



1st QUARTER 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

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 the Board of Directors, I am pleased to present the operating and financial performance of the company for the first quarter of Financial Year 2022 ended 30 September 2021.

Overview

FY 2021-22 has started with encouraging economic growth outlook and the performance of your company continued to reflect an improved operating performance during the period under review. Although our costs show an increasing trend on account of inflationary pressures in the economy as well as rising raw material prices, the prices of our finished goods also kept pace with this rise. The company achieved a 21.6% increase in sales to reach RS. 4.92 billion as compared to Rs. 4.05 billion in the corresponding period. Financial charges rose by 32% primarily due to high borrowing mainly raw material financing as we accelerated our buying pattern. During the period under review the Company earned a net profit of Rs. 824 million and earnings per share of Rs. 20.43.

Following is summarized Income Statement for first quarter of FY 2021:

Brief Income Statement	Sep-21	Sep-20	% Change
	(PKR in Million)		
Sales	4,928	4,051	21.6%
Gross profit	1,235	505	202%
Operating profit	1,087	479	245%
Financial cost	(44)	(33)	32.5%
Profit before taxation	1,044	446	266%
Taxation	(220)	(73)	300%
Net Profit	824	373	221%
Earnings per Share (EPS)	20.43	10.16	

An impairment loss of PKR 76.5 Million was booked during the quarter, while remeasuring short term investments in equity instruments as at period end. Decline is attributable to bearish performance of PSX amid bull run in global commodities due to post COVID-19 surge in demand.

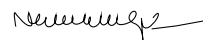
As per assessment, cotton crop is expected to surpass production targets and will be around 8.5 million bales. Despite healthy increase of 20% we believe requirements of textile industry could not be met and once again we have to rely on imported cotton. In view of post COVID demand, all commodity prices are at an all time high and this can hamper the earnings of the textile industry where raw material prices have increased and the Pakistan rupee continues to erode in value against the world currencies. The government must focus on import substitution by providing an enabling environment and quality seeds in order to produce high staple cotton and attain maximum benefits for the country.

On the expansion front company has procured almost entire machinery for its new weaving unit and it is expected that commercial production would commence from next calendar year. We are confident that this addition would strengthen our asset base and contribute significantly to our economies of scale while also enabling us to compete in terms of efficiency.

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.



Chief Executive



Director

October 27th, 2021
Lahore

ڈائریکٹر رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، میں 30 ستمبر 2021 کو ختم ہونے والی پہلی سہ ماہی کے لئے کمپنی کی آپریٹنگ اور مالی کارکردگی پیش کرتا ہوں۔

مالی سال 2021-22 کا آغاز معاشی نمو کے حوصلہ افزاء نقطہ نظر کے ساتھ ہوا ہے اور آپ کی کمپنی کی کارکردگی زیر جائزہ مدت کے دوران بہتر آپریٹنگ کارکردگی کی عکاسی کرتی رہی۔ اگرچہ ہماری لاگتیں معیشت میں افراط زر کے دباؤ اور خام مال کی بڑھتی ہوئی قیمتوں کی وجہ سے بڑھتے ہوئے رجحان کو ظاہر کرتی ہیں، لیکن ہمارے تیار شدہ سامان کی قیمتیں بھی اس اضافے کے ساتھ ساتھ بڑھتی رہیں۔ کمپنی نے گزشتہ سال کی اسی مدت میں 4.05 بلین روپے کے مقابلے رواں مدت میں 4.92 بلین روپے تک پہنچنے کے لیے فروخت میں 21.6% اضافہ حاصل کیا۔ جب ہم نے اپنی خریداری کے انداز کو تیز کیا خام مال کی مالی اعانت کے لئے بنیادی طور پر زیادہ قرض لینے کی وجہ سے مالیاتی چارجز میں 32 فیصد اضافہ ہوا۔ زیر جائزہ مدت کے دوران کمپنی نے 824 ملین روپے کا خالص منافع اور فی شیئر آمدنی 20.43 روپے کمائی۔

مالی سال 2022 کی پہلی سہ ماہی کے لئے انکم اسٹیٹمنٹ کا خلاصہ درج ذیل ہے:

