

SURAJ
سورج



Annual Report | **2022**

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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. Muhammad Iqbal
Mr. Shams Rafi

Chief Executive Officer

Nadeem Maqbool

Chief Financial Officer

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

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

7-B-III, Aziz Avenue, Gulberg-V, Lahore
Ph: +92-423-5760379, 35760382
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.

Vision & Mission Statement

VISION

To be a leading textile enterprise with global aspirations, effectively pursuing multiple growth opportunities, maximizing return to the stakeholders, remaining socially and ethically responsible.

MISSION

We are committed to become a premier manufacturing organization in the textile industry maintaining market leadership in the present business and diversifying / integrating into value added projects with the goal of maximizing returns for all stakeholders.

Core Values

We take pride in adhering to ethical business practices and in being an upstanding corporate citizen. We respect our people and endeavour to provide them ceaseless opportunities to realize their full potential. We recognize our responsibility to our stakeholders, communities and nation. At Suraj we never forget what we stand for.

At Suraj we seek uncompromising integrity through each individual's effort towards quality products for our customers, maximizing returns to the shareholders and sizable contribution to the national exchequer. Our business success is dependent on trusting relationships. Our reputation is founded on the integrity of the Company's personnel and our commitment to the principles of:

PASSION FOR CUSTOMER

Build positive relationships through outstanding service with each interaction.

INTEGRITY

Uphold the highest ethical standards and promote trust and respect

EXCELLENCE

Exceed expectations and take intense pride in everything you do everyday.

LEADERSHIP

Have the courage to rise above challenges, to work through adversity, and inspire others

INNOVATION

Imagine what is possible. Foster creativity that challenges constraints and drives progress.

TEAMWORK

Consistently demonstrate an unselfish commitment to working with others to create a collaborative culture.

About Us

PROFILE

Suraj Cotton Mills Limited is a Public Limited Company incorporated on December 18, 1984 and is listed on Pakistan Stock Exchange of Pakistan. The Company is engaged in the manufacturing and trading of high quality Yarn and Woven Fabrics.

The Company has four operating units located at Nooriabad (Sindh), Shahkot and Raiwind (Punjab). The Company initially set up its spinning project with the capacity of 16,320 spindles at Nooriabad in 1985, which came into commercial production in 1986. After additions this unit now comprises of 24,576 spindles producing yarn counts from 10/1 cd to 30/1 cd, high end combed yarns and spandex yarns for weaving

Spinning unit No. 2 was set up at Shahkot in 1990 and this unit has witnessed a continuous process of modernization and expansion. Currently its spinning capacity is 43,000 spindles all of which specialize in the production of fine count yarns in range 40 combed to 130 combed.

The third production facility set up in 1994 in the same location. The weaving unit is equipped with most modern, sophisticated, state-of-the-art machinery and has a collective capacity exceeding 12 Million meters of grey cloth annually. In order for the company to be able to absorb the increasing competitiveness, and to be able to produce a variety of fabrics, the management has expanded its weaving facilities by addition of 120 state of art, wider width Air Jet looms in 2003 which has further enhanced the collective capacity to 28 million meters of Grey cloth annually.

In 2006 Suraj Cotton Mills completed the acquisition of a spinning unit comprising of 25,000 spindles located in Raiwind, Punjab. This unit has added to the company's production capability for fine count yarns in range 40/1 to 130/1. In 2017 we have expanded our spinning operations of Raiwind unit to 55,000 Spindles.

We have completed the erection of our 5th production facility in 2022 in Shahkot. This is a weaving unit comprising of 154 Wider Width Air Jet Looms which has augmented our capacity to produce quality fabrics.

Suraj Cotton Mills Limited enjoys a sound market reputation in both the domestic as well as international markets. The company has developed long term relationships with its customers and suppliers and is maintaining focus on increasing and enhancing investor values.

Business Philosophy

Our Business

We are a manufacturing organization operating integrated spinning and weaving facilities in textile industry and our end products are sold to international and national customers.

Vision of Future Business

We are committed to become premier manufacturing organization in the textile industry maintaining market leadership in the present business and diversifying into value added projects with the object of maximizing returns for all the stakeholders.

Our Strengths

We have made pioneering efforts in development of new products which has enabled us to emerge as a market leader. This together with an innovative and professional management style has helped us to build a strong and financially sound base.

Our Strategy

We are determined to convert our vision into reality by using innovation to create a market niche for our products and by investing in facilities, people, systems and new technology, diversification into value addition and improvements in productivity and service to customers.

We shall aggressively exploit new markets by drawing strength from our corporate image and by promoting a culture that encourages initiatives at all levels of decision making.

Our Values

- We take pride in adhering to ethical business practices and in being a good corporate citizen.
- We respect our people and endeavor to provide them opportunities to realize their full potential.
- We recognize our responsibility to our stakeholders and society.

Chairmans' Review

I am pleased to present the Chairman's Review Report of the company for the year ending 30 June 2022.

Pakistan's economy during the period ending June 2022 performed well and the industrial sector managed to post good results. This was the second full year after the pandemic and the country registered a growth of 5.97%. This has been a period of optimism with growth in exports of 25% as well as overseas remittances.

During the last quarter we have seen a lot of pressures on the economy with higher inflationary pressures due to unbridled imports and depreciation of the Pak rupee. This has adversely affected our balance of payments and resulted in a current account deficit. Higher oil prices, edible oil imports and industrial imports have all contributed to this. Higher interest rates and a lack of investor confidence has led to a downward trend in the PSX which has eroded our investment portfolio. The government has also levied additional taxes in the budget which will seriously impact those companies that have shown good earnings.

Company Performance

First half of current financial year was quite favorable for the Company due to positive market conditions and growth in demand; however, this momentum couldn't be sustained in second half due to rising political and economic uncertainty. Sales revenue grew by 35.26% to Rs 23.5 billion in the year under review as compared to Rs 17.37 billion in the previous year. During second half of this year, company has added new weaving capacity which we hope will contribute positively to our earnings.

Corporate Governance

Suraj Cotton complies with all material requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees. As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Suraj Cotton Mills Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall

performance and effectiveness is measured and necessary steps are initiated to further improve the working of the Board. The performance of the Board during the period under review has shown a diversity & mix in its composition. The Board has effectively participated in strategic planning in order to set the direction of the company in the short and long run. This involves budgetary exercises and also strategic direction for expansion and modernization.

I welcome our new Directors, Mr. Shams Rafi and Ms. Maheen Adamjee, both of whom bring experience and diversity in the composition of the board. I am sure that they will contribute actively in managing the affairs of the company.

I would like to express my gratitude to all the shareholders for their continued trust and confidence in the Company. The Board is united in extending our thanks to each member of the Suraj team for their dedication to the Company. We are committed to attain leadership in the industry by producing quality products and pray to Almighty Allah to bless us in our future endeavors.

Khalid Bashir

Chairman
Board of Directors

چیئر مین کا جائزہ

جون 2022 کو ختم ہونے والی مدت کے دوران پاکستان کی معیشت نے اچھی کارکردگی کا مظاہر کیا اور صنعتی شعبہ نے اچھے نتائج درج کئے۔ وبائی بیماری کے بعد یہ دوسری مکمل ششماہی تھی اور ملک نے %5.97 کی نمو درج کی۔ یہ مدت برآمدات میں %25 اور غیر ملکی ترسیلات زر میں اضافہ کے ساتھ کامیاب رہی ہے۔

آخری سہ ماہی کے دوران ہم نے درآمدات میں اضافہ اور پاکستانی روپیہ کی قدر میں کمی کی وجہ سے زیادہ افراط زر کا معیشت پر بہت زیادہ دباؤ دیکھا ہے۔ اس نے ہمارے اداکاریوں کے توازن کو بری طرح متاثر اور اس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ ہوا ہے۔ تیل کی زیادہ قیمتیں، خوردنی تیل کی درآمدات اور صنعتی درآمدات نے اس میں اہم کردار ادا کیا ہے۔ بلند شرح سود اور سرمایہ کاروں کے اعتماد کی کمی نے PSX میں مندی کے رجحان کو جنم دیا جس نے ہمارے سرمایہ کاری پورٹ فولیو کو بتدریج کم کر دیا ہے۔ حکومت نے بجٹ میں اضافی ٹیکس بھی عائد کیا جس سے وہ کمپنیاں بری طرح متاثر ہوں گی جنہوں نے اچھے نتائج درج کئے ہیں۔

کمپنی کی کارکردگی

رواں مالی سال کی پہلی ششماہی مثبت مارکیٹ حالات اور طلب میں اضافہ کی وجہ سے کمپنی کے لئے موزوں رہی، تاہم، سیاسی اور معاشی غیر یقینی کی وجہ سے دوسری ششماہی میں یہ رفتار برقرار نہیں رہ سکی تھی۔ زیر جائزہ سال میں فروخت آمدنی 35.26 فیصد بڑھ کر 23.5 بلین روپے ہو گئی جو پچھلے سال میں 17.37 بلین روپے تھی۔ اس سال کی دوسری ششماہی کے دوران، کمپنی نے نئی ویونگ صلاحیت کا اضافہ کیا ہمیں اُمید ہے کہ جو ہماری آمدنی میں مثبت حصہ شامل کرے گی۔

کارپوریٹ گورننس

سورج کاٹن بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے سلسلے میں کمپنی ایکٹ، 2017 اور فہرست کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 میں طے شدہ تمام مادی تقاضوں پر عمل کرتی ہے۔ کوڈ آف کارپوریٹ گورننس کے مطابق، سورج کاٹن ملز لمیٹڈ ("کمپنی") کے بورڈ آف ڈائریکٹرز ("بورڈ") کی سالانہ تشخیص کی جاتی ہے۔ اس تشخیص کا مقصد بورڈ کی مجموعی کارکردگی اور کامیابی کی پیمائش اور کمپنی کے لئے طے شدہ مقاصد کے تناظر میں توقعات کے مطابق معیار پر پورا اترنے کو یقینی بنانا ہے۔ زیر جائزہ مدت کے دوران بورڈ کی کارکردگی نے ساخت میں تنوع اور اختلاط ظاہر کیا ہے۔ بورڈ نے مختصر اور طویل مدت میں کمپنی کی سمت متعین کرنے کے لیے اسٹریٹجک منصوبہ بندی میں مؤثر طریقے سے حصہ لیا ہے۔ اس میں بجٹ کی مشقیں اور توسیع اور جدت کاری کے لیے اسٹریٹجک سمت بھی شامل ہے۔

میں اپنے نئے ڈائریکٹرز، جناب شمس رفیع اور محترمہ ماہین آدم جی کو خوش آمدید کہتا ہوں، جو دونوں بورڈ کی تشکیل میں تجربہ اور تنوع لائے ہیں۔ مجھے یقین ہے کہ وہ کمپنی کے معاملات کو منظم کرنے میں فعال کردار ادا کریں گے۔

آخر پر، میں تمام شیئرز ہولڈرز کا کمپنی پر مسلسل اعتماد اور یقین کے لیے شکریہ ادا کرتا ہوں۔ بورڈ SCML ٹیم کے ہر رکن کا کمپنی کی مسلسل مدد اور لگن کا بھی شکر گزار ہے۔ ہم معیاری مصنوعات پیدا کر کے اور اپنے حصص یافتگان کو قابل ذکر منافع دے کر انڈسٹری میں قیادت حاصل کرنے کے لیے پُر عزم ہیں اور اللہ تعالیٰ سے دعا گو ہیں کہ وہ ہماری آئندہ کی کوششوں میں برکت ڈالے۔

خالد بشیر

(چیئر مین)

Directors' Profile

Mr. Khalid Bashir

Chairman

Director (Non-Executive)

Joined Board: 1998

Chief Executive: Shams Textile Mills Limited

Director: Shakarganj Limited
The Crescent Textile Mills Limited
Premier Insurance Limited

Mr. Nadeem Maqbool

Chief Executive Officer

Joined Board: 1984

Director: Premier Insurance Limited
Crescent Fibres Limited
Premier Financial Services (Pvt) Limited

Mr. Adil Bashir

Director (Executive)

Joined Board: 2015

Director: Shams Textile Mills Limited
Crescent Powertec Limited

Mr. Ahsan Bashir

Director (Executive)

Joined Board: 1994

Chief Executive & Director: Crescent Powertec Limited

Director: Premier Insurance Limited

Mr. Humayun Maqbool

Director (Non-Executive)

Joined Board: 1996

Director: Crescent Fibres Limited

Ms. Maheen Hisham Adamjee

Independent Director

Joined Board: 2022

Mr. Mohammad Iqbal

Director (Non-Executive)

Joined Board: 2010

Chairman & Director: Acme Mills (Pvt.) Limited

Director: ICon Global (Pvt) Limited

Mr. Shams Rafi

Independent Director

Joined Board: 2022

Director: Jubilee Spinning & Weaving Mills Limited

Directors' Report

On behalf of the Board of Directors, I am pleased to present the operating and financial performance of the company for the year ended 30 June 2022.

Overview

The textile industry continued on its upward trajectory during the period under review and our results depict this positive trend. The demand for Pakistani textiles remained robust and international buyers continued their reliance on Pakistan textiles. Towards the end of the period under review, the world economies showed signs of recessionary trends and our domestic economy began to falter with rising interest rates and depreciation in the rupee. Inflationary trends became pronounced and the economy started cooling off especially during the latter part of the 4th quarter. Regionally competitive energy rates were in place till the end of the fiscal year and exports maintained a positive trend. The government has imposed 10% super tax on almost entire business landscape of Pakistan exceeding threshold profit of PKR 300 Million. This imposition has adversely impacted our financial results resulting higher tax provision depicting a lower profit for 4th quarter. Earnings per share for the period under review were Rs. 62.89 (2021: Rs. 57.66).

Business Performance

Being in textile business your company is principally engaged in the business of manufacturing Yarn and Greige Fabric. In the year under review the company achieved revenue of PKR 23.5 billion, an increase of 35% over the corresponding period. The main factors influencing this growth were higher product prices and robust demand for our products.

Financial Performance at a glance

The financial performance of your company for the fiscal year ended June 30, 2022 as compared to last year is presented below:

Brief Income Statement	2022	2021	% Change
	(PKR in Million)		
Sales	23,500	17,374	35.26%
Gross profit	4,684	3,447	35.90%
Operating profit	3,932	3,251	20.96%
Financial cost	(213)	(165)	29.50%
Profit before taxation	3,718	3,086	20.51%
Taxation	(928)	(527)	75.99%
Net Profit	2,790	2,558	9.07%
Earnings per Share (EPS)	62.89	57.66	

Gross Profit

In the year under review the company achieved revenue of PKR 23.5 billion, an increase of 35% over the corresponding period. This was mainly attributable to higher prices of our product due to good demand as well as higher values due to a depreciating currency.

Your Company has achieved gross profit margin of 19.93% for the fiscal year under review as compared to 19.84% last year, increase is mainly attributable to economies of scale and effective planning & management of resources.

Directors' Report

Operating Expenses

For the year under review, Distribution costs increased by 54% due to higher commission expenses on augmented sales volume as compared with previous year. Pattern of Administrative Expenses was largely even during the year except for general inflation. However, lesser donations YoY resulted decline in this head. Increase in Other Expenses is on account of provision of equity investments due to lackluster performance of PSX where KSE 100 index shed approximately 5000 points and has fallen from 47,000 mark to 42,000 currently; after witnessing a low of 40,000. Further, provision for expected credit losses on unsecured debtors & provisioning of WPPF / WWF for the year resulted increase in this head.

Finance Cost

For the year under review company incurred an increase of approximately 29% due to an increase in policy rate by the State Bank in order to counter increasing inflationary trends and also to the costs related to the new weaving unit.

Net Profit

Your company earned Profit Before Tax of PKR 3,718 Million during the current fiscal year, as compared to PKR 3,086 Million reported last year. Similarly, company posted an after tax profit of PKR 2,790 Million as compared to PKR 2,558 Million reported last year.

Earnings Per Share (EPS)

The earnings Per Share (EPS) of your company for the fiscal year ended June 30, 2022 stood at 62.89 as compared to 57.66 (restated) reported last year.



The Breakup value per share for the year ended June 30, 2022 is PKR 257.9 (2021: PKR 229.8).

Dividend & Appropriation

Considering current capital and equity investment plans; the Board has proposed a final cash dividend of PKR 04 per share subject to approval of shareholders in upcoming Annual General Meeting scheduled to be held on October 26, 2022. This approach remains in line with your company's commitment to consistently provide sustainable returns to the shareholders.

Directors' Report

Expansion & Modernization

The company's expansion of 154 wide width looms was completed during the current year but the commercial operations were delayed due to energy issues as well as slack demand for wider widths fabric. We are hopeful that full operations should be able to start in the new financial year and we will keep our stakeholders apprised of the developments in this regard. Due to restrictions imposed by the State Bank of Pakistan on import of new machinery, our expansion plans for our Nooriabad plant have been delayed and we expect to initiate the process during the new financial year. We hope these efforts will bring about savings in operating costs and increase productivity.

Corporate Social Responsibility (CSR)

As a responsible corporate, the company has a strong commitment towards community development and the society in which we operate. As in past years we have always tried to work for the uplift of the communities in which we work. Our focus remains on healthcare with emphasis also on the education sector. In addition, we contribute towards women empowerment and environment conservation. This year the company has spent PKR 75.75 Million (2021: PKR126.82 Million) on these initiatives.

Environmental Footprint

Your Company always takes serious responsibility towards the conservation of Environment in every sphere of its operations. With an effort to further highlight the importance of environment preservation and being a responsible corporate citizen, your Company continued with its tree plantation drive in and around its manufacturing sites and has a considerable attention towards environment protection.

Your Company believes in responsible consumption of valuable resource of water and makes every effort to reduce its usage. By installation of RO plants at our production facilities we ensure conservation of water and simultaneously provision of clean water to our employees round the clock. By using our expertise, we at Suraj Cotton remain committed to manage our water usage in an efficient and sustainable manner to support in improvement of access to clean water for communities, wherever possible. We make efforts to restore natural water cycles, benefiting multiple aspects of our value chain and the people and communities we serve.

Risk Management

Various risks are being faced by the company and summarized as follow along with mitigating strategies.

