

UN-AUDITED
THIRD QUARTER REPORT
MARCH 31,
2024



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Company Information

Board of Directors

Mr. Khalid Bashir (Chairman)
Mr. Adil Bashir
Mr. Ahsan Bashir
Mr. Humayun Maqbool
Ms. Maheen Hisham Adamjee
Mr. Mohammad Iqbal
Mr. Shams Rafi

Chief Executive Officer

Mr. Nadeem Maqbool

Chief Financial Officer

Mr. Naeem Sheikh

Audit Committee

Mr. Shams Rafi (Chairman)
Mr. Humayun Maqbool
Mr. Ahsan Bashir

HR & R Committee

Ms. Maheen Hisham Adamjee (Chairman)
Mr. Nadeem Maqbool
Mr. Ahsan Bashir
Mr. Adil Bashir

Risk Management Committee

Mr. Humayun Maqbool (Chairman)
Mr. Nadeem Maqbool
Mr. Ahsan Bashir

Share Registrar

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

Auditors

Riaz Ahmad & Co.
Chartered Accountants

Company Secretary

Mr. Shahzad Nazir

Bankers

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

Registered Office

Tricon Corporate Center, 8th Floor,
73-E, Main Jail Road, Gulberg II, Lahore, Pakistan
Ph: +92-423-5760381
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 the Board of Directors, I am pleased to present the operating and financial performance of the company for the period ended 31 March 2024.

Overview

The textile industry has encountered numerous challenges throughout the current fiscal year, particularly the issues of uncompetitiveness and high utility costs, alongside an elevated borrowing rate. These challenges have exerted significant pressure on a multitude of industrial units, impacting their performance. Despite these adversities, our company has demonstrated better performance over the year, achieving a revenue of Rs. 23.036 billion, marking an impressive increase of nearly 75% compared to the corresponding period. This growth can be attributed to better capacity utilization and increased prices of our products. Furthermore, the company has reported a net profit of Rs. 952 million for the period under review, a substantial improvement from the losses incurred during the same period last year. Our earnings per share stand at Rs. 19.51, compared to Rs. (4.00) in 2023.

Distribution costs experienced a surge of almost 50% owing to increased sales volumes and associated expenses such as freight and export costs, while administration costs remained consistent with normal inflationary trends. The persistently high cost of borrowing throughout the year, driven by increases in policy rates, has also posed challenges.

Despite these obstacles, our investment in equities markets has yielded positive results. Cotton production this year reached approximately 8.5 million bales, representing an increase from the previous year but still falling short of industry requirements. Consequently, cotton imports were necessary to meet the shortfall and cater to the production of specific products. Cotton prices exhibited a mixed trend throughout the year, reaching their peak during the current quarter.

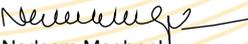
Future Prospects

Pakistan's economy faces significant uncertainty, characterized by high inflation and a decline in large-scale manufacturing. The cost of conducting business remains prohibitively high, and the textile industry is encountering escalating difficulties amidst regional competition. Global demand remains subdued, resulting in depressed demand of end products. The industry will continue to grapple with these challenges until issues pertaining to energy and borrowing costs are addressed, a task made daunting by commitments to the IMF. Despite the depreciation of the rupee, international market competitiveness remains challenging. Consequently, a substantial portion of spinning production has been curtailed, and one of our units in Nooriabad has ceased production until conditions improve. This is primarily attributed to high energy prices and shortages of gas and electricity in Sindh. In response to consumer demands for lower prices, we must strive to reduce our operational costs to remain competitive.

Most of our company's manufacturing facilities have undergone upgrades, resulting in improved performance. This enhancement is predominantly due to enhanced productivity and reduced operating costs facilitated by efficient and modern machinery. With a new government in office, we are hopeful that industry challenges will be addressed, enabling the textile sector to realize its full potential.

Acknowledgements

We extend our gratitude to all our shareholders and partners for their invaluable support, and to our dedicated employees for their unwavering commitment. Additionally, we express our appreciation to the Board of Directors for their continual guidance.


Naadeem Maqbool
Chief Executive


Director

29 April 2024
Lahore

ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 مارچ 2024 کو ختم ہونے والی نو ماہی کے لئے کمپنی کی آپریٹنگ اور مالی کارکردگی پیش کرتا ہوں۔