تفصیلی انکم اسٹیٹمنٹ	ستمبر 21	ستمبر 20	فیصد تبدیلی
پاکستانی روپے بلین میں			
فروخت	4,928	4,051	21.6%
مجموعی منافع	1,235	505	202%
آپریٹنگ منافع	1,087	479	245%
مالی لاگت	(44)	(33)	32.5%
قبل از ٹیکس منافع	1,044	446	266%
ٹیکسیشن	(220)	(73)	300%
خالص منافع	824	373	221%
فی شیئر آمدنی (EPS)	20.43	10.16	

سہ ماہی کے دوران 76.5 ملین روپے کا ایمپلیز منٹ نقصان بک تھا، جبکہ مدت کے اختتام پر ایکویٹی انسٹرومنٹس میں قلیل مدتی سرمایہ کاری کی دوبارہ پیمائش کی گئی۔ کمی کو پید-19 کے بعد طلب میں اضافے کی وجہ سے عالمی اجناس میں تیزی کے درمیان PSX کی خراب کارکردگی سے منسوب ہے۔

تخمینہ کے مطابق، کپاس کی فصل پیداواری اہداف سے آگے نکل جانے کی توقع ہے اور تقریباً 8.5 ملین کانٹینر ہوں گی۔ 20 فیصد کے صحت مند اضافے کے باوجود ہمیں یقین ہے کہ ٹیکسٹائل انڈسٹری کی ضروریات پوری نہیں ہوسکتیں اور ایک بار پھر ہمیں درآمدی کپاس پر انحصار کرنا پڑے گا۔ کوئیڈ کے بعد کی طلب کے پیش نظر، تمام اجناس کی قیمتیں بہت زیادہ ہیں اور اس سے ٹیکسٹائل انڈسٹری کی آمدنی متاثر ہو سکتی ہے جہاں خام مال کی قیمتوں میں اضافہ ہوا ہے اور پاکستانی روپے کی قدر میں عالمی کرنسیوں کے مقابلے میں مسلسل کمی واقع ہو رہی ہے۔ اعلیٰ ترین کپاس کی پیداوار اور ملک کے لیے زیادہ سے زیادہ فوائد حاصل کرنے کے لیے حکومت کو ایک قابل ماحول اور معیاری بیج فراہم کر کے درآمدی متبادل پر بلاز مآلود بنی چاہیے۔ توسیعی محاذ پر کمپنی نے اپنے نئے ویلوگ یونٹ کے لیے تقریباً تمام مشینری خرید لی ہے اور توقع ہے کہ اگلے کیلنڈر سال سے تجارتی پیداوار شروع ہو جائے گی۔ ہمیں یقین ہے کہ یہ اضافہ ہمارے اثاثہ جات کی بنیاد کو مضبوط کرے گا اور ہمارے اسکیل کی معیشتوں میں نمایاں کردار ادا کرے گا اور ساتھ ساتھ ہمیں کارکردگی کے لحاظ سے مسابقتی ہونے کے قابل بنائے گا۔ آپ کی کمپنی منفی اثرات کو محدود کرنے اور اپنے اسٹیک ہولڈرز کی توقعات کے مطابق کوشش اور کارکردگی کا مظاہرہ جاری رکھنے کے لیے اپنی بنیادی صلاحیتوں اور اپنی انتظامی مہارت پر توجہ مرکوز رکھے گی۔ ہم ہمیشہ تنوع کے نئے مواقع کی تلاش میں رہتے ہیں اور آپ کو اپنی کوششوں سے آگاہ کرتے رہیں گے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام شرکاء داروں اور ملازمین کی مسلسل حمایت کا شکریہ ادا کرتے ہیں۔ میں بورڈ کی قابل قدر بصیرت اور رہنمائی کے لئے

ان کا بھی شکریہ ادا کرتا ہوں۔

ڈائریکٹر

چیف ایگزیکٹو


لاہور: 27 اکتوبر 2021ء

Condensed Interim Statement of Financial Position (Un-Audited)