Strategic Risks

The strategic risks such as critical availability of gas, electricity and alternate fuels for power generation, and changes in domestic competitive scenario are being continuously monitored. The Company's expansion plans and growth targets are revisited with changing market situation. Changes in macro-economic indicators, inconsistent / arbitrary changes in Government Policies and significant increase in natural gas, electricity and other fuel prices making cost of production substantially higher are also being closely monitored & duly considered. Appropriate mitigation strategies are formulated to reduce the impact of these risks to an acceptable level.

Operational Risks

Business continuity and disaster recovery plans are in place to ensure that continuity in production and sales operations; in case of major failures and outages to ensure continuity, sustainability and avoid any disruption to the business. Raw material sourcing, adequate segregation of duties, self- sufficiency in power generation at our plants, efficient supply chain and logistic operations have enabled us to mitigate operational risk to an acceptable level.

Directors' Report

Financial Risks

One of the major financial risks is the fluctuation of the exchange rate and adverse movements can directly affect our raw material costs and also lead to a rise in manufacturing costs. The Company is aware of this situation and monitors such movements carefully to ensure minimum shocks. Strict financial discipline, cash flow management and investment of available funds in best possible avenues aid us in minimizing Financial Risks.

Compliance Risks

Due to effective compliance with laws and regulations and transparent financial reporting framework, compliance risk posed to the Company remains low. The Board promotes risk management and compliance culture in the Company. Litigation risks involving significant cases against the Company are handled through reputable Law firms with specialized expertise wherever required.

Code of Corporate Governance

The Directors of your company are aware of their responsibilities under the Listed Companies (Code of Corporate Governance) Regulations 2019. Your Company has undertaken all necessary steps to ensure Good Corporate Governance and compliance of the Code and we confirm the following:

- The financial statements, prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- The System of Internal Control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the company's ability to continue as a going concern.
- Statement of pattern of Shareholding has been included as part of this Annual Report.
- There has been no material departure from the best practices of corporate governance
- All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in financial statement.

Directors' Report

Meetings of the Board of Directors

Three meetings of Board of Directors were held during the year 2021-22 until new BOD was elected. BOD comprised eight male directors. Attendance of directors in meetings of BOD is provided as under:

Sr. No.	Name of Director		Meetings Attended
1.	Mr. Ahsan Bashir	Executive	03
2.	Mr. Amjad Mahmood	Non-Executive	03
3.	Mr. Adil Bashir	Executive	01
4.	Mr. Humayun Maqbool	Non-Executive	03
5.	Mr. Khalid Bashir	Non-Executive	03
6.	Mr. Mohammad Iqbal	Non-Executive	03
7.	Mr. Nadeem Maqbool	CEO	03
8.	Mr. Sharik Bashir	Non-Executive	02

New Board of SCML was elected on April 01, 2022 which comprises of eight Directors, 7 Males and 1 Female. Two meetings were held after composition of new BOD. The composition of Board and attendance of directors in meetings of BOD is provided as under:

Sr. No.	Name of Director		Meetings Attended
1.	Mr. Ahsan Bashir	Executive	02
2.	Mr. Adil Bashir	Executive	01
3.	Mr. Humayun Maqbool	Non-Executive	02
4.	Mr. Khalid Bashir	Non-Executive	02
5.	Ms. Maheen Hisham Adamjee	Independent	01
6.	Mr. Mohammad Iqbal	Non-Executive	02
7.	Mr. Nadeem Maqbool	CEO	02
8.	Mr. Shams Rafi	Independent	02

However, leave of absence was granted to the Directors who could not attend the Board Meetings due to preoccupations.

Directors' Remuneration

The Board of Directors has devised a directive for determination of remuneration. Its salient features are stated as follow:

- The company will not pay any remuneration to its Non-Executive Directors except as meeting fee for attending the Board and its Committee Meetings.
- The remuneration of directors & meeting fee for attending meeting of the Board of Directors or its Committees shall from time to time be determined and approved by the Board of Directors.
- The remuneration of Directors is paid as approved by the Board of Directors. The remuneration package is designed to attract suitable candidate and talent on the Board.

Directors' Report

A Director is provided or reimbursed for all travelling, boarding, lodging and other expenses incurred by him for attending meetings of the Board, its committees and General Meetings of the company.

Directors' Training Programme

The present BOD elected on April 1, 2022 and seven Directors out of eight are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Remaining director(s) shall duly undergo Directors' Training Programme as specified by CCG within one year.

Board Committees & Meetings

Following are the details of Committees of the Board of SCML and their Meetings.

Audit Committee

The Board of Directors in compliance to the Code of Corporate Governance has established an Audit Committee and the following directors are its members. Three audit committee meetings were held:

Sr.No	Name of Members	No. of Meetings Attended
1.	Mr. Humayun Maqbool (Chairman)	03
2.	Mr. Ahsan Bashir	03
3.	Mr. Adil Bashir	03

New Audit Committee was composed during the year and only one meeting was held thereafter.

Sr.No	Name of Members	No. of Meetings Attended
1.	Mr. Shams Rafi (Chairman)	01
2.	Mr. Humayun Maqbool	01
3.	Mr. Ahsan Bashir	01

However, leave of absence was granted to the members who could not attend the meeting(s) due to preoccupations.

Human Resource, Nomination & Remuneration Committee

The Board of Directors in compliance to the Code of Corporate Governance has established a Human Resource, Nomination & Remuneration Committee and the following directors are its members:

Sr.No	Name of Members	No. of Meetings Attended
1.	Mr. Ahsan Bashir (Chairman)	01
2.	Mr. Nadeem Maqbool	01
3.	Mr. Adil Bashir	01

New Human Resource & Remuneration Committee was composed during the year; however, their meetings were not held.

Directors' Report

Sr.No	Name of Members
1.	Ms. Maheen Hisham Adamjee (Chairman)
2.	Mr. Nadeem Maqbool
3.	Mr. Ahsan Bashir
4.	Mr. Adil Bashir

Risk Management Committee

The Board of Directors in compliance with Code of Corporate Governance has established a Risk Management Committee and the following directors are its members; however, their meetings were not held since its constitution.

Sr.No	Name of Members
1.	Mr. Humayun Maqbool (Chairman)
2.	Mr. Nadeem Maqbool
3.	Mr. Sharik Bashir

Adequacy of Internal & Financial Controls

The Board of Directors have fulfilled their responsibility of adequacy of internal controls and has established an effective system of Internal & Financial Controls that ensure:

- Effective and efficient conduct of operations
- Safeguarding company assets
- Compliance with applicable Laws and Regulations
- Reliable Financial Reporting.

The independent Internal Audit Function of Suraj Cotton Mills Limited is outsourced to M/s KPMG Taseer Hadi & Co. Chartered Accountants that regularly appraises and monitors the implementation of Standard Operating Procedures and respective financial controls.

Internal Audit reports are presented to the Audit Committee quarterly, as per approved Annual Internal Audit Plan. Accordingly, the Audit Committee reviews the effectiveness of the internal control framework and financial statements in its meetings.

Auditors

The financial statements of the company for the current financial year 2021-22 were Audited by M/s Riaz Ahmad & Co. Chartered Accountants. The Auditors will retire at the end of Annual General Meeting. Being eligible, they have offered for re-appointment. The Board has recommended the appointment of M/s Riaz Ahmad & Co. Chartered Accountants as Auditors for the ensuing year, as recommended by the Audit Committee, subject to approval of the members in the forthcoming Annual General Meeting.

Subsequent Events

Material changes or commitments affecting the financial position of the company have not occurred between the end of the financial year and the date of this report.

Directors' Report

Pattern of Shareholding

Pattern of shareholding of the Company, as required by section 227 (2) (f) of the Companies Act, 2017 as at June 30, 2022 is annexed with this report.

Future Outlook

The latter part of the 4th quarter of the period under review saw a turnaround in the textile demand and offtake. World economies under severe inflationary stress and rising interest rates around the world, including Pakistan, were showing an abnormal increase. Oil prices also rose sharply further exacerbating the situation. This led to a sharp decline in demand for textile products with falling prices. In Pakistan, the policy rate has been enhanced to exorbitant levels which has led to a sharp rise in the cost of doing business. Our costs have also increased manifold which coupled with scarce demand has led to falling revenues and lower profitability.

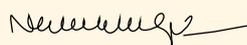
The current year rains have been unprecedented and the resultant floods in the whole country have led to major devastation in terms of human lives, loss of property and extensive damage to the crops. Many areas of Pakistan, especially Sindh remain submerged and we anticipate that the cotton crop in Sindh has been very badly affected. Overall, the floods have resulted in a massive reduction in the cotton crop which coupled with a short crop in the United States, ironically due to drought, has led to a sharp rise in world cotton prices. High cotton prices combined with low demand for textiles does not bode well for the industry. In our view, this will lead to reduction in spinning and weaving capacities.

With the cotton crop being short, Pakistan will have to import almost 5 million bales in spite of a reduction in capacity. With high imports and a weak exchange rate, this will place a further burden on the country's balance of payments. In view of liquidity constraints and a high cost of money, the government should remove sales tax on cotton as a major portion of this is refunded. This would enable the industry to improve their liquidity in these trying times.

We continue our focus on improving efficiencies and productivity within the existing plants. Pakistan's equity markets continue to perform badly and unless there is an improvement on the political and economic front, we don't expect any major improvement in our investment portfolio.

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

September 26th, 2022

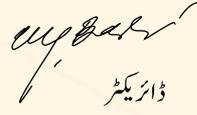
Lahore

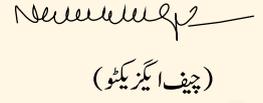
مجلس نظماء کی رپورٹ

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام شراکت داروں اور ملازمین کی مسلسل حمایت شکر یہ ادا کرتا ہوں۔ ہم بورڈ آف ڈائریکٹرز کی قابل قدر بصیرت اور رہنمائی کے بھی شکر گزار ہیں۔

منجانب بورڈ آف ڈائریکٹرز


ڈائریکٹر


(چیف ایگزیکٹو)

لاہور

26 ستمبر 2022ء

مجلس نظماء کی رپورٹ

سورج کاٹن ملز لمیٹڈ کا آزاد داخلی آڈٹ عمل میسرز KPMG کا تاثر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس آڈٹ سروس ہے جو اسٹینڈرڈ آپریٹنگ پروسیجرز اور متعلقہ مالی کنٹرول کے نفاذ کی باقاعدگی سے جانچ اور گمرانی کرتا ہے۔

داخلی آڈٹ رپورٹس سہ ماہی بنیاد پر منظور شدہ سالانہ داخلی آڈٹ پلان کے مطابق آڈٹ کمیٹی کے روبرو پیش کی جاتی ہیں۔ اس کے مطابق، آڈٹ کمیٹی اپنے اجلاسوں میں داخلی کنٹرول فریم ورک کی موثرگی اور مالیاتی گوشواروں کا جائزہ لیتی ہے۔

• آڈیٹرز

موجودہ مالی سال 2021-22ء کے لئے کمیٹی کے مالیاتی گوشواروں کا میسرز ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے آڈٹ کیا۔ آڈیٹرز سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے۔ اہل ہونے کی بناء پر، انہوں نے دوبارہ تقرری کے لئے خود کو پیش کیا ہے۔ بورڈ نے آئندہ سالانہ عام اجلاس میں ممبروں کی منظوری سے مشروط، آڈٹ کمیٹی کی تجویز پر آئندہ سال کے لئے میسرز ریاض احمد اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آڈیٹ کی حیثیت سے تقرری کی سفارش کی ہے۔

بعد کے واقعات

• مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے مابین کمیٹی کی مالی حیثیت کو متاثر کرنے والی کوئی بڑی تبدیلیاں یا وعدے وقوع پذیر نہیں ہوئے ہیں۔

حصص داری کا نمونہ

• 30 جون، 2022ء کو کمپنی ایکٹ، 2017ء کے سیکشن (f)(2) 227 کے تحت مطلوبہ کمپنی کے شیئرز ہولڈنگ کا نمونہ، رپورٹ ہذا کے ہمراہ لف ہے۔

مستقبل کا نقطہ نظر

• زیر جائزہ مدت کی چوتھی سہ ماہی کے آخری حصے میں ٹیکسٹائل کی طلب اور خریداری میں تبدیلی دیکھنے میں آئی۔ پاکستان سمیت دنیا بھر میں مہنگائی کے شدید باؤ اور بڑھتی ہوئی شرح سود میں بتلا عالمی معیشتوں میں غیر معمولی اضافہ دیکھنے میں آ رہا تھا۔ تیل کی قیمتوں میں بھی تیزی سے اضافہ ہوا جس سے صورتحال مزید خراب ہو گئی۔ اس کی وجہ سے گرتی ہوئی قیمتوں کے ساتھ ٹیکسٹائل مصنوعات کی مانگ میں تیزی سے کمی واقع ہوئی۔ پاکستان میں، پالیسی ریٹ کو انتہائی حد تک بڑھا دیا گیا جس کی وجہ سے کاروبار کرنے کی لاگت میں تیزی سے اضافہ ہو گیا ہے۔ ہماری لاگتیں بھی کئی گنا بڑھ گئی ہیں جس کی وجہ سے قلیل طلب کے ساتھ آمدنی میں کمی اور منافع کم ہوا ہے۔

• رواں سال میں بارشیں بہت زیادہ ہوئی ہیں اور اس کے نتیجے میں پورے ملک میں سیلاب نے انسانی جانوں، املاک کا نقصان اور فصلوں کو بڑے پیمانے پر نقصان پہنچایا ہے۔ پاکستان کے بہت سے علاقے بالخصوص سندھ زیر آب ہے اور ہمیں اندازہ ہے کہ سندھ میں کپاس کی فصل بہت بری طرح متاثر ہوئی ہے۔ مجموعی طور پر، سیلاب کے نتیجے میں کپاس کی فصل میں بڑے پیمانے پر کمی آئی اس کے ساتھ ساتھ ریاستہائے متحدہ میں فصل کم ہوئی، ستم ظریفی یہ ہے کہ خشک سالی کی وجہ سے عالمی کپاس کی قیمتوں میں تیزی سے اضافہ ہوا ہے۔ کپاس کی زیادہ قیمتوں کے ساتھ ساتھ ٹیکسٹائل کی کم طلب صنعت کے لیے اچھا نہیں ہے۔ ہمارے خیال میں، یہ سڈنگ اور یوگنک کی صلاحیتوں میں کمی کا باعث بنے گا۔

• کپاس کی فصل کم ہونے کی وجہ سے صلاحیت میں کمی کے باعث پاکستان کو تقریباً 50 لاکھ گانٹھیں درآمد کرنی پڑیں گی۔ زیادہ درآمدات اور کمزور شرح مبادلہ کی وجہ سے، ملک کے ادائیگی کے توازن پر مزید بوجھ پڑے گا۔ لیکویڈیٹی کی رکاوٹوں اور زیادہ مالی لاگت کے پیش نظر، حکومت کو کپاس پریسلز ٹیکس ختم کرنا چاہیے کیونکہ اس کا بڑا حصہ واپس کیا جاتا ہے۔ اس سے انڈسٹری کو اس مشکل وقت میں اپنی لیکویڈیٹی کو بہتر بنانے میں مدد ملے گی۔

• ہم موجودہ پلانٹس کے اندر کارکردگی اور پیداواری صلاحیت کو بہتر بنانے پر اپنی توجہ جاری رکھے ہوئے ہیں۔ پاکستان کی ایکویٹی مارکیٹ بدستور ابتر کارکردگی کا مظاہرہ کر رہی ہے اور جب تک سیاسی اور اقتصادی محاذ پر بہتری نہیں آتی، ہمیں اپنے سرمایہ کاری کے پورٹ فولیو میں کسی بڑی بہتری کی توقع نہیں ہے۔

مجلس نظماء کی رپورٹ

نمبر شمار	نام ارکان	اجلاس میں حاضری
1	جناب احسن بشیر (چیئر مین)	01
2	جناب ندیم مقبول	01
3	جناب عادل بشیر	01

سال کے دوران ہیومن ریسورس اینڈ ریمڈیشن کی نئی کمیٹی تشکیل دی گئی اس لیے کوئی اجلاس منعقد نہیں ہوا۔

نمبر شمار	ارکان کے نام
1	محترمہ ماہین ہشام آدم جی
2	جناب ندیم مقبول
3	جناب احسن بشیر
4	جناب عادل بشیر

رسک مینجمنٹ کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک رسک مینجمنٹ کمیٹی قائم کی ہے، مندرجہ ذیل ڈائریکٹرز اس کے ارکان ہیں؛ تاہم اس آئین کے بعد کوئی اجلاس منعقد نہیں ہوا۔

نمبر شمار	نام ارکان
1	جناب ہمایوں مقبول (چیئر مین)
2	جناب ندیم مقبول
3	جناب شارق بشیر

موزوں داخلی اور مالیاتی کنٹرول

بورڈ آف ڈائریکٹرز نے موزوں داخلی اور مالیاتی کنٹرولز کی اپنی ذمہ داری پوری کی ہے اور داخلی اور مالیاتی کنٹرولز کا ایک موثر نظام قائم کیا ہے جو یقینی بناتا ہے کہ:

- ﴿ آپریشنوں کا کارگر اور موثر انعقاد۔
- ﴿ کمپنی کے اثاثوں کی حفاظت کرنا۔
- ﴿ قابل اطلاق قوانین و ضوابط کی تعمیل۔
- ﴿ قابل اعتماد مالیاتی رپورٹنگ۔

مجلس نظماء کی رپورٹ

ڈائریکٹرز کا معاوضہ

بورڈ آف ڈائریکٹرز نے معاوضہ کے تعین کے لئے ایک ہدایت نامہ تیار کیا ہے۔ اس کی نمایاں خصوصیات مندرجہ ذیل ہیں:

﴿ کمپنی اپنے نان ایگزیکٹو ڈائریکٹرز کو بورڈ اور اس کی کمیٹی کے اجلاسوں میں شرکت کے لئے مینٹنگ فیس کے علاوہ کسی بھی معاوضے کی ادائیگی نہیں کرے گی۔

﴿ بورڈ آف ڈائریکٹرز یا اس کی کمیٹیوں کے اجلاس میں شرکت کے لئے ڈائریکٹرز کا معاوضہ اور مینٹنگ فیس کا وقتاً فوقتاً تعین کیا جائے گا اور بورڈ آف ڈائریکٹرز اس کی منظوری دیں گے۔