کارکردگی کا جائزہ

ٹیکسٹائل کی صنعت کو اور مالی سال کے دوران متعدد مشکلات، خاص طور پر غیر مسابقت اور زیادہ پمپنی اخراجات کے مسائل کے ساتھ ساتھ قرضوں کی زیادہ شرح کا سامنا رہا ہے۔ ان مشکلات نے متعدد صنعتی یونٹوں پر نمایاں دباؤ ڈالا، جس سے ان کی کارکردگی متاثر ہوئی ہے۔ ہماری کمپنی نے ان مشکلات کے باوجود سال کے دوران بہتر کارکردگی کا مظاہرہ کرتے ہوئے 23,036 ملین روپے کی آمدنی حاصل کی جو گزشتہ اسی عرصے کے مقابلے میں تقریباً 75 فیصد کا متاثر کن اضافہ ظاہر کرتی ہے۔ اس نمو کو صلاحیت کے بہتر استعمال اور ہماری مصنوعات کی زیادہ قیمتوں سے منسوب کیا جاسکتا ہے۔ مزید برآں کمپنی نے اس عرصے کے دوران 952 ملین روپے کا خالص منافع حاصل کیا ہے جو گزشتہ سال کے اسی عرصے کے دوران ہونے والے نقصانات سے کافی بہتری ہے۔ ہماری فی حصص آمدنی 19.51 روپے رہی ہے، جو 2023 میں (4.00) روپے تھی۔

فروخت حجم میں اضافے اور مال برداری اور برآمدی اخراجات جیسے متعلقہ اخراجات کی وجہ سے ڈسٹری بیوشن اخراجات میں تقریباً 50 فیصد اضافہ ہوا، جبکہ انتظامی اخراجات عام افراط زر کے رجحانات سے مطابقت رکھتے ہیں۔ پالیسی شرحوں میں اضافے کی وجہ سے سال بھر قرضوں کی مسلسل زیادہ لاگت نے بھی مشکلات کو جنم دیا ہے۔ ان رکاوٹوں کے باوجود ایکویٹی مارکیٹوں میں ہماری سرمایہ کاری کے مثبت نتائج برآمد ہوئے ہیں۔ رواں سال کپاس کی پیداوار تقریباً 8.5 ملین کانٹون تک پہنچ گئی ہے جو گزشتہ سال کے مقابلے میں اضافہ ظاہر کرتی ہے لیکن پھر بھی صنعت کی ضروریات سے کم ہے۔ نتیجتاً اس کی کوپورا کرنے اور مخصوص مصنوعات کی پیداوار کو پورا کرنے کے لئے کپاس کی درآمدات ضروری تھیں۔ کپاس کی قیمتوں میں سال بھر ملاجارہجان رہا اور رواں سہ ماہی کے دوران یہ اپنی بلند ترین سطح پر پہنچ گئی۔

مستقبل کے امکانات

پاکستان کی معیشت کو غیر یقینی صورتحال کا سامنا ہے جس کی وجہ افراط زر میں اضافہ اور بڑے پیمانے پر مینوفیکچرنگ میں کمی ہے۔ کاروبار کرنے کی لاگت بہت زیادہ ہے، اور ٹیکسٹائل کی صنعت کو علاقائی مسابقت کے درمیان بہت زیادہ مشکلات کا سامنا کرنا پڑ رہا ہے۔ عالمی طلب کم ہے، جس کے نتیجے میں تیار مصنوعات کی طلب میں کمی واقع ہوئی ہے۔ IMF سے کئے گئے وعدوں کے باعث توانائی اور قرضوں کی لاگت سے متعلق مسائل حل ہونے تک صنعت ان مشکلات سے نبرد آزما رہے گی۔ روپیہ کی قدر میں کمی کے باوجود بین الاقوامی مارکیٹ مسابقت مشکلات کا شکار رہی ہے۔ نتیجتاً، سپینک کی پیداوار کا ایک بڑا حصہ کم کر دیا گیا ہے، اور نوری آباد میں ہمارے ایک یونٹ نے حالات بہتر ہونے تک پیداوار بند کر دی ہے۔ اس کی بنیادی وجہ سہ ماہی میں توانائی کی زیادہ قیمتیں اور بجلی کی قلت ہے۔ کم قیمتوں کے لئے صارفین کے مطالبات کے جواب میں، ہمیں مسابقتی رہنے کے لئے اپنے آپریٹنگ اخراجات کو کم کرنے کی کوشش کرنی چاہئے۔

ہماری کمپنی کی زیادہ تر مینوفیکچرنگ سہولیات کو اپ گریڈ کیا گیا ہے، جس کے نتیجے میں کارکردگی بہتر ہوئی ہے۔ یہ اضافہ بنیادی طور پر زیادہ پیداواری صلاحیت اور موثر اور جدید مشینری کے ذریعہ فراہم کردہ کم آپریٹنگ اخراجات کی وجہ سے ہے۔ نئی حکومت کے اقتدار میں آنے کے بعد ہم پرامید ہیں کہ صنعت کی مشکلات کو حل کیا جائے گا جس سے ٹیکسٹائل کا شعبہ اپنی پوری صلاحیت سے بھرپور فائدہ اٹھا سکے گا۔