As At September 30, 2021

		Un-Audited	Audited
		Sep 30, 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	4	403,384	403,384
Reserves	5	9,567,769	8,864,618
TOTAL EQUITY		9,971,153	9,268,002
LIABILITIES			
Non-current liabilities			
Long term financing	6	3,949,105	2,595,380
Liabilities against assets subject to finance lease		841	1,186
Deferred liabilities	7	384,997	396,510
		4,334,943	2,993,076
Current liabilities			
Trade and other payables	8	2,720,988	2,206,833
Accrued mark-up		35,106	26,293
Short term borrowings		653,803	429,454
Unclaimed dividends		6,387	6,387
Current portion of non current liabilities	9	809,629	800,501
		4,225,913	3,469,468
TOTAL LIABILITIES		8,560,856	6,462,544
CONTINGENCIES AND COMMITMENTS			
	10		
TOTAL EQUITY AND LIABILITIES		18,532,009	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
		Sep 30, 2021	June 30, 2021
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	11	7,083,165	5,570,690
Right of use asset		2,021	2,128
Investment Properties		477,690	477,690
Long term investments	12	858,965	971,627
Long term deposits		22,076	22,076
		8,443,917	7,044,211
Current assets			
Stores, spares and loose tools	13	208,918	218,925
Stock in trade	14	3,737,013	3,203,682
Trade debts	15	1,655,159	1,439,847
Loans and advances	16	58,884	39,972
Short term deposits and prepayments		150,333	105,614
Tax refunds due from the government		109,631	137,167
Other receivables		18,121	23,018
Short term investments	17	3,894,847	3,211,269
Cash and bank balances		217,373	282,975
		10,050,279	8,662,469
Non-current assets classified as held for sale		37,813	23,866
		10,088,092	8,686,335
TOTAL ASSETS		18,532,009	15,730,546

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


CHIEF EXECUTIVE OFFICER


DIRECTOR



CHIEF FINANCIAL OFFICER

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

For The Period Ended September 30, 2021

		Sep 30, 2021	Sep 30, 2020
	Note	(Rupees in thousand)	
			(Restated)
Revenue	18	4,927,596	4,050,803
Cost of Sales	19	3,692,964	3,545,248
Gross Profit		1,234,632	505,555
Distribution Cost	20	45,101	36,762
Administrative Expenses	21	52,846	47,005
Other Expenses	22	156,798	35,035
		254,744	118,802
		979,888	386,753
Other income	23	107,523	91,945
Profit from operations		1,087,411	478,698
Finance cost	24	43,516	32,820
Profit before taxation		1,043,895	445,878
Taxation	25	219,839	73,212
Profit after taxation		824,056	372,666
Earnings per share - Basic and diluted (Rupees)		20.43	9.24

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 September 30, 2021

	Sep 30, 2021	Sep 30, 2020
	(Rupees in thousand)	
Profit after taxation	824,056	372,666
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	(120,905)	127,664
Items that may be reclassified subsequently to profit or loss		
Other comprehensive income / (loss) for the period - net of tax	(120,905)	127,664
Total comprehensive income for the period	703,151	500,330

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 September 30, 2021

	RESERVES								Total Equity
	Share capital	Capital reserves			Revenue Reserves			Total	
		Share premium reserve	Fair value reserve on FVTOCI investments	Sub total	General	Unappropriated profit	Sub total		
(Rupees in thousand)									
Balance as at 30 June 2020 - (Audited)	366,713		(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	-	-	-	-	-	2,558,521	2,558,521	2,558,521	2,558,521
Other comprehensive loss for the period - restated	-	-	239,553	239,553	-	-	-	239,553	239,553
Total comprehensive income for the period	-	-	239,553	239,553	-	2,558,521	2,558,521	2,798,074	2,798,074
Balance as at 30 June 2021 - (Un-Audited)	403,384	29,000	9,985	38,985	3,714,000	5,111,633	8,825,633	8,864,618	9,268,002
Profit for the period	-	-	-	-	-	824,056	824,056	824,056	824,056
Other comprehensive loss for the period - restated	-	-	(120,905)	(120,905)	-	-	-	(120,905)	(120,905)
Total comprehensive income for the period	-	-	(120,905)	(120,905)	-	824,056	824,056	703,151	703,151
Balance as at 30 September 2021 - (Un-Audited)	403,384	29,000	(110,920)	(81,920)	3,714,000	5,935,689	9,649,689	9,567,769	9,971,153

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)

