,680	23,408
Gain on initial recognition of GIDC payable at amortized cost		-	(41,076)
Finance cost		99,449	80,367
Unrealized loss / (gain) on re-measurement of investments at fair value through profit or loss		96,467	(31,657)
Impairment loss on equity investments		-	21,063
Profit on bank deposits		(6,096)	(6,768)
Working capital changes	12.1	(1,693,359)	1,287,193
		937,766	2,602,848

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2021

		Un-Audited	Un-Audited
		HALF YEAR ENDED	
		Dec 31,	Dec 31,
		2021	2020
		(Rupees in thousand)	
12.1	Working capital changes		
	(Increase) / decrease in current assets:		
	Stores, spare parts and loose tools	(53,789)	(23,432)
	Stock-in-trade	(1,423,408)	1,174,883
	Trade debts	(467,247)	(89,583)
	Loans and advances	(199,684)	(13,507)
	Trade deposits and short term prepayments	(39,012)	(17,091)
	Other receivables	(292,607)	50,597
		(2,475,747)	1,081,867
	Increase in trade and other payables	782,388	205,326
		(1,693,359)	1,287,193

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

13 SEGMENT INFORMATION

13.1 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.

13.2

	Spinning		Weaving		Un-Audited		Elimination of Inter-segment transactions		Total-Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	(Rupees in thousand)									
Revenue										
External	6,652,610	5,445,118								
Inter-segment	1,878,557	1,302,773								
	8,531,167	6,747,891								
Cost of sales										
External	(4,447,589)	(4,525,841)								
Inter-segment	(1,878,557)	(1,302,773)								
	(6,326,146)	(5,828,614)								
Gross profit	2,205,021	919,277	4,412,137	2,992,629	(1,878,557)	(1,302,773)	11,064,747	8,437,747	11,064,747	8,437,747
Distribution cost	(67,524)	(44,424)								
Administrative expenses	(81,951)	(79,060)								
	(149,475)	(123,484)								
Profit before taxation and unallocated expenses	2,055,546	795,793	338,027	290,587	-	-	2,393,573	1,086,380	2,393,573	1,086,380
Unallocated income and expenses:										
Other expenses										
Other income										
Finance cost										
Taxation										
Profit after taxation										

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2021

13.3 Reconciliation of Reportable Segment Assets and Liabilities

	Spinning		Weaving		Total-Company	
	Un-Audited 31 December 2021	Audited June 30, 2021	Un-Audited 31 December 2021	Audited June 30, 2021	Un-Audited 31 December 2021	Audited June 30, 2021
----- (Rupees in thousand) -----						
Total assets for reportable segment	11,165,010	8,211,374	4,654,885	2,697,553	15,819,896	10,908,927
Unallocated assets:						
Investment properties					477,690	477,690
Long term investments					839,255	971,627
Income tax refundable - net					-	137,167
Short term investments					2,803,987	3,211,269
Non-current assets classified as held for sale					26,152	23,866
Total assets as per condensed interim statement of financial position					19,966,980	15,730,546
Total liabilities for reportable segments	6,070,953	4,953,210	2,557,335	1,106,437	8,628,288	6,059,647
Unallocated liabilities:						
Deferred liabilities					684,854	396,510
Unclaimed dividend					7,313	6,387
Provision for taxation - net					144,563	-
Total liabilities as per condensed interim statement of financial position					9,465,018	6,462,544

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

14. 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 recognised 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 December 2021 - Un-audited

Level 1 Level 2 Level 3 Total

------(Rupees in thousand)-----

Financial assets				
Fair value through other comprehensive income	832,925	-	-	832,925
Fair value through profit or loss	2,803,987	-	-	2,803,987
	3,636,912	-	-	3,636,912

Recurring fair value measurements at 30 June 2021 - Audited

Level 1 Level 2 Level 3 Total

------(Rupees in thousand)-----

Financial assets				
Fair value through other comprehensive income	965,297	-	-	965,297
Fair value through profit or loss	3,211,269	-	-	3,211,269
Derivative financial assets	-	1,185	-	1,185
	4,176,566	1,185	-	4,177,751

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 half year ended 31 December 2021. Further there was no transfer in and out of level 3 measurements.