اظہار تشکر

ہم اپنے تمام شیئرز، ہولڈرز اور شرکاء کو داروں کا ان کی قابل قدر حمایت اور اپنے ملازمین کا ان کے غیر متزلزل عزم کے لئے شکریہ ادا کرتے ہیں۔ مزید برآں، ہم بورڈ آف ڈائریکٹرز کی مسلسل رہنمائی کو سراہتے ہیں۔



ڈائریکٹر



نایم منجیل

چیف ایگزیکٹو

لاہور: 29 اپریل 2024ء

Financial Statements

For the period ended 31 March 2024

Condensed Interim Statement of Financial Position

As At 31 March 2024

		Un-Audited 31 March 2024	Audited 30 June 2023
	Note	(Rupees in thousand)	
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital			
100,000,000 (30 June 2023: 50,000,000) ordinary shares of Rupees 10 each		1,000,000	500,000
Issued, subscribed and paid up share capital	4	488,095	443,722
Reserves	5	11,551,749	10,353,692
TOTAL EQUITY		12,039,844	10,797,414
LIABILITIES			
Non-current liabilities			
Long term financing	6	3,095,587	3,545,300
Deferred liabilities	7	990,132	918,687
		4,085,719	4,463,987
Current liabilities			
Trade and other payables	8	4,001,951	3,279,900
Accrued mark-up		86,178	71,949
Short term borrowings		987,750	1,226,258
Provision for taxation - net		353,690	241,839
Unclaimed dividends		7,313	7,313
Current portion of non current liabilities	9	1,124,267	1,088,395
		6,561,149	5,915,654
TOTAL LIABILITIES		10,646,868	10,379,641
CONTINGENCIES AND COMMITMENTS	10		
TOTAL EQUITY AND LIABILITIES		22,686,712	21,177,055

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

		Un-Audited 31 March 2024	Audited 30 June 2023
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	8,589,064	9,118,461
Right of use asset		-	1,200
Investment properties		477,690	477,690
Long term investments	12	943,431	625,563
Long term deposits		32,727	19,737
		10,042,912	10,242,651
Current assets			
Stores, spares and loose tools	13	566,586	469,843
Stock in trade	14	4,915,510	5,819,052
Trade debts	15	3,397,593	3,046,691
Loans and advances	16	213,723	108,240
Short term deposits and prepayments		303,935	238,478
Other receivables		463,282	485,557
Short term investments	17	2,588,214	601,511
Cash and bank balances		172,492	142,567
		12,621,335	10,911,939
Non-current assets classified as held for sale		22,465	22,465
		12,643,800	10,934,404
TOTAL ASSETS		22,686,712	21,177,055



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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

For the period ended 31 March 2024

	Note	Period ended		Quarter ended	
		31 March	31 March	31 March	31 March
		2024	2023	2024	2023
		(Rupees in thousand)		(Rupees in thousand)	
Revenue	18	23,036,052	13,038,077	7,324,760	4,640,031
Cost of Sales	19	21,064,306	12,633,545	6,687,111	4,484,148
Gross Profit		1,971,746	404,532	637,649	155,883
Distribution Cost	20	225,112	148,965	72,436	40,726
Administrative Expenses	21	228,466	191,170	69,450	53,172
Other Expenses	22	120,024	82,816	55,137	13,792
		573,602	422,951	197,023	107,690
		1,398,144	(18,419)	440,626	48,193
Other Income	23	361,614	273,572	132,279	30,156
Profit from Operations		1,759,758	255,153	572,905	78,349
Finance Cost	24	328,730	232,782	96,594	94,958
Profit Before Taxation		1,431,028	22,371	476,311	(16,609)
Taxation	25	478,757	217,620	135,779	73,471
Profit After Taxation		952,271	(195,249)	340,532	(90,080)
			(Restated)		(Restated)
Earnings per Share - Basic and diluted (Rupees)		19.51	(4.00)	6.98	(1.85)

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 period ended 31 March 2024

	Period ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	(Rupees in thousand)		(Rupees in thousand)	
PROFIT AFTER TAXATION	952,271	(195,249)	340,532	(90,080)
Other comprehensive income / (Loss):				
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	334,532	(111,588)	564,362	2,169
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive (loss) / income for the period	334,532	(111,588)	564,362	2,169
Total comprehensive income for the period	1,286,803	(306,837)	904,894	(87,911)