﴿ بورڈ کے اجلاسوں، اس کی کمیٹیوں اور کمپنی کے عمومی اجلاسوں میں شرکت کے لئے تمام سفری، بورڈنگ، رہائش اور دیگر اخراجات مہیا یا معاوضہ دیا جائے گا۔

ڈائریکٹرز ٹینگ پروگرام

موجودہ BOD مورخہ یکم اپریل 2022 کو منتخب ہوا اور اٹھ مہینوں سے سات ڈائریکٹرز 14 سالہ تعلیم اور مندرجہ کمپنیوں کے بورڈ میں 15 سال کا تجربہ رکھنے کی وجہ سے ڈائریکٹرز ٹینگ پروگرام سے مستثنیٰ ہیں۔ بقیہ ڈائریکٹرز نے باقاعدہ CCG کا مقررہ ڈائریکٹرز ٹینگ پروگرام مکمل کیا ہے۔

بورڈ کی کمیٹیاں اور اجلاس

SCML کے بورڈ کی کمیٹیوں اور ان کے اجلاسوں کی تفصیلات مندرجہ ذیل ہیں۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک آڈٹ کمیٹی قائم کی ہے اور مندرجہ ذیل ڈائریکٹرز اس کے رکن ہیں۔ آڈٹ کمیٹی کے اجلاس منعقد ہوئے:

نمبر شمار	نام ڈائریکٹرز	اجلاس میں حاضری
1	جناب ہمایوں مقبول (چیئر مین)	03
2	جناب احسن بشیر	03
3	جناب عادل بشیر	03

سال کے دوران نئی آڈٹ کمیٹی تشکیل دی گئی اس کے بعد صرف ایک اجلاس منعقد ہوا۔

نمبر شمار	نام ڈائریکٹرز	اجلاس میں حاضری
1	جناب شمس رافع (چیئر مین)	01
2	جناب ہمایوں مقبول	01
3	جناب حسن بشیر	01

تاہم، ڈائریکٹرز جو مصروفیات کے باعث بورڈ کے اجلاسوں میں شرکت نہیں کر سکے کو عدم شرکت کی چھٹی دی گئی۔

ہیومن ریسورس اینڈ ریمزیشن کمیٹی

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں ایک ہیومن ریسورس اینڈ ریمزیشن کمیٹی قائم کی ہے، نو مینٹیشن اینڈ ریمزیشن کمیٹی اور مندرجہ ذیل ڈائریکٹرز اس کے ارکان

ہیں:

مجلس نظماء کی رپورٹ

ٹیکس، ڈیویڈنڈ، لیویز اور چارجز کی مد میں تمام قانونی ادائیگیاں، اگر کوئی ہوں، جو بقایا ہوں، کا مالی حسابات میں واضح انکشاف کیا گیا ہے؛

ڈائریکٹر اور بورڈ کے اجلاس

سال 2021-22 کے دوران بورڈ آف ڈائریکٹرز کے تین اجلاس منعقد ہوئے۔ BOD کے اجلاس میں ڈائریکٹرز کی حاضری ندرج ذیل ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب احسن بشیر	03
2	جناب امجد محمود	03
3	جناب عادل بشیر	01
4	جناب ہمایوں مقبول	03
5	جناب خالد بشیر	03
6	جناب محمد اقبال	03
7	جناب ندیم مقبول	03
8	جناب شارق بشیر	02

SCML کے نئے بورڈ کا انتخاب یکم اپریل 2022 کو ہوا جس میں آٹھ ڈائریکٹرز، 7 مرد اور 1 خاتون شامل ہیں۔ نئے BOD کی تشکیل کے بعد دو اجلاس منعقد ہوئے۔ بورڈ کی تشکیل اور BOD کے اجلاسوں میں ڈائریکٹرز کی حاضری حسب ذیل فراہم کی گئی ہے:

نمبر شمار	نام ڈائریکٹر	تعداد حاضری
1	جناب احسن بشیر	02
2	جناب عادل بشیر	01
3	جناب ہمایوں مقبول	02
4	جناب خالد بشیر	02
5	محترمہ ماہین ہشام آدم جی	01
6	جناب محمد اقبال	02
7	جناب ندیم مقبول	02
8	جناب شمس رابع	02

تاہم، جو ڈائریکٹر مصروفیت کے باعث بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے کو غیر حاضری کی رخصت عطا کی گئی۔

مجلس نظماء کی رپورٹ

کاٹن میں اپنے پانی کے استعمال کو موثر اور پائیدار انداز میں منظم کرنے کے لئے پُر عزم ہیں تاکہ جہاں بھی ممکن ہو، کمیونٹیز کو صاف پانی تک رسائی کی بہتری میں معاون ہوں۔ ہم قدرتی آبی چکر کی بحالی، اپنی ویلیو چین کے متعدد پہلوؤں اور لوگوں اور کمیونٹیز کو فائدہ پہنچانے اور خدمت کرنے کے لئے کوشاں ہیں۔

خطرے کی تخفیف

کمپنی کو مختلف قسم کے خطرات لاحق ہیں اور تخفیفی حکمت عملیوں کے ساتھ خلاصہ مندرجہ ذیل ہے:

اسٹریٹجک خطرات

اسٹریٹجک خطرات جیسے کہ بجلی پیدا کرنے کے لئے گیس، بجلی اور متبادل ایندھن کی فراہمی، اور مقامی مسابقتی منظر نامے میں تبدیلیوں کی مستقل نگرانی کی جارہی ہے۔ مارکیٹ کی بدلتی صورتحال کے ساتھ کمپنی کے توسیعی منصوبوں اور نمو کے اہداف پر دوبارہ نظر ثانی کی گئی ہے۔ میکرو معاشی اشاروں میں بدلاؤ، حکومتی پالیسیوں میں متضاد/صوابدیدی تبدیلیاں اور قدرتی گیس، بجلی اور دیگر فیول کی قیمتوں میں نمایاں اضافے سے پیداوار کی لاگت میں خاطر خواہ اضافہ ہوا ہے اور اس کی گہری نگرانی اور باقاعدہ غور بھی کیا جا رہا ہے۔ ان خطرات کے اثرات کو قابل قبول سطح تک کم کرنے کے لئے مناسب تخفیف کی حکمت عملی مرتب کی گئی ہے۔

آپریٹنگ رسک

کاروباری تسلسل اور تباہی کی بحالی کے منصوبے زیر عمل ہیں تاکہ پیداوار اور فروخت کے کاموں میں تسلسل کو یقینی بنایا جاسکے، اہم ناکامیوں اور بندش کی صورت میں تسلسل، استحکام اور کاروبار میں کسی قسم کی رکاوٹ سے بچنے کو یقینی بنانا۔ خام مال کی سوریگ، فرائض کی مناسب تفریق، ہمارے پلانٹوں میں بجلی کی پیداوار میں خود کفالت، موثر سپلائی چین اور لاجسٹک آپریشنوں نے ہمیں قابل قبول سطح پر آپریٹنگ رسک کو کم کرنے میں مدد فراہم کی ہے۔

مالی خطرات

ایک بہت اہم مالی خطرہ زرمبادلہ کی شرح میں اتار چڑھاؤ ہے اور منفی محرکات براہ راست ہمارے خام مال کے اخراجات کو متاثر کر سکتی ہیں اور مینوفیکچرنگ لاگت میں اضافے کا باعث بھی بن سکتی ہیں۔ کمپنی اس صورتحال سے واقف ہے اور کم از کم شاکس یقینی بنانے کے لئے اس طرح کی محرکات پر نظر رکھتی ہے۔ سخت مالی نظم و ضبط، کیش فلومیجمنٹ اور دستیاب فنڈز کی بہترین سرمایہ کاری سے ہمیں مالی خطرات کو کم سے کم کرنے میں مدد ملی ہے۔

تعمیل کے خطرات

قوانین اور ضوابط کی موثر تعمیل اور شفاف مالیاتی رپورٹنگ فریم ورک کی وجہ سے، کمپنی کو درپیش تعمیل کے خطرہ کو کم کیا گیا ہے۔ بورڈ کمپنی میں رسک منجمنٹ اور تعمیل کے کلچر کو فروغ دیتا ہے۔ کمپنی کے خلاف اہم مقدمات میں ملوث قانونی چارہ جوئی کے خطرات کو جہاں بھی ضرورت ہو، خصوصی ماہر معروف لاء فرموں کے ذریعہ ہینڈل کیا جاتا ہے۔

کوڈ آف کارپوریٹ گورننس

کمپنی کے ڈائریکٹرز اور کمیونٹیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور پاکستان سٹاک ایکچینج کی رول بک کے تحت اپنی ذمہ داریوں سے آگاہ ہیں کمپنی نے اچھے کارپوریٹ گورننس اور کوڈ کی تعمیل کو یقینی بنانے کے لئے تمام ضروری اقدامات اٹھائے ہیں۔

اور ڈائریکٹرز کو یقین کرتے ہیں کہ:

- ❖ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کیا گیا ہے۔
- ❖ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- ❖ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- ❖ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف اور وضاحت کی گئی ہے۔
- ❖ داخلی کنٹرول کا نظام مستحکم ہے اور موثر طور پر نافذ العمل اور زیر نگرانی ہے۔
- ❖ کمپنی کے رواں دواں ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- ❖ لسٹنگ ریگولیشن اور کارپوریٹ گورننس میں بیان کردہ بہترین اصولوں سے قابل ذکر انحراف نہیں کیا گیا۔

مجلس نظماء کی رپورٹ

آپریٹنگ اخراجات

زیر جائزہ سال کے لیے، پچھلے سال کے مقابلے زیادہ فروخت، حجم پر کمیشن کے زیادہ اخراجات کی وجہ سے تقسیم کے اخراجات میں 54 فیصد اضافہ ہوا۔ عام افراط زر کے علاوہ انتظامی اخراجات کا پیٹرن بھی سال کے دوران زیادہ تھا۔ تاہم، سال بہ سال کم ڈیونڈیشنز کے نتیجے میں اس ہیبڈ میں کمی واقع ہوئی۔ دیگر اخراجات میں اضافہ PSX کی ناقص کارکردگی جہاں KSE 100 انڈیکس میں تقریباً 5000 پوائنٹس کی کمی اور اور فی الحال 47,000 سے کم ہو کر 42,000 پر آ گیا 40,000 کی کم سطح دیکھنے کے بعد ایکویٹی سرمایہ کاری کی فراہمی کی وجہ سے ہوا ہے۔ مزید برآں، غیر محفوظ قرضوں پر متوقع کریڈٹ نقصانات اور سال کے لیے WWF/WPPF کی فراہمی کے نتیجے میں اس ہیبڈ میں اضافہ ہوا۔

مالیاتی لاگت

نئے ویولنگ یونٹ سے متعلق اخراجات اور مہنگائی کے بڑھتے ہوئے رجحانات کا مقابلہ کرنے کے لئے زیر جائزہ سال میں اسٹیٹ بینک کی جانب سے پالیسی ریٹ میں اضافے کی وجہ سے کمپنی کی لاگت میں تقریباً 29 فیصد اضافہ ہوا ہے۔

خالص منافع

آپ کی کمپنی نے رواں مالی سال کے دوران ٹیکس سے پہلے 3,718 ملین روپے کا منافع کمایا، جبکہ گزشتہ سال 3,086 ملین روپے بیان کیا گیا تھا۔ اسی طرح کمپنی نے بعد از ٹیکس 2,790 ملین روپے کا منافع حاصل کیا جو کہ گزشتہ سال 2,558 ملین روپے بیان کیا گیا تھا۔

نی شیئر آمدنی (EPS)

30 جون 2022 مختتمہ مالیاتی سال کے لئے آپ کی کمپنی کی نی شیئر آمدنی (EPS) 62.89 رہی جو کہ گزشتہ سال 57.66 (اعادہ) درج کی گئی تھی۔
30 جون 2022 مختتمہ مالیاتی سال کے لئے آپ کی کمپنی کی نی شیئر بریک اپ ویلویو 257.90 (2021: 229.8 روپے) تھی۔

ڈیویڈنڈ اور مصروفیات

موجودہ کیپٹل اور ایکویٹی سرمایہ کاری کی منصوبہ بندی کو مد نظر رکھتے ہوئے، بورڈ نے اکتوبر 2022 کو منعقد ہونے والے آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری کے حوالہ سے 04 روپے فی شیئر حتمی نقد منافع منقسمہ تجویز کیا ہے۔ یہ نقطہ نظر کمپنی کے حصص یافتگان کو مستقل مستحکم منافع فراہم کرنے کے عزم کے مطابق ہے۔

توسیع اور جدت طرازی

کمپنی کی جانب سے 154 وسیع چوڑائی والی لومز کی توسیع کا کام رواں سال کے دوران مکمل کیا گیا لیکن توانائی کے مسائل کے ساتھ ساتھ وسیع چوڑائی والے لفیبر کس کی مانگ میں کمی کی وجہ سے کمرشل آپریشنز میں تاخیر ہوئی۔ ہمیں امید ہے کہ نئے مالی سال میں مکمل آپریشنز شروع ہو جائیں گے اور ہم اپنے اسٹیٹک ہولڈرز کو اس سلسلے میں ہونے والی پیش رفت سے آگاہ کرتے رہیں گے۔ ہمارے نوری آباد پلانٹ کے توسیعی منصوبے میں تاخیر اسٹیٹ بینک آف پاکستان کی جانب سے نئی مشینری کی درآمد پر عائد پابندیوں کی وجہ سے ہوئی ہے اور ہم توقع کرتے ہیں کہ نئے مالی سال کے دوران یہ عمل شروع ہو جائے گا۔ ہمیں امید ہے کہ ان کوششوں سے آپریٹنگ اخراجات میں بچت اور پیداواری صلاحیت میں اضافہ ہوگا۔

کارپوریٹ سماجی ذمہ داری (CSR)

ایک ذمہ دار کارپوریٹ کی حیثیت سے کمپنی سوسائٹی اور کمیونٹی جس میں وہ کام کرتی ہے کی بہتری کے ساتھ اپنی گہری وابستگی رکھتی ہے۔ گزشتہ سالوں میں ہم نے کمیونٹیز جہاں ہم کام کرتے ہیں کی ترقی کے لئے ہمیشہ کام کرنے کی کوشش کی ہے۔ آپ کی کمپنی کی بنیادی توجہ شعبہ تعلیم اور صحت پر مرکوز رہی ہے۔ اس کے علاوہ، ہم نے خواتین کو بااختیار بنانے اور ماحولیاتی تحفظ میں شراکت کی ہے۔ موجودہ مالی سال میں کمپنی نے ان اقدامات کے لئے 75.75 ملین روپے (PKR 126.82 Million: 2021) خرچ کیے ہیں۔

ماحولیاتی اثرات

آپ کی کمپنی اپنے ہر شعبہ میں ماحولیات کے تحفظ کے لئے ہمیشہ بنیاد کی ذمہ داری لیتی ہے۔ ماحولیاتی تحفظ کی اہمیت کو مزید اجاگر کرنے اور ایک ذمہ دار کارپوریٹ شہری ہونے کی کوشش کے ساتھ، آپ کی کمپنی نے اپنی مینوفیکچرنگ سائٹس میں اور اپنے ارد گرد درختوں کی شجر کاری مہم جاری رکھی ہوئی ہے اور ماحولیاتی تحفظ کی طرف خاطر خواہ توجہ دی ہے۔

آپ کی کمپنی پانی کے قیمتی وسائل کے ذمہ دارانہ استعمال پر یقین رکھتی ہے اور اس کے استعمال کو کم کرنے کے لئے ہر ممکن کوشش کرتی ہے۔ اپنی پیداواری سہولیات پر آراؤ پلانٹس کی تنصیب سے ہم پانی کے تحفظ کو یقینی بناتے ہیں اور ساتھ ہی ساتھ اپنے ملازمین کو چوبیس گھنٹے صاف پانی کی فراہمی کو یقینی بناتے ہیں۔ اپنی مہارت کو بروئے کار لاتے ہوئے، ہم سورج

مجلس نظماء کی رپورٹ

" مجلس نظماء کی جانب سے، میں 30 جون 2022ء کو ختم ہونے والے سال کے لئے کمپنی کی کاروباری اور مالیاتی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہا ہوں "

جائزہ

زیر جائزہ مدت کے دوران نیٹسٹائل صنعت کی ترقی کی رفتار پر جاری رہی اور ہمارے نتائج اس مثبت رجحان کو ظاہر کرتے ہیں۔ پاکستانی نیٹسٹائل کی مانگ مستحکم رہی اور بین الاقوامی خریداروں نے پاکستانی نیٹسٹائل پر انحصار جاری رکھا۔ زیر جائزہ مدت کے اختتام پر، عالمی معیشتوں نے کساد بازاری کے رجحانات دکھائے اور ہماری ملکی معیشت سود کی زیادہ شرحوں اور روپیہ کی قدر میں کمی کے باعث گرنے لگی۔ افراط زر کے رجحانات واضح ہو گئے اور خاص طور پر چوتھی سہ ماہی کے آخری حصے کے دوران معیشت میں مندی آنا شروع ہو گئی۔ علاقائی علاقائی توانائی کی مسابقتی شرحیں مالی سال کے اختتام تک موجود ہیں ہے اور برآمدات میں مثبت رجحان برقرار رہا۔ حکومت نے پاکستان کے تقریباً تمام کاروباروں پر 10% سپر ٹیکس عائد کیا ہے جس نے منافع کو 300 ملین روپے سے زائد کم کر دیا ہے۔ اس نفاذ نے ہمارے مالیاتی نتائج پر منفی اثر ڈالا جس کے نتیجے میں ٹیکس کی زیادہ فراہمی چوتھی سہ ماہی کے لیے کم منافع کو ظاہر کرتی ہے۔ زیر جائزہ مدت کے لیے فی حصص آمدنی 62.89 روپے (2021) 57.66 روپے (تھی)۔

کاروباری کارکردگی

نیٹسٹائل صنعت میں ہونے کے باعث آپ کی کمپنی بنیادی طور پر پیمان اور گرنے فیہرک بنانے کے کاروبار میں مصروف ہے۔ زیر جائزہ سال کے دوران کمپنی نے 23.5 بلین روپے کی آمدنی حاصل کی، جو کہ گزشتہ اسی مدت سے 35% کا اضافہ ہے۔ اس نمو پر اثر انداز ہونے والے اہم عناصر مصنوعات کی زیادہ قیمتیں اور ہماری مصنوعات کی طلب میں اضافہ تھے۔