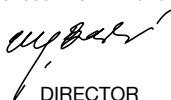
For The Period Ended September 30, 2021

	Sep 30, 2021	Sep 30, 2020
	(Rupees in thousand)	
		(Restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	1,043,895	445,878
Adjustment for non-cash and other items:		
Depreciation	115,803	114,131
Gain on disposal of property, plant and equipment	(11,525)	(8,880)
Net (gain) on short term investment	-	(17,291)
Unrealized (gain) / loss on remeasurement of investments at FVTPL	76,542	(28,411)
Provision for Workers' Profit Participation Fund	56,603	24,122
Provision for Workers' Welfare Fund	21,510	9,167
Profit on bank deposits	(3,060)	(3,641)
Dividend income	(91,753)	(27,914)
Exchange (gain) / loss	(6)	(4,345)
Finance cost	43,516	32,820
Cash flows from operating activities before working capital changes	1,251,525	535,636
EFFECT ON CASH FLOW DUE TO WORKING CAPITAL CHANGES		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	10,007	21,232
Stock in trade	(533,331)	800,149
Trade debts	(215,306)	(290,462)
Loans and advances	(18,912)	(7,387)
Trade deposits and short term prepayments	(44,719)	(13,113)
Other receivables	4,897	2,032
Increase in current liabilities:		
Trade and other payables	599,398	32,525
Net cash from /(used in) working capital	(197,966)	544,976
CASH GENERATED FROM /(USED IN) OPERATIONS	1,053,559	1,080,612
Finance cost paid	(34,703)	(42,425)
Workers' profit participation fund paid	(165,741)	(45,788)
Profit on bank deposits received	3,060	3,641
Income tax paid	(192,303)	75,715
NET CASH FROM /(USED IN) OPERATING ACTIVITIES	663,872	1,071,755
CASH FLOWS FROM INVESTING ACTIVITIES		
Capital expenditure incurred	(1,666,808)	(5,532)
Proceeds from disposal of property, plant and equipment	36,215	19,155
Investments - net	(768,363)	(398,303)
Dividend received	91,753	27,914
NET CASH USED IN INVESTING ACTIVITIES	(2,307,203)	(356,766)
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing - net	1,353,380	(1,125)
(Decrease)/ increase in short term borrowings - net	224,349	(719,372)
Dividend paid	-	(344)
NET CASH (USED IN) / FROM FINANCING ACTIVITIES	1,577,729	(720,841)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(65,602)	(5,852)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	282,975	207,139
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	217,373	201,287

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Notes To condensed Interim Financial Statements (Un-Audited) For The Period Ended September 30, 2021

1. THE COMPANY AND ITS ACTIVITIES

Suraj Cotton Mills Limited ('the Company') was incorporated in Pakistan as a public limited company under the Companies Act, 1913 (now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. 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, fabric and processing of fabric.

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 condensed Interim Financial Statements (Un-Audited)
For The Period Ended September 30, 2021

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

Un-Audited Sep 30, 2021 (No. of Shares)	Audited June 30, 2021		Un-Audited Sep 30, 2021 (Rupees in thousand)	Audited June 30, 2021
17,400,000	17,400,000	Ordinary shares of Rupees 10 each fully paid up in cash	174,000	174,000
22,938,443	22,938,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	229,384	229,384
40,338,443	40,338,443		403,384	403,384

	Note	Un-Audited Sep 30, 2021 (Rupees in thousand)	Audited June 30, 2021
5. RESERVES			
Capital reserves:			
Share premium reserve		29,000	29,000
Fair value reserve on FVTOCI investments		(110,920)	9,985
		(81,920)	38,985
Revenue reserves:			
General reserve		3,714,000	3,714,000
Unappropriated profit		5,935,689	5,111,633
		9,649,689	8,825,633
		9,567,769	8,864,618
6. LONG TERM FINANCING - secured			
Opening balance		3,126,639	2,590,654
Obtained during the period / year		1,441,664	566,259
Repaid during the period / year		(87,939)	(30,274)
		4,480,364	3,126,639
Less: Current portion shown under current liabilities		(367,334)	(367,334)
Less: Deferred Income Government Grant		(163,925)	(163,925)
		3,949,105	2,595,380
7. DEFERRED LIABILITIES			
Deferred income - Government grant		141,575	141,575
Gas Infrastructure Development Cess (GIDC) payable		45,469	56,982
Deferred income tax liability - net		197,953	197,953
		384,997	396,510