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

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives 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 maximise 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 on dealer quotes for similar investments.

15. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, joint ventures, other related parties and key management personnel. The Company is in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties are as follows:

		Un-Audited			
		Half year ended		Quarter ended	
		Dec 31,	Dec 31,	Dec 31,	Dec 31,
		2021	2020	2021	2020
		------(Rupees in thousand)-----			
i)	Transactions				
	Associated companies				
	Purchase of electricity	27,427	4,487	27,358	3,015
	Sale of goods	60,262	43,078	30,694	31,436
	Sale of non-current assets classified as held for sale	3,042	2,340	-	-
	Purchase of goods	212,652	48,523	56,315	40,465
	Insurance expense	44,002	46,290	5,741	17,389
	Dividend paid	191,719	69,716	191,719	69,716
	Key management personnel				
	Remuneration paid to Chief Executive Officer, Director and Executive	26,712	24,164	13,491	12,178
	Dividend paid	54,127	19,477	54,127	19,477
	Other related parties				
	Company's contribution to provident fund trust	14,510	12,324	7,451	6,162

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

	Un-Audited			
	Half year ended		Quarter ended	
	Dec 31,	Dec 31,	Dec 31,	Dec 31,
	2021	2020	2021	2020
	----- (Number of shares) -----			
Associated companies				
Bonus shares issued	1,917,193	1,742,903	1,917,193	1,742,903
Key management personnel				
Bonus shares issued	541,271	486,737	541,271	486,737

As at 31 December 2021 (Un-audited)			
	Associated Companies	Other Related Parties	Total
	Rupees in Thousand		
ii) Period end balances			
Trade debts	15,723	-	15,723
Trade and other payables	45,726	-	45,726

As At 30 June 2021 (Audited)			
	Associated Companies	Other Related Parties	Total
	Rupees in Thousand		
Trade debts	16,071	-	16,071
Loans and advances	62	-	62
Trade and other payables	14,959	-	14,959

16. 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 2021.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For The Half Year Ended December 31, 2021

		UN-AUDITED	AUDITED
		Dec 31, 2021	June 30, 2021
		(Rupees in thousand)	
17.	DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
	Loan / advances obtained as per Islamic mode:		
	Loans	313,282	36,171
	Advances	71,173	58,196
	Shariah compliant bank deposits / bank balances		
	Bank balances	10,113	733
		UN-AUDITED	
		Dec 31, 2021	Dec 31, 2020
		(Rupees in thousand)	
	Profit earned from shariah compliant bank deposits / bank balances		
	Profit on deposits with banks	-	-
	Revenue earned from shariah compliant business	11,064,747	8,437,747
	Gain or dividend earned from shariah complaint investments		
	Dividend income	34,353	26,490
	Unrealized (loss) / gain on re-measurement of investments at FVTOCI	(82,912)	121,827
	Unrealized (loss) / gain on re-measurement of investments at FVTPL	(109,548)	17,285
	Realized gain on investments at FVTPL	-	3,354
	Exchange gain	254	5,424
	Mark-up paid on Islamic mode of financing	2,280	6,022
	Profits earned or interest paid on any conventional loan / advance		
	Interest paid on loans	56,360	69,609
	Profit earned on deposits with banks	5,929	6,768

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For The Half Year Ended December 31, 2021

Relationship with shariah compliant banks

Name	Relationship
Dubai Islamic Bank Pakistan Limited	Bank balance
MCB Islamic Bank Limited	Bank balance and short term borrowings
Meezan Bank Limited	Bank balance and short term borrowings
First Habib Modaraba	Lease

18. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on February 24, 2022.

19. 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. However, no significant re-arrangements have been made.

20. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER



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