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 period ended 31 March 2024

	Reserves							Total Equity	
	Capital Reserves			Revenue Reserves			Total		
	Share premium reserve	Fair value reserve on FVTOCI investments	Sub total	General Reserve	Unappropriated profit	Sub total			
------(Rupees in thousand)-----									
Balance as at 30 June 2022 - (Audited)	443,722	29,000	(184,731)	(155,731)	3,714,000	7,458,442	11,172,442	11,016,711	11,460,433
Final dividend for the year ended June 30 2022 @ Rupees 4.00 per share	-	-	-	-	-	(177,489)	(177,489)	(177,489)	(177,489)
Other comprehensive income for the period	-	-	-	-	-	(195,249)	(195,249)	(195,249)	(195,249)
Total comprehensive income for the period	-	-	(111,588)	(111,588)	-	-	-	(111,588)	(111,588)
Balance as at 31 March 2023 - (un-audited)	-	-	(111,588)	(111,588)	-	(195,249)	(195,249)	(306,837)	(306,837)
Balance as at 31 March 2023 - (un-audited)	443,722	29,000	(296,319)	(267,319)	3,714,000	7,085,704	10,799,704	10,532,385	10,976,107
Profit for the period	-	-	-	-	-	(216,860)	(216,860)	(216,860)	(216,860)
Other comprehensive income for the period	-	-	38,167	38,167	-	-	-	38,167	38,167
Total comprehensive income for the period	-	-	38,167	38,167	-	(216,860)	(216,860)	(178,693)	(178,693)
Balance as at 30 June 2023 - (audited)	443,722	29,000	(258,152)	(229,152)	3,714,000	6,868,844	10,582,844	10,353,692	10,797,414
Transactions with owners:									
Final dividend for the year ended 30 June 2023 @ Rupees 1.00 per Share	-	-	-	-	-	(44,373)	(44,373)	(44,373)	(44,373)
Bonus shares issued for the year ended 30 June 2023 @ 10%	44,373	-	-	-	-	(44,373)	(44,373)	(44,373)	-
Transfer of gain on disposal of FVTOCI investment to retained earnings	-	-	(7,682)	(7,682)	-	7,682	7,682	-	-
Profit for the period	-	-	-	-	-	952,271	952,271	952,271	952,271
Other comprehensive loss for the period	-	-	334,532	334,532	-	-	-	334,532	334,532
Total comprehensive income for the period	-	-	334,532	334,532	-	952,271	952,271	1,286,803	1,286,803
Balance as at 31 March 2024 - (un-audited)	488,095	29,000	68,698	97,698	3,714,000	7,740,051	11,454,051	11,551,749	12,039,844

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 31 March 2024

	31 March 2024	31 March 2023
Note	(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,431,028	22,371
Adjustment for non-cash and other items:		
Depreciation	602,078	500,645
Gain on sale on investments at fair value through profit or loss	(20,915)	(14,153)
Exchange (gain) / loss	(3,653)	19,096
Allowance for expected credit loss	3,501	-
Dividend income	(199,242)	(213,793)
Gain on disposal of property, plant and equipment	(6,849)	(9,454)
Provision for slow moving, obsolete and damaged store items	1,488	-
Provision for Workers' Profit Participation Fund	76,811	1,178
Provision for Workers' Welfare Fund	29,188	448
Profit on bank deposits	(60,056)	(33,913)
Unrealized (gain) / loss on remeasurement of investments at FVTPL	(70,408)	55,336
Finance cost	328,730	232,782
Cash flows from operating activities before working capital changes	2,111,701	560,543
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
Stores, spares and loose tools	(98,231)	(257,078)
Stock in trade	903,542	(1,177,275)
Trade debts	(350,750)	653,284
Loans and advances	(105,483)	(58,489)
Trade deposits and short term prepayments	(65,457)	(65,920)
Other receivables	22,275	(513,825)
Increase in current liabilities:		
Increase in trade and other payables	653,548	47,767
Net cash from /(used in) working capital	959,444	(1,371,536)
CASH GENERATED FROM /(USED IN) OPERATIONS	3,071,145	(810,993)



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flows (Un-Audited)

For the period ended 31 March 2024

	31 March 2024	31 March 2023
Note	(Rupees in thousand)	
Finance cost paid	(314,501)	(196,542)
Workers' profit participation fund paid	-	(199,731)
Workers' Welfare Fund paid	(31,959)	-
Profit on bank deposits received	60,056	33,913
Decrease in long term deposits	(12,990)	(12,118)
Income tax paid	(264,725)	(322,343)
NET CASH FROM /(USED IN) OPERATING ACTIVITIES	2,507,026	(1,507,814)
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(75,944)	(1,934,046)
Proceeds from disposal of property, plant and equipment	10,170	33,480
Investments - net	(1,825,386)	1,390,171
Dividend received	199,242	213,793
NET CASH USED IN INVESTING ACTIVITIES	(1,691,918)	(296,602)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	(501,944)	624,676
Repayment of lease liability	(358)	-
(Decrease)/ increase in short term borrowings - net	(238,508)	1,082,521
Dividend paid	(44,373)	(177,411)
Net cash (used in) / from financing activities	(785,183)	1,529,786
Net increase / (decrease) in cash and cash equivalents	29,925	(274,630)
Cash and cash equivalents at the beginning of the period	142,567	420,735
Cash and cash equivalents at the end of the period	172,492	146,105

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

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

1. THE COMPANY AND ITS ACTIVITIES

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 Tricon Corporate Center, 8th Floor, 73-E, Main Jail Road, Gulberg II, Lahore, Pakistan. 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: 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 2023. 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. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 2023.