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

		Un-Audited Sep 30, 2021	Audited June 30, 2021
	Note	(Rupees in thousand)	
8. TRADE AND OTHER PAYABLES			
Creditors		1,092,308	480,909
Contract liabilities - unsecured		88,690	58,196
Accrued liabilities		1,233,253	1,176,484
Infrastructure cess payable		122,932	116,243
Payable to employees' provident fund trust		53	49
Income tax deducted at source		3,420	3,461
Sales tax payable		-	103,531
Workers' profit participation fund		56,603	165,741
Workers' welfare fund		123,729	102,219
		2,720,988	2,206,833
9. CURRENT PORTION OF NON CURRENT LIABILITIES			
Current portion of long term financing		367,334	367,334
Current portion of lease liability		587	587
Current portion of deferred income - Government grant		22,350	22,350
Current portion of GIDC		419,358	410,230
		809,629	800,501
10. CONTINGENCIES AND COMMITMENTS			
Contingencies			
i) Guarantees of Rupees 303.476 million (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.			
Commitments			
i) Contracts for capital expenditure are approximately of Rupees 1,208.826 million (2021: 3,306.022 million)			
ii) Letters of credit other than for capital expenditure are of Rupees 733.472 million (2021: 465.840 million)			
iii) Outstanding foreign currency forward contracts are of Rupees NIL (2021: Rupees 439.899 million)			
11. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	11.1	5,039,384	4,669,213
Capital Work in Progress	11.2	2,043,781	901,477
		7,083,165	5,570,690

Selected Notes To condensed Interim Financial Statements (Un-Audited)
For The Period Ended September 30, 2021

		Un-Audited Sep 30, 2021	Audited June 30, 2021
	Note	(Rupees in thousand)	
11.1 Operating fixed assets - tangible			
Opening book value		4,669,213	4,940,565
Add: Additions during the period / year -cost	11.1.1	524,504	214,485
		5,193,717	5,155,050
Less: Deletions during the period / year		(38,635)	(21,921)
		5,155,082	5,133,129
Less: depreciation during the period / year		(115,698)	(463,916)
Book value at the end of the period / year		5,039,384	4,669,213
11.1.1 Additions during the period / year - cost			
Factory building		-	21,320
Plant and machinery		517,845	172,427
Vehicles		6,659	20,738
		524,504	214,485
11.1.2 CAPITAL WORK IN PROGRESS			
Buildings on freehold land		338,548	233,247
Plant and machinery		1,692,242	653,126
Electric installations		12,991	15,104
		2,043,781	901,477
12 LONG TERM INVESTMENT			
Investments in joint ventures - under equity method		-	-
Equity instruments - at FVTOCI		852,835	965,497
Knightbridge Residential Real Estate Partners (Partnership Firm)		6,130	6,130
		858,965	971,627
13. STORE , SPARE PARTS AND LOOSE TOOLS			
Stores		234,552	237,025
Spares parts		9,599	12,856
Loose tools		231	273
Stores in transit		8,175	12,410
		252,557	262,564
Less: Provision for slow moving, obsolete and damaged store items		(43,639)	(43,639)
		208,918	218,925

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

		Un-Audited	Audited
		Sep 30,	June 30,
		2021	2021
		(Rupees in thousand)	
Note			
14. STOCK IN TRADE			
Raw material in transit		66,908	137,716
Raw material		2,028,014	2,016,200
Work in process		235,712	183,121
Finished goods		1,370,229	842,432
Waste		36,150	24,213
		3,737,013	3,203,682
15. TRADE DEBTS			
Secured against letters of credit		-	-
Unsecured		1,704,472	1,489,037
		1,704,472	1,489,037
Less: Allowance for expected credit loss		(49,313)	(49,190)
		1,655,159	1,439,847
16. LOANS AND ADVANCES			
Employees		7,516	6,337
Advances to suppliers		40,433	18,454
Letters of credit		10,935	12,677
Due from related parties		-	2,504
		58,884	39,972
17. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT OR LOSS			
Equity Investments	17.1	342,388	398,068
Mutual funds	17.2	3,552,459	2,813,201
		3,894,847	3,211,269
17.1 Securities held at fair value through profit or loss			
Carrying value		487,887	357,464
Unrealised gain / (loss)		(145,499)	40,604
		342,388	398,068
17.2 Mutual funds			
HBL Cash Fund		511,226	501,041
Alfalah GHP Money Market Fund		477,634	368,648
MCB Cash Management Optimizer		495,443	386,467
NBP Money Market Fund		460,996	451,133
ABL Cash Fund		373,817	367,118
Atlas Money Market Fund		421,066	326,277
UBL Asset Management		434,379	412,517
Faysal Money Market Fund		377,898	-
		3,552,459	2,813,201