مالیاتی کارکردگی ایک نظر میں

30 جون 2022 کو ختم ہونے والے مالیاتی سال کے لئے کمپنی کی مالیاتی کارکردگی کا گزشتہ سال سے موازنہ مندرجہ ذیل ہے:-

آمدنی کی تفصیل	2021	2022	فیصد تبدیلی
پاکستانی روپے بلین میں			
فروخت	17,374	23,500	35.26 فیصد
مجموعی منافع	3,447	4,684	35.90 فیصد
آپریٹنگ منافع	3,251	3,932	20.96 فیصد
مالی لاگت	(165)	(213)	29.50 فیصد
ٹیکس سے قبل منافع	3,718	3,086	20.51 فیصد
ٹیکسیشن	(527)	(928)	75.99 فیصد
خالص منافع	2,558	2,790	9.07 فیصد
فی شیئر آمدنی (EPS)	57.66	62.89	

مجموعی منافع

زیر جائزہ سال میں کمپنی نے 23.5 بلین روپے کی آمدنی حاصل کی، جو کہ اسی مدت کے مقابلے میں 35% فیصد زیادہ رہی۔ اس کی بنیادی وجہ طلب میں اضافہ اور کرنسی کی قدر میں کمی کے باعث زیادہ قیمتوں کی وجہ سے ہماری مصنوعات کی قیمتوں میں بھی اضافہ تھی۔

آپ کی کمپنی نے زیر جائزہ مالی سال کے لیے 19.93% کا مجموعی منافع مارجن حاصل کیا ہے جبکہ گزشتہ سال 19.84% حاصل کیا تھا، یہ اضافہ بنیادی طور پر بڑی معیشتوں اور وسائل کی مؤثر منصوبہ بندی اور انتظامات سے منسوب ہے۔

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: Suraj Cotton Mills Limited
Year ended: June 30, 2022

The Company has applied the principles contained in the Code in the following manner:

1. The total number of directors are 8 as per following:

a	Male:	07
b	Female:	01

2. The composition of the Board is as follows:

1	Independent Directors	Mr. Shams Rafi Ms. Maheen Hisham Adamjee
2	Non-Executive Director	Mr. Khalid Bashir (Chairman) Mr. Humayun Maqbool Mr. Mohammad Iqbal
3	Executive Directors	Mr. Nadeem Maqbool (Chief Executive Officer) Mr. Ahsan Bashir Mr. Adil Bashir

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company.
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board / shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
9. Following Directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence are exempt from Directors' training program:

Names of Directors

Mr. Khalid Bashir	(Chairman)
Mr. Humayun Maqbool	
Mr. Mohammad Iqbal	
Mr. Nadeem Maqbool	(Chief Executive Officer)
Mr. Ahsan Bashir	
Mr. Adil Bashir	
Mr. Shams Rafi	

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee

Mr. Shams Rafi	Chairman
Mr. Ahsan Bashir	Member
Mr. Humayun Maqbool	Member

HR Nomination and Remuneration Committee

Ms. Maheen Hisham Adamjee	Chairperson
Mr. Adil Bashir	Member
Mr. Ahsan Bashir	Member
Mr. Nadeem Maqbool	Member

Risk Management Committee

Mr. Humayun Maqbool	Chairman
Mr. Nadeem Maqbool	Member
Mr. Ahsan Bashir	Member

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:
- a) Audit Committee**
- Four quarterly meetings were held during the financial year ended 30 June 2022.
- b) HR and Remuneration Committee**
- One meeting of HR and Remuneration Committee was held during the financial year ended 30 June 2022.
- c) Risk Management Committee**
- No meeting of Risk Management Committee was held during the financial year ended 30 June 2022.
15. The board has set up an effective internal audit function by appointing Head of Internal Audit and has outsourced the internal audit function to KPMG Taseer Hadi & Co. Chartered Accountants, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
19. Explanations for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

S. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Directors' Orientation Program Acquainting the directors with the Regulations, applicable laws, their duties and responsibilities	All the directors are suitably qualified and experienced and most of them are exempt from Directors' training program due to 14 years of education and 15 years of experience on the Boards of listed companies.	18
2	Human Resource and Remuneration Committee There shall be a human resource and remuneration committee of at least three members comprising a majority of non-executive directors of whom at least one member shall be an independent director.	Currently, the Board has appointed all three executive directors on this committee, hence non-executive directors are not in majority. The directors believe that existing composition of the committee is in the best interest of all.	28
3	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute separate nomination committee after next election of directors.	29

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations)

S. No.	Requirement	Explanation of Non-Compliance	Regulation Number
4	Directors' Training Companies are encouraged to arrange training for at least one female executive every year under the Directors' Training Program from year July 2020.	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
5	Directors' Training It is encouraged that by 30 June 2022, all directors on the Board have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	Seven directors of the Company are exempt from Directors' training program. The Company has planned to arrange Directors' Training Program certification for remaining one director before June 30, 2023.	19(1)
6	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders.	5
7	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.	Non-mandatory provisions of the Regulations are partially complied. The company is deliberating on full compliance with all the provisions of the Regulations.	10(1)

20. Executive directors, including the chief executive officer on the Board are three out of total eight directors. One third of the Board i.e. 2.67 has been rounded up as 3 directors as the manufacturing units of the Company are geographically spread and the Company needs executive directors for effective management of operations.
21. The two elected independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. As they fulfill the necessary requirements as per applicable laws and regulations, hence, appointment of a third independent director is not warranted.

(KHALID BASHIR)

Chairman

September 26, 2022

Lahore

Pattern of Shareholding

Pattern of Holding of the Shares held by the Shareholders as at June 30, 2022

No. of Shareholders	Shareholding		Total Shares held
	From	To	
197	1	100	5,403
194	101	500	51,412
89	501	1,000	63,495
135	1,001	5,000	271,331
31	5,001	10,000	234,373
17	10,001	15,000	214,572
5	15,001	20,000	91,148
4	20,001	25,000	94,778
7	25,001	30,000	195,518
6	30,001	35,000	200,065
4	35,001	40,000	149,799
2	40,001	45,000	82,176
1	50,001	55,000	55,000
1	55,001	60,000	55,460
1	60,001	65,000	63,114
1	70,001	75,000	73,950
1	85,001	90,000	87,789
1	100,001	105,000	100,843
1	105,001	110,000	109,998
1	115,001	120,000	119,500
1	140,001	145,000	140,060
1	160,001	165,000	164,772
1	175,001	180,000	175,077
1	180,001	185,000	181,682
1	220,001	225,000	222,200
1	260,001	265,000	262,829
1	290,001	295,000	292,672
1	360,001	365,000	360,643
1	415,001	420,000	417,901
1	440,001	445,000	441,988
1	530,001	535,000	530,332
1	560,001	565,000	560,255
1	885,001	890,000	889,838
1	950,001	955,000	953,127
1	1,240,001	1,245,000	1,243,652
1	1,340,001	1,345,000	1,340,511
1	1,405,001	1,410,000	1,405,352
1	1,475,001	1,480,000	1,478,825
1	1,605,001	1,610,000	1,609,889
1	2,085,001	2,090,000	2,089,948
1	2,615,001	2,620,000	2,617,150
1	3,165,001	3,170,000	3,169,433
1	3,295,001	3,300,000	3,299,467
1	18,200,001	18,205,000	18,204,960
723			44,372,287

Information Required As Per Code Of Corporate Governance

As At June 30, 2022

Categories of Shareholders	Total	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Children		
Chief Executive		
Mr. Nadeem Maqbool	169,105	0.38%
Directors		
Mr. Khalid Bashir	2,089,948	4.71%
Mr. Ahsan Bashir	2,617,150	5.90%
Mr. Adil Bashir	3,169,433	7.14%
Mr. Muhammad Iqbal	222,200	0.50%
Mr. Humayun Maqbool	34,811	0.08%
Mr. Shams Rafi	36,973	0.08%
Mrs. Maheen Hisham Adamjee	100	0.00%
Director's Spouses and Their Minor Children		
Begum Tanveer Khalid Bashir	1,340,511	3.02%
Mrs. Humera Iqbal	3,299,467	7.44%
Mrs. Nazia Maqbool	27,242	0.06%
Mrs. Nazia Maqbool	13,006,940	29.31%
Associated Companies, Undertakings & Related Parties		
Crescent Powertec Limited	19,610,312	44.19%
Premier Insurance Limited	1,478,825	3.33%
	21,089,137	47.53%
NIT & ICP (Name Wise Detail)		
National Bank of Pakistan - Trustee Department	608	0.00%
CDC - Trustee National Investment (Unit) Trust	3,593	0.01%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	953,127	2.15%
	957,328	2.16%
Banks, NBFCs, DFIs, Takaful, Pension Funds		
	121,996	0.27%
Modarabas	244	0.00%
Insurance Companies	16	0.00%
Other Companies, Corporate Bodies, Trust etc.	2,971,164	6.70%
General Public	6,225,462	14.03%
Total	44,372,287	100.00%
Shareholders More Than 5.00%		
Crescent Powertec Limited	19,610,312	44.19%
Mrs. Humera Iqbal	3,299,467	7.44%
Mr. Adil Bashir	3,169,433	7.14%
Mr. Ahsan Bashir	2,617,150	5.90%

Detail of Purchase/sale of Shares by Directors/CEO/Company Secretary/CFO and their Spouses/Minor Children during FY 2022

Name	No. of Shares	Nature of Transaction
Mr. Khalid Bashir (Chairman)	8,870	Inheritance
Mr. Nadeem Maqbool (Chief Executive)	1,683	Purchased
Mrs. Nazia Maqbool (Spouse)	1,117	Purchased
Mr. Adil Bashir (Executive Director)	9,600	Purchased

Performance Indicators

For the current and past five financial years

A. Profitability Ratios		2022	2021	2020	2019	2018	2017
Gross profit ratio	(%)	19.9	19.8	10.3	11.4	8.2	6.4
Operating profit margin to sales	(%)	16.7	18.7	8.1	9.0	5.2	6.7
Net profit margin to sales (net)	(%)	11.9	14.7	5.6	6.1	5.1	6.1
Return on average equity	(%)	26.9	32.2	11.3	14.7	10.4	10.0
Return on capital employed	(%)	26.4	27.4	11.4	14.7	6.8	7.4
Return on average assets	(%)	15.3	17.8	5.8	7.5	5.4	6.2

B. Liquidity Ratios		2022	2021	2020	2019	2018	2017
Current ratio	(times)	2.9	2.8	1.9	1.8	2.1	2.5
Quick ratio	(times)	1.4	1.8	0.9	0.8	1.0	1.7

C. Activity / Turnover Ratios		2022	2021	2020	2019	2018	2017
Debtors turnover ratio	(times)	11.6	14.4	13.7	17.0	20.1	20.7
No. of days in receivables / Average collection period	(days)	31.4	25	27	21	18	18
Inventory turnover ratio	(times)	4.0	4.0	3.4	4.3	4.9	6.5
No. of days in inventory	(days)	90.9	91	107	86	74	56
Creditors turnover ratio	(times)	5.8	4.5	4.3	5.5	6.0	5.1
No. of days in creditors / Average payment period	(days)	63.0	81	85	66	61	71
Total assets turnover	(times)	1.3	1.2	1.0	1.2	1.1	1.0

D. Investment / Market Ratios		2022	2021	2020	2019	2018	2017
Earnings per share	(Rs.)	62.9	63.4	19.6	23.4	17.7	19.2
Price earnings ratio	(times)	3.4	3.8	8.4	5.3	8.0	8.2
Cash dividend per share	(Rs.)	4.0	10.0	4.0	5.0	4.0	5.0
Stock dividend / Bonus shares	(%)	-	10.0	10.0	-	15.0	10.0
Break-up value per share	(Rs.)	257.9	229.8	180.4	165.5	176.2	182.1

E. Market value per share		2022	2021	2020	2019	2018	2017
Closing	(Rs.)	215.0	239.9	165.0	124.8	142.7	157.0
High	(Rs.)	268.0	254.0	185.0	157.0	169.7	163.0
Low	(Rs.)	201.2	143.0	108.0	113.0	118.6	116.1

F. Capital Structure Ratios		2022	2021	2020	2019	2018	2017
Debt equity ratio		23:77	22:78	27:73	29:71	34:67	30:70
Total liabilities to total assets	(%)	44.63	41.08	49.15	48.53	49.78	44.81

Key Operating and Financial Data

For the current and past five financial years

Rupees in thousand

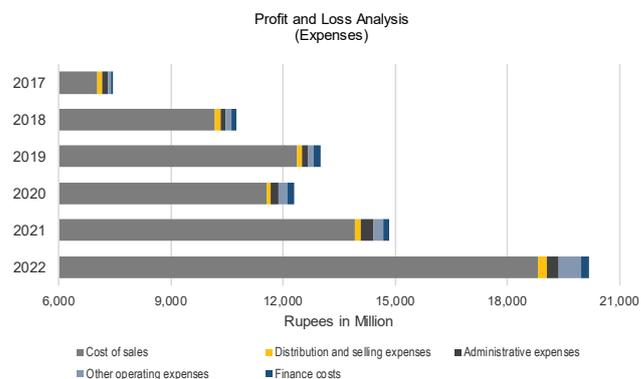
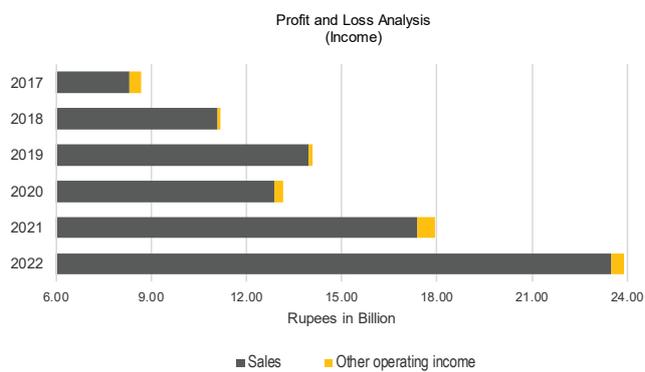
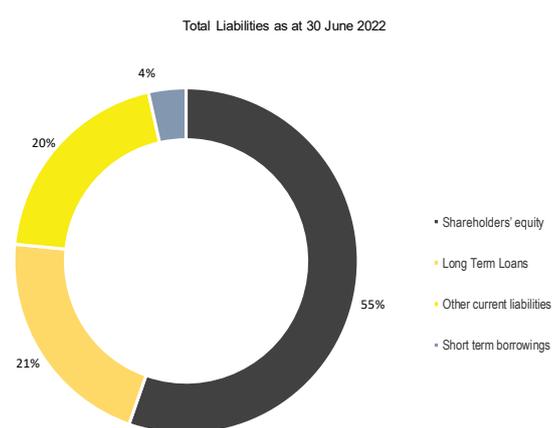
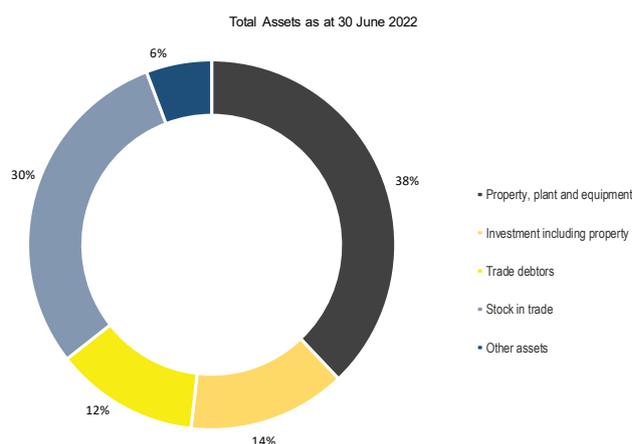
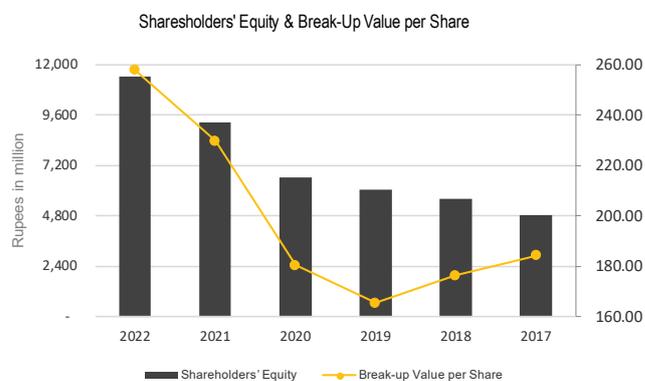
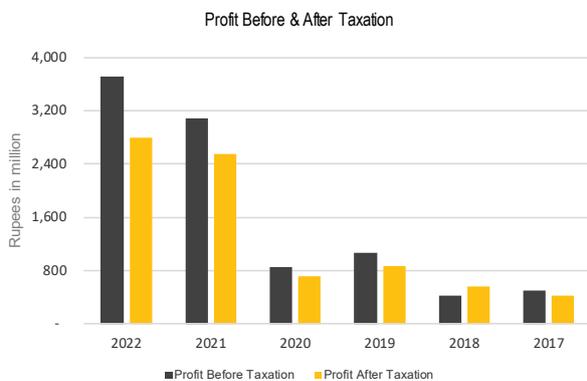
A Summary of Profit and Loss Account	2022	2021	2020	2019	2018	2017
Sales - net	23,500,659	17,374,800	12,882,572	13,973,634	11,095,688	8,313,438
Cost of sales	18,816,100	13,927,861	11,561,798	12,378,649	10,181,955	7,784,454
Gross profit	4,684,559	3,446,939	1,320,774	1,594,985	913,733	528,984
Distribution and selling expenses	240,476	155,936	119,088	125,353	141,279	125,660
Administrative expenses	311,233	331,791	204,325	165,718	147,379	140,691
Other operating expenses	601,664	261,179	226,241	157,119	145,039	86,214
Other operating income	401,703	553,232	271,003	107,647	96,596	382,832
Operating profit before finance costs	3,932,889	3,251,265	1,042,123	1,254,442	576,632	559,251
Share of loss from joint ventures	-	-	(1,359)	-	-	-
Finance costs	213,906	165,182	189,563	184,370	150,626	76,043
Profit before taxation	3,718,983	3,086,083	851,201	1,070,072	426,006	483,208
Taxation - net	928,452	527,562	131,652	211,317	139,455	22,598
Net income	2,790,531	2,558,521	719,549	858,755	565,461	505,806