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 31 March 2024

	Un-Audited	Audited
	31 March 2024	30 June 2023
	(Rupees in thousand)	
7. DEFERRED LIABILITIES		
Deferred income - Government grant	622,230	710,899
Deferred income tax liability - net	367,902	207,788
	990,132	918,687
8. TRADE AND OTHER PAYABLES		
Creditors	1,869,889	1,336,910
Contract liabilities - unsecured	43,977	73,938
Accrued liabilities	1,519,542	1,410,642
Infrastructure cess payable	315,870	283,955
Payable to employees' provident fund trust	-	1,228
Income tax deducted at source	17,577	6,634
Workers' profit participation fund	76,811	-
Workers' welfare fund	158,285	166,593
	4,001,951	3,279,900
9. CURRENT PORTION OF NON CURRENT LIABILITIES		
Current portion of long term financing	544,519	508,646
Current portion of lease liability	-	566
Current portion of deferred income - Government grant	159,499	158,934
Current portion of GIDC	420,249	420,249
	1,124,267	1,088,395
	3,640,106	4,053,946
Less: Current portion shown under current liabilities	(544,519)	(508,646)
	3,095,587	3,545,300

10. CONTINGENCIES AND COMMITMENTS
10.1 Contingencies

i) There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

ii) Guarantees of Rupees 493.978 million (2023: Rupees 463.976 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.

10.2 Commitments

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

i) Contracts for capital expenditure are approximately of Rupees 355.70 million (2023 : 753.275 million)

ii) Letters of credit other than for capital expenditure are of Rupees 2,108.456 Million (30 June 2023: Rupees 1,383.491 million).

	Note	Un-Audited 31 March 2024	Audited June 30, 2023
(Rupees in thousand)			
11. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	11.1	8,503,057	7,051,705
Capital work-in-progress	11.2	86,007	2,066,756
		8,589,064	9,118,461
11.1 Operating fixed assets - tangible			
Opening book value		7,051,705	7,735,315
Add: Cost of additions during the period / year	11.1.1	2,056,693	14,328
		9,108,398	7,749,643
Less: Deletions during the period / year		(3,397)	(31,120)
		9,105,001	7,718,523
Less: Depreciation during the period / year		(601,944)	(666,818)
Book value at the end of the period / year		8,503,057	7,051,705
11.1.1 Additions during the period / year - cost			
Factory building		101,938	-
Plant and machinery		1,805,388	-
Electric installation		111,128	-
Equipment		7,120	-
Vehicles		31,119	14,328
		2,056,693	14,328
11.1.2 Capital work in progress			
Buildings on freehold land		-	190,251
Plant and machinery		42,084	1,806,394
Electric installations		-	70,111
Office building		37,232	-
Advance for purchase of vehicle		6,691	-
		86,007	2,066,756
12. LONG TERM INVESTMENT			
Equity instruments - at FVTOCI		937,301	619,433
Knightbridge Residential Real Estate Partners (Partnership Firm)		6,130	6,130
		943,431	625,563

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
 For the period ended 31 March 2024

	Note	Un-Audited 31 March 2024 (Rupees in thousand)	Audited June 30, 2023
13. STORE , SPARE PARTS AND LOOSE TOOLS			
Stores		456,262	493,111
Spares parts		11,052	25,714
Loose tools		220	548
Stores in transit		155,879	5,810
		623,413	525,183
Less: Provision for slow moving, obsolete and damaged store items		(56,827)	(55,340)
		566,586	469,843
14. STOCK IN TRADE			
Raw material in transit		-	288,483
Raw material		2,441,403	2,559,345
Work in process		429,356	346,703
Finished goods		2,032,105	2,601,680
Waste		12,646	22,841
		4,915,510	5,819,052
15. TRADE DEBTS			
Secured against letters of credit		58,399	-
Unsecured		3,577,914	3,281,910
		3,636,313	3,281,910
Less: Allowance for expected credit loss		(238,720)	(235,219)
		3,397,593	3,046,691
16. LOANS AND ADVANCES			
Employees		7,011	6,464
Advances to suppliers		85,838	16,486
Letters of credit		50,472	16,948
Due from related parties		70,402	68,342
		213,723	108,240
17. SHORT TERM INVESTMENTS			
Equity investments	17.1	250,272	211,928
Mutual funds	17.2	2,337,942	389,583
		2,588,214	601,511