Selected Notes To condensed Interim Financial Statements (Un-Audited)
For The Period Ended September 30, 2021

		UN-AUDITED					
		Period ended			Period ended		
		SEP 30, 2021			SEP 30, 2020		
		Spinning	Weaving	Total	Spinning	Weaving	Total
-----Rupees in Thousand-----							
18. SALES							
Local		3,660,183	2,107,370	5,767,553	3,298,279	1,277,909	4,576,188
Export		850	-	850	496	94,096	94,592
Inter Segments		(840,808)	-	(840,808)	(619,977)	-	(619,977)
		2,820,225	2,107,370	4,927,596	2,678,798	1,372,005	4,050,803
18.1 Disaggregation of the Company's revenue from contracts with customer is as follows.							
Segments							
Sale of yarn		3,500,516	-	3,500,516	3,148,076	-	3,148,076
Sale of fabric		-	2,101,293	2,101,293	-	1,366,961	1,366,961
Sale of waste		160,518	6,077	166,595	150,699	5,044	155,743
Inter-segment eliminations		(840,808)	-	(840,808)	(619,977)	-	(619,977)
Total revenue from contracts with customers		2,820,226	2,107,370	4,927,596	2,678,798	1,372,005	4,050,803
Geographic markets							
Pakistan		3,660,184	2,107,370	5,767,554	3,298,279	1,277,909	4,576,188
China		-	-	-	-	-	-
Hong Kong		-	-	-	-	16,460	16,460
Italy		-	-	-	-	41,658	41,658
Portugal		-	-	-	-	18,300	18,300
Sri Lanka		850	-	850	496	-	496
South Korea		-	-	-	-	5,246	5,246
Turkey		-	-	-	-	12,433	12,433
Germany		-	-	-	-	-	-
Viet Nam		-	-	-	-	-	-
Inter-segment eliminations		(840,808)	-	(840,808)	(619,977)	-	(619,977)
Total revenue from contracts with customers		2,820,226	2,107,370	4,927,596	2,678,798	1,372,006	4,050,804
Timing of revenue recognition							
Goods transferred at a point in time		2,820,226	2,107,370	4,927,596	2,678,798	1,372,006	4,050,804
Total revenue from contracts with customers		2,820,226	2,107,370	4,927,596	2,678,798	1,372,006	4,050,804

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

	Un-Audited	
	Sep 30, 2021	Sep 30, 2020
	(Rupees in thousand)	
19. COST OF SALES		
Raw material consumed	3,350,102	2,252,164
Sizing expenses	21,376	15,383
Stores, spares and loose tools consumed	70,629	67,237
Packing materials consumed	44,695	35,816
Salaries, wages and other benefits	282,714	238,204
Fuel and power	366,183	340,185
Repairs and maintenance	26,799	19,640
Insurance	8,192	7,781
Depreciation	108,800	107,053
Other factory overheads	5,800	5,492
	4,285,290	3,088,955
Work-in-process:		
Opening stock	183,121	167,564
Closing stock	(235,712)	(183,227)
	(52,591)	(15,663)
Cost of goods manufactured	4,232,699	3,073,292
Finished goods:		
Opening stock	866,644	1,353,734
Closing stock	(1,406,379)	(881,778)
	(539,735)	471,956
	3,692,964	3,545,248
20. DISTRIBUTION COST		
Salaries, and other benefits	3,002	2,076
Commission to selling agents	34,833	23,935
Outward freight and shipment	6,050	9,242
Clearing and forwarding	1,215	1,273
Export development surcharge	1	236
	45,101	36,762

Selected Notes To condensed Interim Financial Statements (Un-Audited)
For The Period Ended September 30, 2021