B Summary of Balance Sheet	2022	2021	2020	2019	2018	2017
Property, plant and equipment	7,832,040	5,572,818	5,011,641	5,349,114	5,483,352	4,952,530
Stock-in-trade	6,164,550	3,203,682	3,718,268	3,087,533	2,714,766	1,407,007
Trade debts	2,604,817	1,439,847	974,012	913,047	732,216	371,238
Trade and other payables	3,013,743	2,206,833	2,270,877	1,870,028	1,581,088	1,304,379
Current assets	11,535,417	8,662,469	7,117,734	5,483,953	5,457,726	4,400,405
Total assets	20,665,526	15,730,546	13,011,465	11,788,505	11,190,743	9,567,695
Reserves	10,999,558	8,864,618	6,249,900	5,701,265	5,230,342	4,780,838
Shareholders' equity	11,443,280	9,268,002	6,616,613	6,067,978	5,620,199	5,280,236
Long term financing	3,455,552	2,596,566	2,533,850	2,474,995	2,885,828	2,308,673
Deferred liabilities	727,530	396,510	209,633	277,828	66,511	195,817
Short term financing	726,496	429,454	1,278,365	698,968	993,116	379,394
Current liabilities	3,972,681	3,040,014	3,651,369	2,967,704	2,618,205	1,782,969

C Summary of Cash Flow Statement	2022	2021	2020	2019	2018	2017
Cash and cash equivalents at the beginning of the year	282,975	207,139	433,938	64,827	41,676	222,084
Net cash (used in) / generated from operating activities	28,925	3,419,448	618,688	1,313,394	(788,753)	(89,486)
Net cash used in investing activities	(1,052,560)	(2,883,184)	(1,012,956)	(418,710)	(355,569)	(2,150,405)
Net cash (used in) / generated from financing activities	1,161,395	(460,428)	167,469	(525,573)	1,167,473	2,059,483
Net increase / (decrease) in cash and cash equivalents	137,760	75,836	(226,799)	369,111	23,151	(180,408)
Cash and cash equivalents at the end of the year	420,735	282,975	207,139	433,938	64,827	41,676

D Other data	2022	2021	2020	2019	2018	2017
Depreciation and amortization	587,082	464,109	499,630	500,542	406,544	199,078
Capital expenditure	2,889,142	1,044,886	183,214	392,528	1,018,986	2,777,253
No. of ordinary shares (no. of shares in millions)	44,372	40,338	36,671	36,671	31,888	28,989

Graphical Representation



Vertical Analysis

For the current and past five financial years

Rupees in thousand

Statement of Financial Position	2022	%	2021	%	2020	%	2019	%	2018	%	2017	%
Property, plant and equipment	7,832,040	37.9	5,572,818	35.4	5,011,641	38.5	5,349,114	45.38	5,483,352	49.00	4,952,530	51.76
Investment property	477,690	2.3	477,690	3.0	100,000	0.8	100,000	0.85	100,000	0.89	100,000	1.05
Investment in joint venture	-	-	-	-	-	-	-	-	50,000	0.45	50,000	0.52
Long term loans and deposits	22,076	0.1	22,076	0.1	21,871	0.2	19,879	0.17	19,879	0.18	19,879	0.21
Long term investments	772,151	3.7	971,627	6.2	746,027	5.7	825,482	7.00	14,722	0.13	-	-
Stores, spares and loose tools	257,298	1.2	218,925	1.4	203,642	1.6	202,325	1.72	182,562	1.63	149,265	1.56
Stock-in-trade	6,164,550	29.8	3,203,682	20.4	3,718,268	28.6	3,087,533	26.19	2,714,766	24.26	1,407,007	14.71
Trade debts	2,604,817	12.6	1,439,847	9.2	974,012	7.5	913,047	7.75	732,216	6.54	371,238	3.88
Loan and advances	76,638	0.4	39,972	0.3	55,137	0.4	29,064	0.25	88,552	0.79	116,749	1.22
Short term deposits and prepayments	171,760	0.8	105,614	0.7	74,125	0.6	52,366	0.44	18,692	0.17	17,540	0.18
Tax refunds due from the government	-	-	137,167	0.9	537,190	4.1	615,090	5.22	572,216	5.11	377,396	3.94
Other receivables	216,571	1.0	23,018	0.1	29,624	0.2	16,248	0.14	31,511	0.28	10,414	0.11
Short term investments	1,623,048	7.9	3,211,269	20.4	1,318,597	10.1	134,342	1.14	1,052,384	9.40	1,909,120	19.95
Cash and bank balances	420,735	2.0	282,975	1.8	207,139	1.6	433,938	3.68	64,827	0.58	41,676	0.44
Assets held for sale	26,152	0.1	23,866	0.2	14,192	0.1	10,077	0.09	65,064	0.58	44,881	0.47
Total assets	20,665,526	100.0	15,730,546	100.0	13,011,465	100.0	11,788,505	100.0	11,190,743	100.0	9,567,695	100.0
Issued, subscribed and paid up share capital	443,722	2.1	403,384	2.6	366,713	2.8	366,713	3.1	318,881	2.8	289,892	3.0
Share premium	-	-	-	-	-	-	-	0.0	29,000	0.3	29,000	0.3
Revenue reserves	10,999,558	53.2	8,864,618	56.4	6,249,900	48.0	5,701,265	48.4	5,230,342	46.7	4,780,838	50.0
Available for sale reserve	-	-	-	-	-	-	-	0.0	41,976	0.4	180,506	1.9
Shareholders' equity	11,443,280	55.4	9,268,002	58.9	6,616,613	50.9	6,067,978	51.5	5,620,199	50.2	5,280,236	55.2
Long term loan	3,455,003	16.7	2,595,380	16.5	2,533,850	19.5	2,474,995	21.0	2,885,828	25.8	2,307,475	24.1
Liabilities against assets subject to finance lease	549	0.0	1,186	0.0	-	-	-	0.0	-	0.0	1,198	0.0
Deferred taxation	727,530	3.5	396,510	2.5	209,633	1.6	277,828	2.4	66,511	0.6	195,817	2.0
Trade and other payables	3,013,743	14.6	2,206,833	14.0	2,270,877	17.5	1,870,028	15.9	1,547,631	13.8	1,304,379	13.6
Mark-up accrued	31,378	0.2	26,293	0.2	38,592	0.3	47,747	0.4	36,750	0.3	35,084	0.4
Unclaimed dividends	7,313	0.0	6,387	0.0	6,731	0.1	3,559	0.0	-	0.0	-	0.0
Short term borrowings	726,496	3.5	429,454	2.7	1,278,365	9.8	698,968	5.9	993,116	8.9	379,394	4.0
Current portion of long term liabilities	920,247	4.5	800,501	5.1	56,804	0.4	347,602	2.9	40,708	0.4	64,112	0.7
Total equity and liabilities	20,665,526	100.0	15,730,546	100.0	13,011,465	100.0	11,788,705	100.0	11,190,743	100.0	9,567,695	100.0

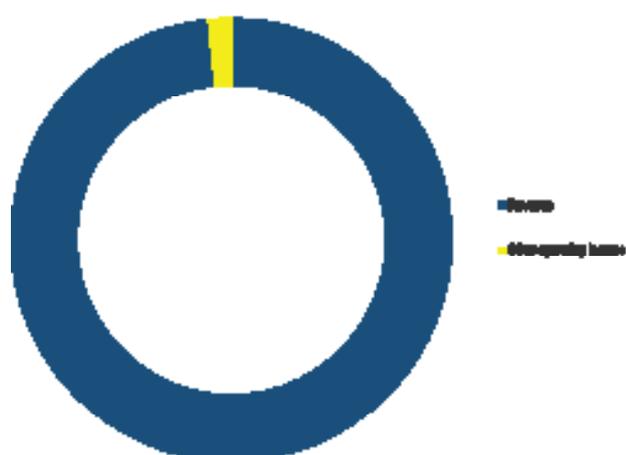
Statement of Profit or Loss												
Sales - net	23,500,659	100.0	17,374,800	100.0	12,882,572	100.0	13,973,634	100.0	11,095,688	100.0	8,313,438	100.0
Cost of sales	18,816,100	80.1	13,927,861	80.2	11,561,798	89.7	12,378,649	88.6	10,181,955	91.8	7,784,454	93.6
Gross profit	4,684,559	19.9	3,446,939	19.8	1,320,774	10.3	1,594,985	11.4	913,733	8.2	528,984	6.4
Distribution and selling expenses	240,476	1.0	155,936	0.9	119,088	0.9	125,353	0.9	141,279	1.3	125,660	1.5
Administrative expenses	311,233	1.3	331,791	1.9	204,325	1.6	165,718	1.2	147,379	1.3	140,691	1.7
Other operating expenses	601,664	2.6	261,179	1.5	226,241	1.8	157,119	1.1	145,039	1.3	86,214	1.0
Other operating income	401,703	1.7	553,232	3.2	271,003	2.1	107,647	0.8	96,596	0.9	382,832	4.6
Operating profit / (loss) before finance costs	3,932,889	16.7	3,251,265	18.7	1,042,123	8.1	1,254,442	9.0	576,632	5.2	559,251	6.7
Share of loss from joint ventures	-	-	-	0.0	(1,359)	-	-	-	-	-	-	-
Finance costs	213,906	0.9	165,182	1.0	189,563	1.5	184,370	1.3	150,626	1.4	76,043	0.9
Profit / (loss) before taxation	3,718,983	15.8	3,086,083	17.8	851,201	6.6	1,070,072	7.7	426,006	3.8	483,208	5.8
Taxation - net	928,452	4.0	527,562	3.0	131,652	1.0	211,317	1.5	139,455	1.3	22,598	0.3
Profit / (loss) after taxation	2,790,531	11.9	2,558,521	14.7	719,549	5.6	858,755	6.1	565,461	2.6	460,610	5.5

Statement of Wealth Generation & Distribution

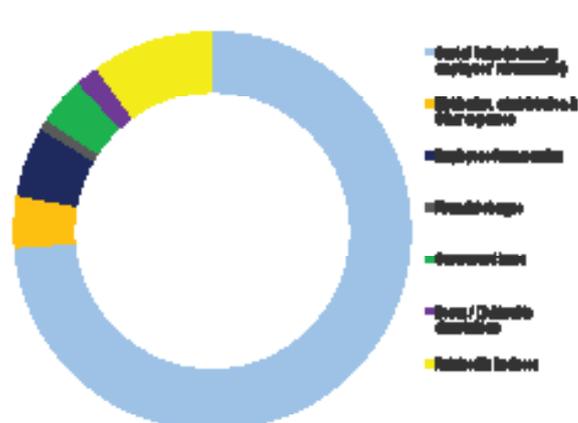
For the year ended 30 June, 2022

Wealth Generation & Distribution	2022		2021		2020		2019		2018		2017	
	Rs "000"	%	Rs "000"	%								
Wealth Generated												
Revenue	23,500,659	98.32	17,374,800	96.91	12,882,572	97.94	13,973,634	99.24	11,095,688	99.14	8,313,438	95.60
Other operating income	401,703	1.68	553,232	3.09	271,003	2.06	107,647	0.76	96,596	0.86	382,832	4.40
Total Wealth Generated	23,902,362	100.00	17,928,032	100.00	13,153,575	100.00	14,081,281	100.00	11,192,284	100.00	8,696,270	100.00
Distribution of wealth												
Cost of Sales (excluding employees' remuneration)	17,626,406	73.74	12,962,980	72.31	10,648,714	80.96	11,572,319	82.18	9,397,660	83.97	7,112,795	81.79
Distribution, administration & Other expenses	1,006,669	4.21	622,427	3.47	428,655	3.26	343,809	2.44	339,455	3.03	265,185	3.05
Employees Remuneration	1,336,398	5.59	1,091,360	6.09	1,034,083	7.86	910,711	6.47	878,537	7.85	759,039	8.73
Financial charges	213,906	0.89	165,182	0.92	189,563	1.44	184,370	1.31	150,626	1.35	76,043	0.87
Government taxes	936,755	3.92	527,562	2.94	131,652	1.00	211,317	1.50	(139,455)	(1.25)	(22,598)	(0.26)
Bonus / Dividend to shareholders	443,722	1.86	183,356	1.02	183,357	1.39	175,384	1.25	115,957	1.04	158,123	1.82
Retained in business	2,338,506	9.78	2,375,165	13.25	537,551	4.09	683,371	4.85	449,504	4.02	347,683	4.00
Profit / (loss) after taxation	23,902,362	100.00	17,928,032	100.00	13,153,575	100.00	14,081,281	100.00	11,192,284	100.00	8,696,270	100.00

Modes of Wealth Generation in FY 2021-22



Modes of Wealth Distribution in FY 2021-22



Six Years at a Glance

As at 30 June 2022

Vertical Analysis	2022		2021		2020		2019		2018		2017	
	Rs "000"	%	Rs "000"	%								
Revenue	7,832,040	37.90	5,572,818	35.43	5,011,641	38.52	5,349,114	45.38	5,483,352	49.00	4,952,530	51.76
Revenue	1,249,841	6.05	1,449,317	9.21	846,027	6.50	921,719	7.82	150,000	1.34	150,000	1.57
Revenue	22,076	0.11	22,076	0.14	21,871	0.17	19,879	0.17	19,879	0.18	19,879	0.21
Other operating income	11,561,569	55.95	8,686,335	55.22	7,131,926	54.81	5,497,793	46.64	5,537,512	49.48	4,445,286	46.46
Total Assets	20,665,526	100.00	15,730,546	100.00	13,011,465	100.00	11,788,505	100.00	11,190,743	100.00	9,567,695	100.00
Shareholders' equity	11,443,280	55.37	9,268,002	58.92	6,616,613	50.85	6,067,978	51.47	5,620,199	50.22	5,280,236	55.19
Long-term debt (excluding current maturity)	3,455,552	16.72	2,596,566	16.51	2,533,850	19.47	2,474,995	20.99	2,885,828	25.79	2,308,673	24.13
Deferred taxation and income	727,530	3.52	396,510	2.52	209,633	1.61	277,828	2.36	66,511	0.59	195,817	2.05
Short-term debt (including current maturity of long-term debt)	1,646,743	7.97	1,229,955	7.82	1,335,169	10.26	1,046,570	8.88	1,033,824	9.24	443,506	4.64
Other current liabilities	3,392,421	16.42	2,239,513	14.24	2,316,200	17.80	1,921,134	16.30	1,584,381	14.16	1,339,463	14.00
Total Equity and Liabilities	20,665,526	100.00	15,730,546	100.00	13,011,465	100.00	11,788,505	100.00	11,190,743	100.00	9,567,695	100.00
Horizontal Analysis												
Property, plant and equipment	7,832,040	40.54	5,572,818	11.20	5,011,641	(6.31)	5,349,114	(2.45)	5,483,352	10.72	4,952,530	104.88
Investments including investment property	1,249,841	(13.76)	1,449,317	71.31	846,027	(8.21)	921,719	514.48	150,000	-	150,000	-
Other non current assets	22,076	-	22,076	0.94	21,871	10.02	19,879	-	19,879	-	19,879	-
Current assets	11,561,569	33.10	8,686,335	21.80	7,131,926	29.72	5,497,793	(0.72)	5,537,512	24.57	4,445,286	5.42
Total Assets	20,665,526	31.37	15,730,546	20.90	13,011,465	10.37	11,788,505	5.34	11,190,743	16.96	9,567,695	40.62
Shareholders' equity	11,443,280	23.47	9,268,002	40.07	6,616,613	9.04	6,067,978	7.97	5,620,199	6.44	5,280,236	8.76
Long-term debt (excluding current maturity)	3,455,552	33.08	2,596,566	2.48	2,533,850	2.38	2,474,995	(14.24)	2,885,828	25.00	2,308,673	695.11
Deferred taxation and income	727,530	83.48	396,510	89.14	209,633	(24.55)	277,828	317.72	66,511	(66.03)	195,817	(1.00)
Short-term debt (including current maturity of long-term debt)	1,646,743	33.89	1,229,955	(7.88)	1,335,169	27.58	1,046,570	1.23	1,033,824	133.10	443,506	10.23
Other current liabilities	3,392,421	51.48	2,239,513	(3.31)	2,316,200	20.56	1,921,134	21.25	1,584,381	18.28	1,339,463	26.53
Total Equity and Liabilities	20,665,526	31.37	15,730,546	20.90	13,011,465	10.37	11,788,505	5.34	11,190,743	16.96	9,567,695	40.62

Key Points:

Continuous increase in shareholder's equity is primarily because of profitable operations of the company.

Increase in non-current liabilities is due to financing obtained for the expansion of weaving unit at Shahkot unit and modernization of production facilities at Raiwind unit.

Increase in Property, plant and equipment is due to the expansion of weaving unit at Shahkot unit and modernization of production facilities at Raiwind unit.

Decrease in Investments including investment property is mainly due to fair market value adjustment in equity investment.

Increase in current assets is due to increase in working capital requirements due to hefty receivables and piling up of high valued inventory of finished goods.

FINANCIAL STATEMENTS

For the year ended 30 June 2022

Independent Auditor's Review Report

To the members of Suraj Cotton Mills Limited Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Suraj Cotton Mills Limited (the Company) for the year ended 30 June 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

- (i) Composition of the audit committee is not as per the requirements of the regulation 27(1) of the Regulations as one of the members of the audit committee is executive director and except for him other members of the audit committee do not fall under the definition of "financially literate".

Based on our review, except for the above instance of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.



RIAZ AHMAD & COMPANY

Chartered Accountants

September 27, 2022

Lahore

UDIN Number: CR20221013200TgJM2cX

Independent Auditors' Report

To the members of Suraj Cotton Mills Limited Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Suraj Cotton Mills Limited (the Company), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2022 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Following are the key audit matters:

Key Audit Matters	How the matter was addressed in our audit
<p>1. Inventory existence and valuation</p> <p>As at 30 June 2022, inventory is stated at Rupees 6,421.848 million, breakup of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools Rupees 257.298 million. - Stock-in-trade Rupees 6,164.550 million. <p>Inventory is measured at the lower of cost and net realizable value.</p>	<p>Our procedures over existence and valuation of inventory included, but were not limited to:</p> <ul style="list-style-type: none"> • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets.