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

	Un-Audited	Audited
	31 March 2024	June 30, 2023
Note	(Rupees in thousand)	
17.1 Securities held at fair value through profit or loss		
Carrying value	179,864	278,472
Unrealised gain / (loss)	70,408	(66,544)
	250,272	211,928
17.2 Mutual funds		
HBL Cash Fund	201,900	133,062
Alfalah GHP Money Market Fund	363,038	256,521
MCB Cash Management Optimizer	530,340	-
ABL Cash Fund	432,169	-
Atlas Money Market Fund	350,864	-
Faysal Islamic Cash Fund	201,748	-
NBP Money Market Fund	257,883	-
	2,337,942	389,583

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

	PERIOD ENDED				QUARTER ENDED				
	31 March 2024		31 March 2023		31 March 2024		31 March 2023		
	Spinning	Weaving	Total	Spinning	Weaving	Total	Spinning	Weaving	
	-----Rupees in Thousand-----								
18 SALES									
Local	18,803,350	11,137,518	29,940,868	9,322,645	6,010,794	15,333,439	6,843,907	4,022,238	10,866,145
Export	85,296	401,356	486,652	4,623	376,806	381,428	37,361	91,914	129,275
Inter-Segments	(7,391,469)	-	(7,391,469)	(2,676,790)	-	(2,676,790)	(3,670,660)	-	(3,670,660)
	11,497,178	11,538,874	23,036,052	6,650,478	6,387,599	13,038,077	3,210,608	4,114,152	7,324,760
18.1	In the following table, revenue from contracts with customers is disaggregated by primary geographical market, major products and timing of revenue recognition.								
Segments									
Sale of yarn	17,433,694	-	17,433,694	8,610,939	-	8,610,939	6,357,434	-	6,357,434
Sale of fabric	-	11,511,156	11,511,156	-	6,362,330	6,362,330	-	4,104,908	4,104,908
Sale of waste	1,454,952	27,718	1,482,670	716,329	25,289	741,598	523,834	9,244	533,078
Inter-segment eliminations	(7,391,469)	-	(7,391,469)	(2,676,790)	-	(2,676,790)	(3,670,660)	-	(3,670,660)
Total revenue from contracts with customers	11,497,178	11,538,874	23,036,052	6,650,478	6,387,599	13,038,077	3,210,608	4,114,152	7,324,760
Geographic markets									
Pakistan	18,803,350	11,137,518	29,940,868	9,322,645	6,010,794	15,333,439	6,843,907	4,022,238	10,866,145
Bangladesh	-	47,054	47,054	-	158,796	158,796	-	12,952	12,952
China	67,845	-	67,845	-	97,767	97,767	35,362	-	35,362
Germany	-	-	-	-	-	-	-	-	-
Hong Kong	-	-	-	-	-	-	-	-	-
Italy	-	28,118	28,118	-	36,379	36,379	-	-	-
Portugal	-	293,473	293,473	-	83,864	83,864	-	78,962	78,962
Romania	15,452	-	15,452	-	-	-	-	-	-
Sri Lanka	1,999	-	1,999	4,623	-	4,623	1,999	-	1,999
Turkey	-	32,711	32,711	-	-	-	-	-	-
Bangladesh	-	-	-	-	-	-	-	-	-
Inter-segment eliminations	(7,391,469)	-	(7,391,469)	(2,676,790)	-	(2,676,790)	(3,670,660)	-	(3,670,660)
Total revenue from contracts with customers	11,497,178	11,538,874	23,036,052	6,650,478	6,387,599	13,038,077	3,210,608	4,114,152	7,324,760
Timing of revenue recognition									
Products transferred at a point in time	11,497,178	11,538,874	23,036,052	6,650,478	6,387,599	13,038,077	3,210,608	4,114,152	7,324,760
Total revenue from contracts with customers	11,497,178	11,538,874	23,036,052	6,650,478	6,387,599	13,038,077	3,210,608	4,114,152	7,324,760

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

	Un-Audited			
	Period ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	----- (Rupees in Thousand) -----			
19. COST OF SALES				
Raw material consumed	15,170,551	9,467,437	4,895,185	2,800,227
Sizing expenses	104,944	65,439	34,228	4,865
Stores, spares and loose tools consumed	241,929	157,083	81,677	39,587
Packing materials consumed	162,045	88,450	50,455	25,985
Salaries, wages and other benefits	1,188,368	726,737	385,686	173,771
Fuel and power	2,909,901	1,186,895	956,453	385,175
Repairs and maintenance	142,938	63,354	45,662	24,549
Insurance	37,884	31,533	12,256	10,815
Depreciation	578,293	476,466	192,801	158,622
Other factory overheads	30,336	24,860	9,611	8,510
	20,567,189	12,288,254	6,664,014	3,632,106
Work-in-process:				
Opening stock	346,703	350,705	389,946	192,453
Closing stock	(429,356)	(258,804)	(429,356)	(258,804)
	(82,653)	91,901	(39,410)	(66,351)
Cost of goods manufactured	20,484,536	12,380,155	6,624,604	3,565,755
Finished goods:				
Opening stock	2,624,521	3,684,611	2,107,258	4,349,614
Closing stock	(2,044,751)	(3,431,221)	(2,044,751)	(3,431,221)
	579,770	253,390	62,507	918,393
	21,064,306	12,633,545	6,687,111	4,484,148
20. DISTRIBUTION COST				
Salaries and other benefits	10,576	5,906	5,869	1,949
Commission to selling agents	170,738	101,713	53,429	31,054
Outward freight and shipment	35,917	35,187	10,403	4,911
Clearing and forwarding	6,661	5,202	2,408	2,626
Export development surcharge	1,220	957	327	186
	225,112	148,965	72,436	40,726

**Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
 For the period ended 31 March 2024**

	Un-Audited			
	Period ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
-----Rupees in Thousand-----				
21. ADMINISTRATIVE EXPENSES				
Salaries, wages and other benefits	137,532	107,572	42,717	29,476
Rent, rates and taxes	7,922	7,162	2,139	2,368
Electricity and gas	11,127	8,697	3,738	3,172
Traveling and conveyance	10,961	5,605	3,226	639
Repair and maintenance	6,100	6,616	2,028	3,012
Vehicle running and maintenance	9,532	6,648	3,065	1,648
Printing and stationery	3,823	3,097	674	772
Communication	1,264	1,294	351	312
Fee and subscription	11,245	5,955	2,304	1,780
Advertisement	590	128	-	-
Insurance	2,430	2,208	829	758
Depreciation	23,785	24,179	8,259	8,158
Entertainment	610	464	105	62
Donation	1,545	11,545	15	1,015
	228,466	191,170	69,450	53,172
22. OTHER OPERATING EXPENSES				
Legal and professional	3,505	5,117	1,149	1,746
Auditors' remuneration	1,753	1,596	355	545
Workers profit participation fund	76,811	1,178	25,536	(916)
Workers welfare fund	29,188	448	9,704	(348)
Exchange loss	3,653	19,096	480	159
Unrealised loss on re-measurement of investments at fair value through profit or loss	-	55,336	17,913	12,600
Provision for Expected Credit Losses	3,501	-	-	-
Provision for slow moving, obsolete and damaged store	1,488	-	-	-
Others	125	45	-	6
	120,024	82,816	55,137	13,792

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

	Un-Audited			
	Period ended		Quarter ended	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	-----Rupees in Thousand-----			
23. OTHER OPERATING INCOME				
Profit on bank deposits	60,056	33,913	18,907	8,617
Dividend income	199,242	213,793	106,161	14,040
Sale of empties and scrap	4,144	2,259	1,527	327
Gain on disposal of operating fixed assets	6,849	9,454	3,055	3,686
Gain / (loss) on sale of investments at FVTPL	20,915	14,153	2,629	3,486
Unrealised gain on re-measurement of investments at FVTPL	70,408	-	-	-
	361,614	273,572	132,279	30,156
24. FINANCE COST				
Interest / mark-up on:				
Long term financing	81,662	85,877	26,079	26,141
Short term borrowings	232,576	135,205	68,334	66,231
Liabilities against assets subject to finance leases	29	85	29	35
Adjustment due to impact of IFRS 9	-	288	-	-
Bank charges and commission	14,463	11,327	2,152	2,551
	328,730	232,782	96,594	94,958
25. TAXATION				
Charge for the period:				
Current	376,576	222,042	135,779	73,471
Deferred	102,181	(4,422)	-	-
	478,757	217,620	135,779	73,471

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For the period ended 31 March 2024

26 OPERATING SEGMENT INFORMATION

26.1 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.

	(UN-AUDITED)										
	Spinning			Weaving			Elimination of Inter-segment transactions			Total-Company	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	31 March 2024	31 March 2023	
Revenue from contracts with customers											
External	11,497,178	6,650,478	11,538,874	6,387,599	-	-	-	-	23,036,052	13,038,077	
Inter-segment	7,391,468	2,676,790	-	-	(7,391,468)	(2,676,790)	-	-	-	-	
	18,888,646	9,327,268	11,538,874	6,387,599	(7,391,468)	(2,676,790)	-	-	23,036,052	13,038,077	
Cost of sales											
External	(14,028,469)	(6,212,706)	(7,035,837)	(6,420,839)	-	-	-	-	(21,064,306)	(12,633,545)	
Inter-segment	(7,391,468)	(2,676,790)	-	-	7,391,468	2,676,790	-	-	-	-	
	(21,419,937)	(8,889,496)	(7,035,837)	(6,420,839)	7,391,468	2,676,790	-	-	(21,064,306)	(12,633,545)	
Gross profit / (loss)	(2,531,291)	437,772	4,503,037	(33,240)	-	-	-	-	1,971,746	404,532	
Distribution cost	(142,750)	(88,405)	(82,362)	(80,560)	-	-	-	-	(225,112)	(148,965)	
Administrative expenses	(189,545)	(138,939)	(38,921)	(52,231)	-	-	-	-	(228,466)	(191,170)	
	(332,295)	(207,344)	(121,283)	(132,791)	-	-	-	-	(453,578)	(340,135)	
Profit / (loss) before taxation and unallocated income and expenses	(2,863,586)	230,428	4,381,754	(166,031)	-	-	-	-	1,518,168	64,397	
Unallocated income and expenses:											
Operating expenses									(120,024)	(82,816)	
Other income									361,614	273,572	
Finance cost									(328,730)	(232,782)	
									(87,140)	(42,026)	
Profit before taxation									1,431,028	22,371	
Taxation									478,757	217,620	
Profit for the period									952,271	(195,249)	