		Un-Audited	
		Sep 30, 2021	Sep 30, 2020
		(Rupees in thousand)	
21.	ADMINISTRATIVE EXPENSES		
	Salaries, wages and other benefits	31,711	27,489
	Rent, rates and taxes	2,229	2,559
	Electricity and gas	2,499	2,570
	Traveling and conveyance	2,086	777
	Repair and maintenance	1,372	2,031
	Vehicle running and maintenance	2,071	1,616
	Printing and stationery	1,299	538
	Communication	411	568
	Fee and subscription	1,293	1,009
	Advertisement	2	-
	Insurance	758	692
	Depreciation	7,003	7,077
	Entertainment	97	64
	Donation	15	15
		52,846	47,005
22.	OTHER OPERATING EXPENSES		
	Legal and professional	869	768
	Auditors' remuneration	1,275	979
	Workers profit participation fund	56,603	24,122
	Workers welfare fund	21,509	9,166
	Impairment loss on investment	76,542	-
		156,798	35,035
23.	OTHER OPERATING INCOME		
	Exchange gain / (loss)	6	4,345
	Profit on bank deposits	3,060	3,594
	Dividend income	91,753	27,914
	Sale of empties and scrap	1,080	1,463
	Gain on disposal of operating fixed assets	11,525	8,880
	Gain / (loss) on sale of investments at FVTPL	-	17,291
	Unrealised gain on re-measurement of investments at FVTPL	-	28,411
	Other	99	47
		107,523	91,945

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

		Un-Audited	
		Sep 30, 2021	Sep 30, 2020
		(Rupees in thousand)	
24. FINANCE COST			
Interest / mark-up on:			
Long term financing	27,611	17,216	
GIDC liability	4,484	-	
Short term borrowings	8,980	13,323	
Liabilities against assets subject to finance leases	37	-	
Bank charges and commission	2,404	2,281	
	43,516	32,820	
25. TAXATION			
Charge for the period:			
Current	219,839	73,212	
	219,839	73,212	

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.

Selected Notes To condensed Interim Financial Statements (Un-Audited)
For The Period Ended September 30, 2021

	Spinning		Weaving		Un-Audited		Elimination of Inter-segment transactions		TOTAL-COMPANY	
	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020	Sep 30, 2021	Sep 30, 2020
(Rupees in thousand)										
Sales										
External	2,820,225	2,678,798	2,107,370	1,372,005	-	-	-	-	4,927,596	4,050,803
Inter-segment	840,808	619,977	-	-	(840,808)	(619,977)	-	-	-	-
	3,661,033	3,298,775	2,107,370	1,372,005	(840,808)	(619,977)	4,927,596	4,050,803		
Cost of sales										
External	(1,791,640)	(2,315,364)	(1,901,324)	(1,229,884)	-	-	-	-	(3,692,964)	(3,545,248)
Inter-segment	(840,808)	(619,977)	-	-	840,808	619,977	-	-	-	-
	(2,632,448)	(2,935,341)	(1,901,324)	(1,229,884)	840,808	619,977	(3,692,964)	(3,545,248)		
Gross profit	1,028,585	363,434	206,046	142,121	-	-	1,234,632	505,555		
Distribution cost	(29,590)	(23,336)	(15,511)	(13,426)	-	-	(45,101)	(36,762)		
Administrative expenses	(39,183)	(34,721)	(13,663)	(12,284)	-	-	(52,846)	(47,005)		
	(68,772)	(58,057)	(29,174)	(25,710)	-	-	(97,946)	(83,767)		
Profit before taxation and unallocated income and expenses	959,813	305,377	176,872	116,411	-	-	1,136,686	421,788		
Unallocated income and expenses:										
Operating expenses							(156,798)	(35,035)		
Other income							107,523	91,945		
Finance costs							(43,516)	(32,820)		
							(92,791)	24,090		
Profit before taxation							1,043,895	445,878		
Taxation							219,839	73,212		
Profit for the period							824,056	372,666		

Inter segment sales and purchases have been eliminated on consolidation.