Independent Auditors' Report

Key Audit Matters	How the matter was addressed in our audit
<p>We identified existence and valuation of inventory as a key audit matter due to its size, representing 31.08% of total assets of the Company as at 30 June 2022, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Inventories note 2.19 to the financial statements. - Stores, spare parts and loose tools note 19 and Stock-in-trade note 20 to the financial statements. 	<ul style="list-style-type: none"> • We tested that the ageing report used by management correctly aged inventory items by agreeing a sample of aged inventory items to the last recorded invoice. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • We assessed the percentage write down applied to older inventory with reference to historic inventory write downs and recoveries on slow moving inventory. • In the context of our testing of the calculation, we analysed individual cost components and traced them back to the corresponding underlying documents. We furthermore challenged changes in unit costs. • We also made enquires of management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required.
<p>2. Investments in securities</p> <p><i>Quoted investments</i></p> <p>As at 30 June 2022, the Company carried its portfolio of quoted investments as follows:</p> <ul style="list-style-type: none"> - Fair value through other comprehensive income investments amounted to Rupees 765.821 million. - Fair value through profit or loss investments amounted to Rupees 1,623.048 million. <p>Due to materiality of quoted investments in the context of the financial statements as a whole and the requirements of applicable accounting and reporting standards relating to classification, measurement and disclosures of investments, they are considered to be the area which had the greatest effect on our overall audit strategy and allocation of resources in planning and completing our audit.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We documented and assessed the processes and controls in place to record investment transactions and to value the portfolio. • We agreed the valuation of all of quoted investments from prices quoted on Pakistan Stock Exchange Limited and redemption price in case of open-end mutual funds. • We agreed the holding of all quoted investments from the Account Balance Report of Central Depository Company of Pakistan Limited, Statement of Account, in case of open-end mutual fund and holding summary of sub account maintained with brokers. • We verified the accuracy of management's judgement used in classification of quoted investments.

Independent Auditors' Report

Key Audit Matters	How the matter was addressed in our audit
<p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, investments note 2.12 to the financial statements. - Long term investments note 17 to the financial statements. - Short term investments note 26 to the financial statements. 	
<p>3. Revenue recognition</p> <p>The Company recognized net revenue of Rupees 23,500.659 million for the year ended 30 June 2022.</p> <p>We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets.</p> <p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, Revenue recognition note 2.23 to the financial statements. - Revenue from contracts with customers note 29 to the financial statements. 	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue. • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents. • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period. • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'. • We also considered the appropriateness of disclosures in the financial statements.
<p>4. Capital expenditures</p> <p>The Company is investing significant amounts in its operations and there are a number of areas where management judgement impacts the carrying value of property, plant and equipment and its respective depreciation profile. These include among other the decision to capitalize or expense costs; and review of useful life of the assets including the impact of changes in the Company's strategy.</p> <p>We focused on this area since the amounts have a significant impact on the financial position of the Company and there is significant management judgment required that has significant impact on the reporting of the financial position for the Company. Therefore, considered as one of the key audit matters.</p>	<p>Our procedures included, but were not limited to:</p> <ul style="list-style-type: none"> • We tested operating effectiveness of controls in place over the property, plant and equipment cycle including the controls over whether costs incurred on activities is capital or operating in nature. • We evaluated the appropriateness of capitalization policies and depreciation rates. • We performed tests of details on costs capitalized. • We verified the accuracy of management's calculation used for the impairment testing.

Independent Auditors' Report

Key Audit Matters	How the matter was addressed in our audit
<p>For further information, refer to the following:</p> <ul style="list-style-type: none"> - Summary of significant accounting policies, property, plant, equipment and depreciation note 2.8 to the financial statements. - Property, plant and equipment note 14 to the financial statements. 	

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going

concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Independent Auditors' Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance

The financial statements for the year ended 30 June 2021 were audited by another firm of Chartered Accountants whose auditor's report dated 07 October 2021 expressed unmodified opinion.

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



RIAZ AHMAD & COMPANY
Chartered Accountants

September 27, 2022
Lahore

UDIN Number: AR202210132BDXnc1bML

Statement of Financial Position

as at 30 June 2022

	Note	2022 (Rupees in thousand)	2021
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 50,000,000 (2021: 50,000,000) ordinary shares of Rupees 10/- each		500,000	500,000
Issued, subscribed and paid up share capital	3	443,722	403,384
Reserves	4	11,016,711	8,864,618
Total equity		11,460,433	9,268,002
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	3,455,003	2,595,380
Lease liability	6	549	1,186
Deferred liabilities	7	710,377	396,510
		4,165,929	2,993,076
Current liabilities			
Trade and other payables	8	3,013,743	2,206,833
Accrued mark-up	9	31,378	26,293
Short term borrowings	10	726,496	429,454
Current portion of non-current liabilities	11	920,247	800,501
Provision for taxation - net	12	339,987	-
Unclaimed dividend		7,313	6,387
		5,039,164	3,469,468
TOTAL LIABILITIES		9,205,093	6,462,544
CONTINGENCIES AND COMMITMENTS	13		
TOTAL EQUITY AND LIABILITIES		20,665,526	15,730,546

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Financial Position

as at 30 June 2022

	Note	2022 (Rupees in thousand)	2021
ASSETS			
Non-current assets			
Property, plant and equipment	14	7,830,376	5,570,690
Right-of-use asset	15	1,664	2,128
Investment properties	16	477,690	477,690
Long term investments	17	772,151	971,627
Long term deposits	18	22,076	22,076
		9,103,957	7,044,211
Current assets			
Stores, spare parts and loose tools	19	257,298	218,925
Stock-in-trade	20	6,164,550	3,203,682
Trade debts	21	2,604,817	1,439,847
Loans and advances	22	76,638	39,972
Short term deposits and prepayments	23	171,760	105,614
Income tax refundable - net	24	-	137,167
Other receivables	25	216,571	23,018
Short term investments	26	1,623,048	3,211,269
Cash and bank balances	27	420,735	282,975
		11,535,417	8,662,469
Non current assets held for sale	28	26,152	23,866
		11,561,569	8,686,335
TOTAL ASSETS		20,665,526	15,730,546


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Profit or Loss

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
Revenue from Contracts with Customers	29	23,500,659	17,374,800
Cost of Sales	30	(18,816,100)	(13,927,861)
Gross Profit		4,684,559	3,446,939
Distribution Cost	31	(240,476)	(155,936)
Administrative Expenses	32	(311,233)	(331,791)
Other Expenses	33	(601,664)	(261,179)
		(1,153,373)	(748,906)
Other income	34	3,531,186	2,698,033
Profit from Operations		401,703	553,232
Finance cost	35	(213,906)	(165,182)
Profit Before Taxation		3,718,983	3,086,083
Taxation	36	(928,452)	(527,562)
Profit after taxation		2,790,531	2,558,521
			Restated
Earnings per share - basic and diluted (Rupees)	37	62.89	57.66

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Comprehensive Income

For the year ended 30 June 2022

	2022	2021
	(Rupees in thousand)	
Profit After Taxation	2,790,531	2,558,521
Other Comprehensive Income		
<i>Items that will not be reclassified to profit or loss:</i>		
(Loss) / surplus arising on remeasurement of investments at fair value through other comprehensive income - net of tax	(194,716)	239,553
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive (loss) / income for the year - net of tax	(194,716)	239,553
Total comprehensive income for the year	2,595,815	2,798,074

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Changes in Equity

For the year ended 30 June 2022

	Reserves								Total Equity
	Capital reserves				Revenue Reserves				
	Share Capital	Share premium reserve	Fair Value Reserve on FVTOCI Investments	Sub total	General Reserve	Un-appropriated profit	Sub total	Total	
------(Rupees in thousand)-----									
Balance as at 30 June 2020	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 per share	-	-	-	-	-	(146,685)	(146,685)	(146,685)	(146,685)
Profit for the year	-	-	-	-	-	2,558,521	2,558,521	2,558,521	2,558,521
Other comprehensive income for the year	-	-	239,553	239,553	-	-	-	239,553	239,553
Total comprehensive income for the year	403,384	29,000	9,985	38,985	3,714,000	5,111,633	8,825,633	8,864,618	9,268,002
Balance as at 30 June 2021	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 2021 @ 10%	40,338	-	-	-	-	(40,338)	(40,338)	(40,338)	-
Final dividend for the year ended 30 June 2021 @ Rupees 10 per share	-	-	-	-	-	(403,384)	(403,384)	(403,384)	(403,384)
Profit for the year	-	-	-	-	-	2,790,531	2,790,531	2,790,531	2,790,531
Other comprehensive income for the year	-	-	(194,716)	(194,716)	-	-	-	(194,716)	(194,716)
Total comprehensive income for the year	-	-	(194,716)	(194,716)	-	2,790,531	2,790,531	2,595,815	2,595,815
Balance as at 30 June 2022	443,722	29,000	(184,731)	(155,731)	3,714,000	7,458,442	11,172,442	11,016,711	11,460,433

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

Statement of Cash Flows

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	38	797,681	3,831,547
Finance cost paid		(184,435)	(177,481)
Workers' profit participation fund paid		(165,741)	(45,788)
Income tax paid		(384,885)	(183,578)
Profit on bank deposits received		18,314	10,932
Gas infrastructure development cess paid		(52,009)	(15,979)
Increase in long term deposits		-	(205)
Net cash (used in) / generated from operating activities		28,925	3,419,448
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(2,889,142)	(1,044,886)
Proceeds from disposal of property, plant and equipment		52,210	13,164
Initial direct cost incurred on right-of-use asset		-	(76)
Investment properties purchased		-	(400,000)
Proceeds from disposal of investment properties		-	188,000
Investments made		(3,379,967)	(3,487,204)
Investments disposed of		4,835,917	1,655,646
Dividends received		307,222	180,282
Proceeds from disposal of non-current asset classified as held for sale		21,200	11,890
Net cash used in investing activities		(1,052,560)	(2,883,184)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		1,756,984	566,259
Repayment of long term financing		(489,590)	(30,274)
Repayment of lease liability		(583)	(473)
Short term borrowings - net		297,042	(848,911)
Dividend paid		(402,458)	(147,029)
Net cash generated / (used in) from financing activities		1,161,395	(460,428)
Net increase in cash and cash equivalents		137,760	75,836
Cash and cash equivalents at the beginning of the year		282,975	207,139
Cash and cash equivalents at the end of the year		420,735	282,975

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Notes to the Financial Statements

For the year ended 30 June 2022

1. THE COMPANY AND ITS OPERATIONS

1.1 Suraj Cotton Mills Limited (the Company) is a public limited Company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and 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.

1.2 Geographical location and addresses of all business units are as follows:

Sr. No.	Manufacturing units and offices	Address
1	Spinning unit - Karachi	Karachi - Hyderabad Motorway, Nooriabad, Jamshoro, Sindh.
2	Spinning unit and weaving unit - Shahkot	Kotla Kahloon, Shahkot, District Nankana Sahib, Punjab.
3	Spinning unit - Raiwind	4 K.M. Raiwind Manga Road, Raiwind, Punjab.
4	Registered office and head office	7-B-III, Aziz Avenue, Gulberg-V, Lahore, Punjab.
5	Branch office	3rd floor, Cotton Exchange Building, I. I. Chundrigar Road, Karachi, Sindh.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated:

2.1 Basis of preparation

a) Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

Notes to the Financial Statements

For the year ended 30 June 2022

b) Accounting convention

These financial statements have been prepared under the historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of 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. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in application of accounting policies are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of property, plant and equipment, with a corresponding effect on the depreciation charge and impairment.

Inventories

Inventory write-down is made based on the current market conditions, historical experience and selling goods of similar nature. It could change significantly as a result of changes in market conditions. A review is made on each reporting date on inventories for excess inventories, obsolescence and declines in net realizable value and an allowance is recorded against the inventory balances for any such declines.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Notes to the Financial Statements

For the year ended 30 June 2022

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience and historical collection rates.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

Contingencies

The Company reviews the status of all pending litigations and claims against the Company. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognizing revenue in relation to the sale of goods to customers, the key performance obligation of the Company is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access.

Impairment of investments in associates and joint ventures

In making the estimates of recoverable amount of the Company's investments in joint ventures, the management considers future cash flows.

d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2021:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors'
- International Accounting Standards Board's revised Conceptual Framework – March 2018

Notes to the Financial Statements

For the year ended 30 June 2022

- IFRS 16 (Amendments) 'Leases'
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) **Amendments to published approved accounting standards that are effective in current year but not relevant to the Company**

There are other standard and amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) **Amendments to published approved accounting standards that are not yet effective but relevant to the Company**

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2022 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Notes to the Financial Statements

For the year ended 30 June 2022

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2021 are effective for annual reporting periods beginning on or after 01 January 2022:

-IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

-IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 01 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Notes to the Financial Statements

For the year ended 30 June 2022

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2022. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements do not have a material impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2022 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees.

2.3 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.4 Employee benefit

The Company operates an employee's funded provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and employees at the rate of 6 percent of the basic salary to the fund. The Company's contributions to the fund are charged to statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2022

2.5 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.6 Borrowing

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.7 Borrowing cost

Interest, mark-up and other charges on long-term finances are capitalized up to the date of commissioning of respective qualifying assets acquired out of the proceeds of such long-term finances. All other interest, mark-up and other charges are recognized in statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2022

2.8 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets except freehold land are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to erection / construction period of qualifying assets and other directly attributable costs of bringing the asset to working condition. Freehold land is stated at cost less any recognized impairment loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance costs are charged to statement of profit or loss during the period in which they are incurred.

Depreciation

Depreciation on operating fixed assets is charged to the statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives except for leasehold land, which is depreciated over the lease period using straight-line method, at the rates given in note 13.1. Depreciations on additions is charged from the month in which the assets are available for use up to the month prior to disposal. The residual values and useful lives are reviewed by the management, at each financial period-end and adjusted if impact on depreciation is significant.

De-recognition

An item of operating fixed assets is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the statement of profit or loss in the year the asset is de-recognized.

Capital work-in-progress

Capital work-in-progress is stated at cost less identified impairment losses, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use.

2.9 Investment properties

Land and building held for capital appreciation or to earn rental income are classified as investment properties. Investment properties except land, are stated at cost less accumulated depreciation and any recognized impairment loss. Land is stated at cost less any recognized impairment loss.

Notes to the Financial Statements

For the year ended 30 June 2022

2.10 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of-use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.11 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.12 Investments and other financial assets

a) Classification

The Company classifies its financial assets in the following measurement categories:

Notes to the Financial Statements

For the year ended 30 June 2022

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2022

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income / (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income / (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Notes to the Financial Statements

For the year ended 30 June 2022

2.13 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.14 Impairment of financial assets

The Company recognizes loss allowances for ECLs on:

- Financial assets measured at amortized cost;
- Debt investments measured at FVTOCI; and
- Contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- Debt securities that are determined to have low credit risk at the reporting date; and
- Other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Notes to the Financial Statements

For the year ended 30 June 2022

The Company has elected to measure loss allowances for trade debts using IFRS 9 simplified approach and has calculated ECLs based on lifetime ECLs. The Company has established a matrix that is based on the Company's historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment including forward-looking information.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVTOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

2.15 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

Notes to the Financial Statements

For the year ended 30 June 2022

b) Financial liabilities

The Company shall derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.16 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.17 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.18 Investments in associates and joint ventures

An associate is an entity over which the Company has significant influence. A joint venture is a joint arrangement whereby the joint venturers that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for using the equity method of accounting, after initially being recognized at cost.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in profit or loss, and the Company's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from investee companies are recognised as a reduction in the carrying amount of the investment.

Notes to the Financial Statements

For the year ended 30 June 2022

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates and joint ventures are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Company.

At each statement of financial position date, the Company reviews the carrying amounts of these investments to assess whether there is any indication that such investments have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the statement of profit or loss.

2.19 Inventories

Inventories, except for stock-in-transit and waste stock, are stated at lower of cost and net realizable value. Cost is determined as follows:

Stores, spares and loose tools

Usable stores, spares and loose tools are valued principally at cost using moving average cost formula less provision for slow moving, while items considered obsolete are carried at nil value. Items-in-transit are valued at cost comprising invoice value plus other charges paid thereon.

Stock-in-trade

Cost of raw material, work-in-process and finished goods is determined as follows:

- | | | |
|------|---|--|
| (i) | For raw materials: | Weighted average cost |
| (ii) | For work-in-process and finished goods: | At average manufacturing cost including proportion of production overheads |

Materials in transit are valued at cost comprising invoice value plus other charges paid thereon. Waste stocks are valued at net realizable value.

Notes to the Financial Statements

For the year ended 30 June 2022

Net realizable value signifies the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make a sale.

2.20 Trade and other payables

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.21 Trade and other receivables

Trade debts are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

2.22 Non-current assets (or disposal groups) held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell.

2.22 Revenue from contracts with customers

i) Revenue recognition

(a) Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

(b) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

(c) Dividend

Dividend on investments is recognized when right to receive the dividend is established.

Notes to the Financial Statements

For the year ended 30 June 2022

(d) Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

2.24 Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due. Contract assets are treated as financial assets for impairment purposes.

2.25 Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract.

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss.

2.26 Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the Company that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract.

2.27 Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment.

2.28 Contract liabilities

Contract liability is the obligation of the Company to transfer goods to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods, a contract liability is recognized when the payment is made. Contract liabilities are recognized as revenue when the Company performs its performance obligations under the contract.

Notes to the Financial Statements

For the year ended 30 June 2022

2.29 Refund liabilities

Refund liabilities are recognised where the Company receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the Company does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology.

2.30 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short term highly liquid instruments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in values.

2.31 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount can be made.

2.32 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.33 Contingent assets

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognized until their realization becomes certain.

2.34 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2022

2.35 Segment reporting

Segment reporting is based on the operating (business) segments of the Company. An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to the transactions with any of the Company's other components. An operating segment's operating results are reviewed regularly by the chief executive officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the chief executive officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Those incomes, expenses, assets, liabilities and other balances which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated.