Inter segment sales and purchases have been eliminated on consolidation.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

26.3 Reconciliation of Reportable Segment Assets and Liabilities

	Spinning		Weaving		Total-Company	
	Un-Audited 31 March 2024	Audited 30 June 2023	Un-Audited 31 March 2024	Audited 30 June 2023	Un-Audited 31 March 2024	Audited 30 June 2023
Total assets for reportable segment	13,655,751	14,819,798	4,999,161	4,630,028	18,654,912	19,449,826
Unallocated assets:						
Investment properties			477,690		477,690	477,690
Long term investments			943,431		943,431	625,563
Short term investments			2,588,214		2,588,214	601,511
Non-current assets classified as held for sale			22,465		22,465	22,465
Total assets as per condensed interim statement of financial position			22,686,712		22,686,712	21,177,055
Total liabilities for reportable segments	6,788,205	5,632,724	2,507,528	3,579,078	9,295,733	9,211,802
Unallocated liabilities:						
Deferred liabilities					990,132	918,687
Provision for taxation - net					353,690	241,839
Unclaimed dividend					7,313	7,313
Total liabilities as per condensed interim statement of financial position			10,646,868		10,646,868	10,379,641

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

27. 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 March 2024 - Un-Audited	Level 1	Level 2	Level 3	Total
(Rupees in Thousand)				
Financial assets				
Fair value through profit or loss	2,588,214	-	-	2,588,214
Fair value through other comprehensive income	937,101	-	-	937,101
	3,525,315	-	-	3,525,315
Recurring fair value measurements at 30 June 2023 - Audited	Level 1	Level 2	Level 3	Total
(Rupees in Thousand)				
Financial assets				
Fair value through profit or loss	601,511	-	-	601,511
Fair value through other comprehensive income	619,433	-	-	619,433
Derivative Financial Liabilities	-	-	-	-
	1,220,944	-	-	1,220,944

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

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 2023. 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.

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 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.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

ii) Period end balances

	As at 31 March 2024 (Un-audited)		
	Associated Companies	Other Related Parties	Total
	(Rupees in Thousand)		
Trade debts	11,101	-	11,101
Trade and other payables	12,366	-	12,366
Other receivables	11,771	-	11,771
Loans and advances	67,659	-	67,659
	As At 30 June 2023 (Audited)		
	Associated Companies	Other Related Parties	Total
	(Rupees in Thousand)		
Trade debts	375	-	375
Trade and other payables	58,333	-	58,333
Other receivables	24,504	-	24,504
Loans and advances	68,342	-	68,342
	Un-Audited	Audited	
	31 March	30 June	
	2024	2023	
	(Rupees in thousand)		
29. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX			
Loan / advances obtained as per Islamic mode:			
Loans	294,745	209,363	
Advances	43,977	73,938	
Shariah compliant bank deposits / bank balances			
Bank balances	19,775	16,383	

**Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
 For the period ended 31 March 2024**

	Un-Audited	
	31 March 2024	31 March 2023
	(Rupees in thousand)	
30. PROFIT EARNED FROM SHARIAH COMPLIANT BANK DEPOSITS / BANK BALANCES		
Profit on deposits with banks	34,003	7,045
Revenue earned from shariah compliant business	23,036,052	13,038,077
Gain or dividend earned from shariah complaint investments		
Dividend income	47,246	47,120
Unrealized gain on re-measurement of investments at FVTOCI	266,265	(43,944)
Unrealized gain on re-measurement of investments at FVTPL	50,252	(73,513)
Realized gain on investments at FVTPL	12,053	-
Realized gain on investments at FVTOCI	7,682	-
Exchange gain / (loss)	3,173	-
Mark-up paid on Islamic mode of financing	58,062	21,273
Profits Earned or Interest Paid on any conventional Loans / Advance		
Interest paid on loans	256,176	211,221
Profit earned on deposits with banks	26,053	26,868

Relationship with shariah compliant banks

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

31. 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 2023.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the period ended 31 March 2024

32. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on April 29, 2024.

33. 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.

34. 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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