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

26.3 Reconciliation of Reportable Segment Assets and Liabilities	Spinning		Weaving		TOTAL-COMPANY	
	Un-Audited	Audited	Un-Audited	Audited	Un-Audited	Audited
	Sep 30, 2021	June 30 - 2021	Sep 30, 2021	June 30 - 2021	Sep 30, 2021	June 30 - 2021
----- (Rupees in thousand) -----						
Total assets for reportable segment	8,606,076	8,211,374	4,546,987	2,697,553	13,153,063	10,908,927
Unallocated assets:						
Investment properties					477,690	477,690
Long term investments					858,965	971,627
Tax refunds due from the government					109,631	137,167
Investments held at fair value through profit or loss					3,894,847	3,211,269
Non-current assets classified as held for sale					37,813	23,866
Total assets as per condensed interim statement of financial position					18,532,009	15,730,546
Total liabilities for reportable segments	5,402,218	4,953,210	2,767,254	1,106,437	8,169,472	6,059,647
Unallocated liabilities:						
Deferred income tax liability					384,997	396,510
Unclaimed dividend					6,387	6,387
Total liabilities as per condensed interim statement of financial position					8,560,856	6,462,544

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

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 30 September 2021 - Un-Audited	Level 1	Level 2	Level 3	TOTAL
------(Rupees in thousand)-----				
Financial assets				
Fair value through profit or loss	3,894,847	-	-	3,894,847
Fair value through other comprehensive income	852,635	-	-	852,635
	4,747,482	-	-	4,747,482
Recurring fair value measurements at 30 June 2021 - Audited	Level 1	Level 2	Level 3	TOTAL
------(Rupees in thousand)-----				
Financial assets				
Fair value through profit or loss	3,211,269	-	-	3,211,269
Fair value through other comprehensive income	965,297	-	-	965,297
	4,176,566	-	-	4,176,566
Financial liabilities				
Derivative Financial Liabilities	-	1,185	-	1,185
	-	1,185	-	1,185

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 30 September 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.

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.

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

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.

28. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated companies, key management personnel and provident fund trust. 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:

i) **Transactions**
Associated companies

	Un-Audited	
	Sep 30, 2021	Sep 30, 2020
	(Rupees in thousand)	
Purchase of electricity	69	1,472
Sale of goods	29,568	11,642
Sale of non-current assets	3,042	-
Purchase of goods	156,337	8,058
Insurance expense	38,261	28,901
Key management personnel		
Remuneration paid to Chief Executive Officer, Director	13,221	11,986
Other related parties		
Company's contribution to provident fund trust	7,059	6,162

Selected Notes To condensed Interim Financial Statements (Un-Audited)
For The Period Ended September 30, 2021

As At 30 September 2021 (Un-Audited)			
	ASSOCIATED COMPANIES	OTHER RELATED PARTIES	TOTAL
	(Rupees in thousand)		
ii) Period end Balances			
Trade debts	2	-	2
Loans and advances	-	-	-
Trade and other payables	39,572	-	39,572

As At June 30, 2021 (Audited)			
	ASSOCIATED COMPANIES	OTHER RELATED PARTIES	TOTAL
	(Rupees in thousand)		
Trade debts	641	-	641
Loans and advances	2,504	-	2,504
Trade and other payables	26,243	-	26,243

		UN-AUDITED	AUDITED
		Sep 30,	June 30 -
		2021	2021
		(Rupees in thousand)	
29.	DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
	Loan / advances obtained as per Islamic mode:		
	Loans	31,171	36,171
	Advances	88,690	58,196
	Shariah compliant bank deposits / bank balances		
	Bank balances	166	773

Selected Notes To condensed Interim Financial Statements (Un-Audited)

For The Period Ended September 30, 2021

		UN-AUDITED	AUDITED
		Sep 30,	June 30,
		2021	2021
		(Rupees in thousand)	
30.	Profit earned from shariah compliant bank deposits / bank balances		
	Profit on deposits with banks	-	-
	Revenue earned from shariah compliant business	4,927,596	17,374,800
	Gain or dividend earned from shariah compliant investments		
	Dividend income	8,845	53,037
	Unrealized gain on re-measurement of investments at FVTOCI	-	139,291
	Unrealized gain on re-measurement of investments at FVTPL	-	22,189
	Realized gain on investments at FVTPL	-	76,352
	Exchange gain / (loss)	-	4,126
	Mark-up paid on Islamic mode of financing	471	10,231
	Profits Earned or Interest Paid on any conventional Loans / Advance		
	Interest paid on loans	89,281	125,564
	Profit earned on deposits with banks	2,651	10,932
	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	

Selected Notes To condensed Interim Financial Statements (Un-Audited) For The Period Ended September 30, 2021

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 2021.

32. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on October 27th, 2021.

33. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However no significant rearrangement 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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