The Company has following reportable business segments:

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

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

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

2.36 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.37 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss over the expected lives of the related assets.

Notes to the Financial Statements

For the year ended 30 June 2022

2.38 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.39 Derivative financial instruments

Derivatives are initially recognized at fair value. Any directly attributable transaction costs are recognized in the statement of profit or loss as incurred. They are subsequently remeasured at fair value on regular basis and at each reporting date as a minimum, with all their gains and losses, realized and unrealized, recognized in the statement of profit or loss.

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2022 (No. of Shares)		2021	2022 (Rupees in thousand)		2021
17,400,000	17,400,000	Ordinary shares of Rupees 10 each fully paid up in cash	174,000	174,000	
26,972,287	22,938,443	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	269,722	229,384	
44,372,287	40,338,443		443,722	403,384	

3.1 Movement during the year

2022 (No. of Shares)		2021	2022 (Rupees in thousand)		2021
40,338,443	36,671,312	At 01 July	403,384	366,713	
4,033,844	3,667,131	Ordinary shares of Rupees 10 each issued during the year as fully paid bonus shares	40,338	36,671	
44,372,287	40,338,443	At 30 June	443,722	403,384	

Notes to the Financial Statements

For the year ended 30 June 2022

3.2 Ordinary shares of the Company held by the associated companies:

	2022	2021
	(No. of Shares)	
Crescent Powertech Limited	19,610,312	17,827,557
Premier Insurance Limited	1,478,825	1,344,387
	21,089,137	19,171,944

	Note	2022	2021
		(Rupees in thousand)	
4. RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Share premium reserve	4.1	29,000	29,000
Fair value reserve on FVTOCI investments - net of deferred income tax	4.2	(184,731)	9,985
		(155,731)	38,985
Revenue reserves			
General reserve		3,714,000	3,714,000
Un-appropriated profit		7,458,442	5,111,633
		11,172,442	8,825,633
		11,016,711	8,864,618

4.1 This reserve can be utilized by the Company only for the purposes specified in section 81 of the Companies Act, 2017.

4.2 This represents unrealized gain on re-measurement of investments at fair value through other comprehensive income and is not available for distribution. Reconciliation of fair value reserve - net of deferred income tax is as under:

	Note	2022	2021
		(Rupees in thousand)	
Balance as on 01 July		(13,517)	(229,568)
Add: Fair value adjustment during the year		(207,718)	216,051
		(221,235)	(13,517)
Deferred income tax on equity investments		36,504	23,502
Balance as on 30 June		(184,731)	9,985

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
5. LONG TERM FINANCING - SECURED			
From banking companies			
Long term loans	5.1	3,849,419	2,962,714
Less: Current portion shown under current liabilities	11	(394,416)	(367,334)
		3,455,003	2,595,380

LENDER	2022 (Rupees in Thousand)	2021	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRIC-ING	INTEREST PAYABLE	SECURITY
5.1 Long term loans							
MCB Bank Limited	41,217	68,695	SBP rate for LTFF + 0.5%	Eleven equal semi annual instalments commenced on 10 September 2017 and ending on 10 September 2023 (Note 5.2).	-	Quarterly	
MCB Bank Limited	25,748	29,521	3 months KIBOR + 0.5%	Thirty four un-equal instalments commenced on 27 November 2019 and ending on 24 April 2029 (Note 5.2).	Quarterly	Quarterly	
MCB Bank Limited	177,811	201,519	SBP rate for LTFF + 0.60%	Seventeen equal semi annual instalments commenced on 11 December 2021 and ending on 11 December 2029.	-	Quarterly	First pari passu charge over present and future fixed assets of the Company aggregating to Rupees 2,300 million inclusive of 25% margin.
MCB Bank Limited	625,656	724,001	SBP rate for LTFF + 0.50%	One hundred and twenty two un-equal instalments commenced on 12 April 2019 and ending on 06 March 2029 (Note 5.2).	-	Quarterly	
MCB Bank Limited (Note 5.3)	402,183	357,950	SBP rate for TERF + 1%	Ninety Six un-equal instalments commencing on 23 September 2023 and ending on 07 October 2031.	-	Quarterly	
Allied Bank Limited	1,130,270	1,317,770	SBP rate for LTFF + 0.5%	One hundred and twenty eight un-equal instalments commenced on 11 July 2019 and ending on 08 August 2028 (Note 5.2).	-	Quarterly	Joint pari passu hypothecation charge over all fixed assets of the Company aggregating to Rupees 3,534 million inclusive of 25% margin.
Allied Bank Limited (Note 5.3)	704,524	-	SBP rate for TERF + 1%	One hundred and two un-equal instalments commencing on 04 May 2023 and ending 28 September 2031.	-	Quarterly	
United Bank Limited	192,344	218,874	SBP rate for LTFF + 1%	Thirty six quarterly instalments commenced on 31 October 2019 and ending on 31 July 2029. (Note 5.2)	-	Quarterly	Joint pari passu charge of Rupees 854 million over present and future fixed assets of the Company inclusive of 25 % margin.
Bank Alfalah Limited (Note 5.3)	549,666	44,384	SBP rate for TERF + 1%	Three hundred and twenty three un-equal instalments commencing on 27 July 2023 and ending on 28 November 2031.	-	Quarterly	Joint pari passu charge over fixed assets of the Company aggregating to Rupees 1,334 million inclusive of 25% margin.
	3,849,419	2,962,714					

Notes to the Financial Statements

For the year ended 30 June 2022

5.2 Repayment period includes deferment of repayment of principal loan amount by one year in accordance with State Bank of Pakistan BPRD Circular Letter No. 13 of 2020 dated 26 March 2020.

5.3 These loans are obtained by the Company under SBP Temporary Economic Refinance Facility (TERF). These are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate ranging from 7.88% to 11.26% per annum (2021: 8.44% to 8.50% per annum).

	Note	2022 (Rupees in thousand)	2021
6. LEASE LIABILITY			
Total lease liability		1,190	1,773
Less: Current portion shown under current liabilities	11	(641)	(587)
		549	1,186
6.1 Reconciliation of lease liability			
Balance as on 01 July		1,773	-
Add: Additions during the year		-	2,246
Add: Interest accrued on lease liability		126	82
Less: Payments made during the year		(709)	(555)
Balance as on 30 June		1,190	1,773
6.2 Maturity analysis of lease liability is as follows:			
Up to 06 months		355	355
06 to 12 months		355	355
01 to 02 years		559	710
More than 02 years		-	559
		1,269	1,979
Less: Future finance cost		(79)	(206)
Present value of lease liability		1,190	1,773

6.3 The implicit rate against lease liability ranges from 9.85% to 9.97% (2021: 9.55% to 9.85% per annum).

6.4 Lease from First Habib Modarba is secured against title of leased asset, post dated cheques and security deposit of Rupees 0.205 million.

7. DEFERRED LIABILITIES

Deferred income - Government grant	7.1	459,013	141,575
Gas Infrastructure Development Cess (GIDC) payable	7.2	-	56,982
Deferred income tax liability - net	7.3	251,364	197,953
		710,377	396,510

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
7.1 Deferred income - Government grant			
Balance as on 01 July		163,925	-
Add: Recognized during the year		465,417	164,238
Less: Amortized during the year		(73,768)	(313)
		555,574	163,925
Less: Current portion shown under current liabilities	11	(96,561)	(22,350)
		459,013	141,575

7.1.1 The State Bank of Pakistan (SBP), through its Circular No. 01 and 02 of 2020 dated 17 March 2020 introduced a Temporary Economic Refinance Facility (TERF) for setting of new industrial units. One of the key feature of the refinance facility is that borrowers can obtain loans at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance', the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained these loans as disclosed in note 5 to the financial statements. In accordance with IFRS 9 'Financial Instruments' loans obtained under the refinance facilities have been initially recognized at fair value which is the present value of loans proceeds received, discounted using prevailing market rates of interest for a similar instruments. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating. There are no unfulfilled conditions or contingencies attached to this grant.

7.2 Gas Infrastructure Development Cess (GIDC) Payable

Gas Infrastructure Development Cess payable		467,212	483,191
Add: Adjustment due to impact of IFRS 9	35	13,426	27,362
Less: Payments made during the year		(52,009)	(43,341)
Balance as on 30 June		428,629	467,212
Less: Current portion shown under current liabilities	11	(428,629)	(410,230)
		-	56,982

7.2.1 This represents Gas Infrastructure Development Cess (GIDC) that was levied through GIDC Act, 2015. Honourable Supreme Court of Pakistan upheld the GIDC Act, 2015 to be constitutional and intra vires. With respect to GIDC payable to Sui Southern Gas Pipeline Limited, the Company has filed a review petition in Honourable Sindh High Court, Karachi which is pending for adjudication. However, with respect to GIDC payable to Sui Northern Gas Pipelines Limited, the Company is paying the GIDC in 24 Instalments. However, GIDC payable has been recorded at amortized cost in accordance with IFRS 9.

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
7.3 Deferred income tax liability - net			
The deferred income tax liability / (asset) originated due to timing differences relating to:			
Deferred tax liabilities			
Accelerated tax depreciation		374,888	230,521
Right-of-use asset		329	395
		375,217	230,916
Deferred tax assets			
Un-realized loss on FVTPL investments		(33,890)	(9,131)
Un-realized loss on FVTOCI investments		(36,504)	(23,502)
Allowance for expected credit loss		(43,755)	-
Provision for slow moving, obsolete and damaged store items		(9,468)	-
Lease liability		(236)	(330)
		(123,853)	(32,963)
		251,364	197,953

7.3.1 Movement in deferred tax balances during the year is as follows:

	2022			Closing balance
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	
-----Rupees in thousand-----				
Accelerated tax depreciation	230,521	144,367	-	374,888
Right-of-use asset	395	(66)	-	329
Un-realized loss on FVTPL investments	(9,131)	(24,759)	-	(33,890)
Un-realized loss on FVTOCI investments	(23,502)	-	(13,002)	(36,504)
Allowance for expected credit loss	-	(43,755)	-	(43,755)
Provision for slow moving, obsolete and damaged store items	-	(9,468)	-	(9,468)
Lease liability	(330)	94	-	(236)
	197,953	66,413	(13,002)	251,364

Notes to the Financial Statements

For the year ended 30 June 2022

	2021			Closing balance
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	
-----Rupees in thousand-----				
Accelerated tax depreciation	342,010	(111,489)	-	230,521
Right-of-use asset	-	395	-	395
Un-realized loss on FVTPL investments	(18,079)	8,948	-	(9,131)
Un-realized loss on FVTOCI investments	-	-	(23,502)	(23,502)
Lease liability	-	(330)	-	(330)
Minimum tax carried forward	(114,298)	114,298	-	-
	209,633	11,822	(23,502)	197,953

7.3.2 Deductible temporary differences are considered to the extent that the realization of related tax benefits is probable from reversals of existing taxable temporary differences and future taxable profits.

	Note	2022 (Rupees in thousand)	2021
8. TRADE AND OTHER PAYABLES			
Creditors	8.1	1,014,758	480,909
Contract liabilities - unsecured		78,430	58,196
Accrued liabilities		1,357,271	1,176,484
Infrastructure cess payable	8.2	181,799	116,243
Payable to employees' provident fund trust		-	49
Income tax deducted at source		3,637	3,461
Sales tax payable		-	103,531
Workers' profit participation fund	8.3	199,731	165,741
Workers' welfare fund	8.4	178,117	102,219
		3,013,743	2,206,833
8.1 These include amounts due to following related parties:			
Crescent Textiles Mills Limited - associated company		4	17,149
Shams Textile Mills Limited - associated company		5,249	8,588
Premier Insurance Limited - associated company		5,251	-
Crescent Fibers Limited - associated company		9,925	-
Crescent Powertech Limited - associated company		23,838	44
Mohammad Amin Mohammad Bashir Limited - associated company		462	462
		44,729	26,243

Notes to the Financial Statements

For the year ended 30 June 2022

8.2 This represents provision for infrastructure cess imposed by the Province of Sindh through Sindh Finance Act, 1994 and its subsequent versions including the final version i.e. Sindh Development and Maintenance of Infrastructure Cess Act, 2017. The Company filed writ petition in Honourable Sindh High Court, Karachi whereby stay was granted and directions were given to provide bank guarantees in favour of Director Excise and Taxation, Karachi. The Honourable Sindh High Court, Karachi passed order dated 04 June 2021 against the Company and directed that bank guarantees should be encashed. Being aggrieved by the order, the Company along with others filed petitions for leave to appeal before Honourable Supreme Court of Pakistan against the Sindh High Court's judgment in relation to Sindh infrastructure development cess. On 01 September 2021, after hearing the petitioners, the Honourable Supreme Court dictated the order in open court granting leave to appeal to the petitioners and restraining the Sindh Government from encashing the bank guarantees furnished in pursuance of the interim orders passed by the Sindh High Court. The Honourable Supreme Court also directed to release the future consignments subject to furnishing of bank guarantees for the disputed amount. The detail of provision is as follows:

	Note	2022 (Rupees in thousand)	2021
Balance as on 01 July		116,243	97,492
Add: Provision made during the year		65,556	18,751
Balance as on 30 June		181,799	116,243
8.3 Workers' profit participation fund			
Opening balance		165,741	45,788
Add: Provision for the year	33	199,731	165,741
		365,472	211,529
Less: Payments made during the year		(165,741)	(45,788)
Balance as on 30 June		199,731	165,741
8.4 Workers' welfare fund			
Opening balance		102,219	39,238
Add: Provision for the year	33	75,898	62,981
		178,117	102,219
9. ACCRUED MARKUP			
Long term financing		14,906	17,161
Short term borrowings		16,472	9,132
		31,378	26,293

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
10. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finance	10.1 & 10.2	226,605	326,261
Import loans	10.1 & 10.3	499,891	103,193
		726,496	429,454
10.1	These finances are obtained from banking companies under mark-up arrangements and are secured against joint pari passu hypothecation charge over current assets, pledge of stocks, other instruments and joint pari passu hypothecation charge on plant and machinery of the Company.		
10.2	The rates of mark-up range from 7.95% to 15.66% (2021: 7.76% to 9.38%) per annum during the year on the balance outstanding.		
10.3	The rates of mark-up range from 6.05% to 15.56% (2021: 2.30% to 9.35%) per annum during the year on the balance outstanding.		
11. CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term financing	5	394,416	367,334
Current portion of lease liability	6	641	587
Current portion of deferred income - Government grant	7.1	96,561	22,350
Current portion of GIDC	7.2	428,629	410,230
		920,247	800,501
12. PROVISION FOR TAXATION - NET			
Provision for taxation		1,116,234	-
Less: Income tax refundable		(776,247)	-
		339,987	-

Notes to the Financial Statements

For the year ended 30 June 2022

13. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) The Company filed a complaint dated 20 April 2022 against Chief Commissioner Inland Revenue in terms of section 10(1) of the Federal Tax Ombudsman (FTO) Ordinance, 2000 for delay in processing / sanctioning of sales tax refund of Rupees 79.470 million for the tax periods from December 2013 to October 2017. As per the tax department, the Company used to fall under zero-rated regime. Two electricity connections of the Company were included in Sales Tax General Order dated 13 September 2007 for the purpose of zero-rating. No zero-rated facility was however available on another electricity connection till 21 November 2017. On 21 November 2017, this electricity connection was included in Sales Tax General Order for zero-rating. The Company filed writ petition before Honorable Lahore High Court, Lahore (LHC) against recovery notices issued by Lahore Electric Supply Company Limited for recovery of sales tax for above-mentioned periods. Petition was disposed by LHC on 21 September 2017 with direction that only tax department or competent authority, under law, shall be entitled to recover arrears of sales tax. LESCO vide letter dated 21 May 2021 directed the Company to deposit sales tax in its account since tax department has already recovered sales tax of Rupees 79.470 million which was deposited by the Company. Later, the Company requested for issuance of refund under section 66 of the Sales Tax Act, 1990. FTO vide order dated 01 June 2022 recommended the tax department to direct Commissioner Inland Revenue to process / sanction Company's refund claims for for the tax periods from December 2013 to October 2017 on provision of requisite documents by the Company. The Company is confident of favourable outcome of the matter, hence no provision thereagainst has been made in these financial statements.

ii) Guarantees of Rupees 323.049 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.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 1,753.577 million (2021: Rupees 3,306.022 million).

ii) Letters of credit other than for capital expenditure are of Rupees 1,645.484 million (2021: Rupees 465.840 million).

'iii) Outstanding foreign currency forward contracts are of Rupees Nil (2021: 439.899 Rupees million).

	Note	2022 (Rupees in thousand)	2021
14	PROPERTY, PLANT AND EQUIPMENT		
Operating fixed assets	14.1	7,735,315	4,669,213
Capital work-in-progress	14.2	95,061	901,477
		7,830,376	5,570,690

Notes to the Financial Statements

For the year ended 30 June 2022

14.1 OPERATING FIXED ASSETS

	Leasehold land	Buildings on leasehold land	Freehold land	Buildings on freehold land	Office premises	Plant and machinery	Electric installations	Furniture and fixtures	Office equipment	Vehicles	Total
At 30 June 2020											
Cost	2,108	49,580	452,300	919,207	121,912	6,981,480	175,731	3,549	61,527	140,650	8,908,044
Accumulated depreciation	(742)	(42,398)	-	(430,001)	(13,136)	(3,288,218)	(87,732)	(3,000)	(38,401)	(63,851)	(3,967,479)
Net book value	1,366	7,182	452,300	489,206	108,776	3,693,262	87,999	549	23,126	76,799	4,940,565
Year ended 30 June 2021											
Opening net book value	1,366	7,182	452,300	489,206	108,776	3,693,262	87,999	549	23,126	76,799	4,940,565
Additions	-	-	-	21,320	-	172,427	-	-	-	20,738	214,485
Disposals:											
Cost	-	-	-	-	-	(21,106)	-	-	-	(8,564)	(29,670)
Accumulated depreciation	-	-	-	-	-	17,019	-	-	-	6,529	23,548
Assets transferred to held for sale:											
Cost	-	-	-	-	-	(4,087)	-	-	-	(2,035)	(6,122)
Accumulated depreciation	-	-	-	-	-	(15,799)	-	-	-	-	(15,799)
Assets transferred to held for sale:											
Cost	-	-	-	-	-	(64,859)	-	-	-	-	(64,859)
Accumulated depreciation	-	-	-	-	-	49,060	-	-	-	-	49,060
Depreciation charge	(21)	(718)	-	(49,099)	(10,878)	(376,297)	(8,800)	(55)	(2,313)	(15,735)	(463,916)
Closing net book value	1,345	6,464	452,300	461,427	97,898	3,469,506	79,199	494	20,813	79,767	4,669,213
At 30 June 2021											
Cost	2,108	49,580	452,300	940,527	121,912	7,067,942	175,731	3,549	61,527	152,824	9,028,000
Accumulated depreciation	(763)	(43,116)	-	(479,100)	(24,014)	(3,598,436)	(96,532)	(3,055)	(40,714)	(73,057)	(4,358,787)
Net book value	1,345	6,464	452,300	461,427	97,898	3,469,506	79,199	494	20,813	79,767	4,669,213
Year ended 30 June 2022											
Opening net book value	1,345	6,464	452,300	461,427	97,898	3,469,506	79,199	494	20,813	79,767	4,669,213
Additions	-	-	723,630	343,803	-	2,451,190	57,406	-	63,772	55,757	3,695,558
Disposals:											
Cost	-	-	-	-	-	(131,749)	-	-	-	(14,593)	(146,342)
Accumulated depreciation	-	-	-	-	-	107,078	-	-	-	10,372	117,450
Assets transferred to held for sale:											
Cost	-	-	-	-	-	(24,671)	-	-	-	(4,221)	(28,892)
Accumulated depreciation	-	-	-	-	-	(87,844)	-	-	-	-	(87,844)
Accumulated depreciation	-	-	-	-	-	73,898	-	-	-	-	73,898
Depreciation charge	(21)	(646)	-	(54,738)	(9,790)	(482,933)	(10,661)	(49)	(5,147)	(22,633)	(586,618)
Closing net book value	1,324	5,818	1,175,930	750,492	88,108	5,399,146	125,944	445	79,438	108,670	7,735,315
At 30 June 2022											
Cost	2,108	49,580	1,175,930	1,284,330	121,912	9,299,539	233,137	3,549	125,299	193,988	12,489,372
Accumulated depreciation	(784)	(43,762)	-	(533,838)	(33,804)	(3,900,393)	(107,193)	(3,104)	(45,861)	(85,318)	(4,754,057)
Net book value	1,324	5,818	1,175,930	750,492	88,108	5,399,146	125,944	445	79,438	108,670	7,735,315
Annual rate of depreciation (%)	1	10	-	10	10	10	10	10	10	10	20

Notes to the Financial Statements

For the year ended 30 June 2022

13.1.1 Detail of operating fixed assets, exceeding the book value of Rupees 500,000 disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of purchasers
----- (Rupees thousand) -----								
Plant and machinery								
Cone Winding Schlatthorst 338 FM	3	30,505	24,472	6,033	7,500	1,467	Negotiation	Mubashar Brothers, Faisalabad.
Cone Winding Schlatthorst 338 FM	2	20,337	16,315	4,022	5,000	978	Negotiation	Reliance Weaving Mills Limited, Multan.
Cone Winding Schlatthorst 338 FM	1	17,360	13,057	4,303	5,000	697	Negotiation	H.A Fibers Private Limited, Multan.
Air Jet 710 Loom 190 CM	14	37,041	31,029	6,012	11,200	5,188	Negotiation	Detex Corporation, Karachi.
Air Jet 710 Loom 190 CM	2	5,301	4,441	860	2,600	1,740	Negotiation	The Crescent Textile Mills Limited - associated company, Faisalabad.
Air Jet 710 Loom 190 CM	8	21,205	17,764	3,441	6,400	2,959	Negotiation	Muhammad Yasin, Faisalabad.
Vehicles								
Toyota Altis LEF-17-7355	1	2,091	1,319	772	2,500	1,728	Negotiation	Mr. Syed Iftikhar Hussain Bukhari, Lahore.
Suzuki Cultus LEC-17A-1420	1	1,275	737	538	750	212	Negotiation	Mr. Muhammad Munir, Lahore.
Honda Civic LE-16A-820	1	2,794	1,862	872	3,100	2,228	Negotiation	Ms. Asma Irfan, Lahore.
Toyota Altis BFT-819	1	1,040	366	674	2,100	1,426	Negotiation	Mr. Muhammad Anwar, Jamshoro.
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		7,453	6,088	1,365	6,060	4,695		
		146,342	117,450	28,892	52,210	23,318		

14.1.2 Depreciation charge for the year has been allocated as follows:

	Note	2022 (Rupees in thousand)	2021 (Rupees in thousand)
Cost of sales	30	553,346	435,366
Administrative expenses	32	33,272	28,550
		586,618	463,916

13.1.3 Particulars of immovable properties (i.e. lands and buildings) are as follows:

Manufacturing units and office	Address	Area of land Kanals
Site for office	30-Q, Gulberg-II, Lahore.	4.70
Manufacturing units		
Spinning unit	Karachi - Hyderabad Motoway, Nooriabad, Jamshoro, Sindh.	120.00
Spinning unit and weaving unit	Kotla Kahloon, Shahkot, District Nankana Sahib, Punjab.	347.50
Spinning unit	4 K.M. Raiwind Manga Road, Raiwind, Punjab.	627.00
		1,099.20

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
14.2 Capital Work in Progress			
Buildings on freehold land		20,833	233,247
Plant and machinery		4,117	653,126
Electric installations		70,111	15,104
		95,061	901,477

	Buildings on freehold land	Plant and machinery	Electric installations	Total
	----- (Rupees in thousand) -----			
14.2.1 Movement in capital work in progress				
At 30 June 2020	29,425	31,109	10,542	-
Add: Additions during the year	235,233	653,126	4,562	-
Less: Capitalized during the year	21,320	31,109	-	-
Less: Charged to profit and loss	10,091	-	-	-
At 30 June 2021	233,247	653,126	15,104	-
Add: Additions during the year	131,389	1,802,181	112,413	63,772
Less: Capitalized during the year	343,803	2,451,190	57,406	63,772
At 30 June 2022	20,833	4,117	70,111	-

	Note	2022 (Rupees in thousand)	2021
15. RIGHT-OF-USE ASSET			
Net carrying amount			
Balance as on 01 July		2,128	-
Add: Addition during the year		-	2,321
Less: Depreciation expense for the year	32	(464)	(193)
Balance as on 30 June		1,664	2,128

15.1 The Company obtained vehicle on lease from First Habib Modarba. Lease term is three years.

16. INVESTMENT PROPERTIES			
Balance as on 01 July		477,690	100,000
Add: Additions during the year		-	427,690
Less: Disposed of during the year		-	(50,000)
Balance as on 30 June		477,690	477,690

Notes to the Financial Statements

For the year ended 30 June 2022

16.1 These represent plots stated at cost. Market value of plots is estimated at Rupees 1,124.150 million (2021: Rupees 722.750 million). Forced sale value of investment properties as on the reporting date is Rupees 669.425 million (2021: Rupees 628.200 million). The valuation has been carried out by an independent valuer.

16.2 Particulars of investment properties are as follows:

Description	Address	Area of land (Kanals)
Residential Plots	Lake City, 13 K.M. Raiwind Road, Lahore.	39
Residential Plots	Central Boulevard Housing Scheme, Mouza Asal Suleman, Ferozepur Road, Lahore.	2.25
Commercial plots	Central Boulevard Housing Scheme, Mouza Asal Suleman, Ferozepur Road, Lahore.	0.2

	Note	2022 (Rupees in thousand)	2021
17. LONG TERM INVESTMENTS			
Investments in joint ventures - under equity method	17.1	-	-
Equity instruments - at FVTOCI	17.2	766,021	965,497
Knightbridge Residential Real Estate Partners (Partnership Firm)		6,130	6,130
		772,151	971,627

17.1 Investments in joint ventures - under equity method

S2 Hydro Limited 24,000 (2021: 24,000) fully paid ordinary shares of Rupees 10 each. Equity held 48% (2021: 48%)	17.1.1	-	-
S2 Power Limited 24,000 (2021: 24,000) fully paid ordinary shares of Rupees 10 each. Equity held 48% (2021: 48%)	17.1.1	-	-
S2 Solar Limited 25,000 (2021: 25,000) fully paid ordinary shares of Rupees 10 each. Equity held 50% (2021: 50%)	17.1.1	-	-
		-	-

Notes to the Financial Statements

For the year ended 30 June 2022

17.1.1 Reconciliation of investments in joint ventures under equity method:

	S2 Hydro Limited		S2 Power Limited		S2 Solar Limited	
	2022	2021	2022	2021	2022	2021
	(RUPEES IN THOUSANDS)					
Cost	240	240	240	240	250	250
Add: Advance for purchase of shares	18,232	18,232	533	533	2,747	2,747
Share of post acquisition reserves:						
As at 01 July	(354)	(354)	(773)	(773)	(52)	(52)
Share of profit / (loss)	-	-	-	-	-	-
As at 30 June	(354)	(354)	(773)	(773)	(52)	(52)
Less: Impairment loss	(18,118)	(18,118)	-	-	(2,945)	(2,945)
	-	-	-	-	-	-
17.1.2 Summarized statement of financial position						
Current assets	160	160	2	2	511	511
Non-current assets	31,264	31,264	-	-	2,633	2,633
Current liabilities	(1,954)	(1,954)	-	-	-	-
Non-current liabilities	-	-	-	-	-	-
Share deposit money	(29,707)	(29,707)	(2,978)	(2,978)	(2,747)	(2,747)
Net assets	(237)	(237)	(2,976)	(2,976)	397	397
17.1.3 Reconciliation to carrying amounts:						
Net assets as at 01 July	(237)	(237)	(2,976)	(2,831)	397	397
Loss after taxation	-	-	-	(145)	-	-
Net assets as at 30 June	(237)	(237)	(2,976)	(2,976)	397	397
Company's share	48.00%	48.00%	48.00%	48.00%	50.00%	50.00%
Company's share	(114)	(114)	(533)	(533)	198	198
Company's advance for purchase of shares	18,232	18,232	533	533	2,747	2,747
Impairment loss	(18,118)	(18,118)	-	-	(2,945)	(2,945)
	-	-	-	-	-	-
17.1.4 Summarized statement of comprehensive income						
Revenue	-	-	-	-	-	-
Loss for the period	-	-	-	(145)	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	(145)	-	-
The above amounts of assets and liabilities include the followings:						
Cash and cash equivalents	160	160	2	2	511	511
Current financial liabilities (excluding trade and other payables and provisions)	-	-	-	-	-	-
Non-current financial liabilities (excluding trade and other payables and provisions)	-	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-
Income tax expense / income	-	-	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2022

17.1.5 Interests in associates

Name of associated company	Note	Country of incorporation	% of ownership interest	Measurement method
S2 Hydro Limited	17.1.6	Pakistan	48.00%	Equity method
S2 Power Limited	17.1.7	Pakistan	48.00%	Equity method
S2 Solar Limited	17.1.8	Pakistan	50.00%	Equity method

17.1.6 S2 Hydro Limited was incorporated for setting up hydel power generation facilities. Its registered office is situated at 7 - B - III, Aziz Avenue, Gulberg V, Lahore.

17.1.7 S2 Power Limited was incorporated to set up undertakings for electricity / power generation plants and to generate, accumulate, distribute and sell electricity. Its registered office is situated at 7 - B - III, Aziz Avenue, Gulberg V, Lahore.

17.1.8 S2 Solar Limited was incorporated to set up undertakings for electricity / power generation plants and to generate, accumulate, distribute and sell electricity. Its registered office is situated at 7 - B - III, Aziz Avenue, Gulberg V, Lahore.

Notes to the Financial Statements

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	2022			2021		
	Cost	Fair value adjustment	Fair value	Cost	Fair value adjustment	Fair value
----- (Rupees in thousand) -----						
17.2 Equity instruments - at FVTOCI						
Quoted - Investments in related parties						
Premier Insurance Limited						
1,298,971 (2021: 1,298,971) fully paid ordinary shares of Rupees 10 each.	9,167	(3,529)	5,638	9,167	(2,023)	7,144
The Crescent Textile Mills Limited - associated company						
2,060,625 (2021: 1,648,500) fully paid ordinary shares of Rupees 10 each.	45,855	(8,784)	37,071	37,613	7,375	44,988
Crescent Steel and Allied Products Limited - associated company						
1,222,000 (2021: 1,222,000) fully paid ordinary shares of Rupees 10 each.	81,193	(30,272)	50,921	81,193	21,430	102,623
	136,215	(42,585)	93,630	127,973	26,782	154,755
Quoted - Others						
Kot Adu Power Company Limited						
525,000 (2021: 525,000) fully paid ordinary shares of Rupees 10 each.	28,303	(13,850)	14,453	28,303	(5,019)	23,284
Nishat Mills Limited						
1,125,000 (2021: 1,125,000) fully paid ordinary shares of Rupees 10 each.	130,996	(47,847)	83,149	130,996	(26,033)	104,963
Pakistan State Oil Company Limited						
198,360 (2021: 198,360) fully paid ordinary shares of Rupees 10 each.	40,362	(6,276)	34,086	40,362	4,120	44,482
Oil & Gas Development Company Limited						
550,000 (2021: 550,000) fully paid ordinary shares of Rupees 10 each.	79,126	(35,857)	43,269	79,126	(26,860)	52,266
The Searle Company Limited						
197,077 (2021: 191,598) fully paid ordinary shares of Rupees 10 each.	43,244	(21,759)	21,485	43,244	(6,463)	36,781
DG Khan Cement Company Limited						
1,212,400 (2021: 1,212,400) fully paid ordinary shares of Rupees 10 each.	137,956	(62,181)	75,775	137,956	5,010	142,966
Fauji Fertilizer Company Limited						
325,000 (2021: 325,000) fully paid ordinary shares of Rupees 10 each.	28,259	7,563	35,822	28,259	6,224	34,483

Notes to the Financial Statements

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	2022			2021		
	Cost	Fair value adjustment	Fair value	Cost	Fair value adjustment	Fair value
----- (Rupees in thousand) -----						
Engro Corporation Limited						
979,000 (2021: 979,000) fully paid ordinary shares of Rupees 10 each.	28,203	(3,857)	24,346	28,203	(303)	27,900
Engro Fertilizers Limited						
1,900,000 (2021: 1,900,000) fully paid ordinary shares of Rupees 10 each.	111,449	56,967	168,416	111,449	22,064	133,513
United Bank Limited						
220,700 (2021: 220,700) fully paid ordinary shares of Rupees 10 each.	45,720	(20,752)	24,968	45,720	(18,750)	26,970
Kohinoor Textile Mills Limited						
799,900 (2021: 799,900) fully paid ordinary shares of Rupees 10 each.	39,149	846	39,995	39,149	21,003	60,152
Attock Refinery Limited						
125,000 (2021: 125,000) fully paid ordinary shares of Rupees 10 each.	21,531	442	21,973	21,531	10,525	32,056
MCB Bank Limited						
200,140 (2021: 200,140) fully paid ordinary shares of Rupees 10 each.	39,959	(15,346)	24,613	39,959	(7,971)	31,988
Habib Bank Limited						
250,000 (2021: 250,000) fully paid ordinary shares of Rupees 10 each.	41,688	(18,853)	22,835	41,688	(11,095)	30,593
	850,841	(178,650)	672,191	850,841	(40,299)	810,542
Unquoted - Others						
TCC Management Services (Private) Limited (Note 17.2.1)						
20,000 (2021: 20,000) fully paid ordinary shares of Rupees 10 each.	200	-	200	200	-	200
	987,256	(221,235)	766,021	979,014	(13,517)	965,497

17.2.1 Investment in ordinary shares of TCC Management Services (Private) Limited has not been measured at fair value as required by IFRS 9 'Financial Instruments' as it will have immaterial impact and thus carried at cost.

17.3 Investment in Knightbridge Residential Real Estate Partners (Partnership Firm) is carried at cost being immaterial.

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
18. LONG TERM DEPOSIT			
Deposit against leased asset		205	205
Deposits - others	18.1	21,871	21,871
		22,076	22,076

18.1 These mainly includes interest free deposits made to utility companies for the provision of utility connection. These are not being carried at amortized cost, as required by IFRS 9 as it will have immaterial impact and thus carried at historical cost.

19. STORES, SPARE PARTS AND LOOSE TOOLS

Stores		289,858	249,435
Spare parts		14,939	12,856
Loose tools		318	273
		305,115	262,564
Less: Provision for slow moving, obsolete and damaged store items	19.2	(47,817)	(43,639)
		257,298	218,925

19.1 Stores, spares and loose tools include stock in transit of Rupees 8.052 million (2021: Rupees 12.410 million).

19.2 Provision for slow moving, obsolete and damaged store items

Balance as on 01 July		43,639	40,306
Less: Provision made during the year	33	4,178	3,333
Balance as on 30 June		47,817	43,639

20. STOCK-IN-TRADE

Raw materials	20.1 & 20.2	2,129,234	2,153,916
Work-in-process		350,705	183,121
Finished goods	20.3	3,660,577	842,432
Waste		24,034	24,213
		6,164,550	3,203,682

Notes to the Financial Statements

For the year ended 30 June 2022

20.1 Raw material include stock in transit of Rupees 137.716 million (2021: Rupees 159.612 million).

20.2 During the current year, as a result of fire at cotton godown, some cotton bales got burnt. The carrying value of the burnt raw materials was Rupees 91.066 million. The company have claimed such losses from insurance providers as referred to in Note 34.1.

20.3 Stock-in-trade of Rupees 570.416 million (2021: Rupees 25.186 million) is being carried at net realizable value.

20.4 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 22.083 million (2021: Rupees 0.712 million).

	Note	2022 (Rupees in thousand)	2021
21. TRADE DEBTS			
Considered good:			
Secured (against letters of credit)		34,451	-
Unsecured:			
- Related party	21.1, 21.2 & 21.3	13,447	641
- Others	21.4	2,777,903	1,488,396
		2,825,801	1,489,037
Less: Allowance for expected credit loss	21.5	(220,984)	(49,190)
		2,604,817	1,439,847

21.1 This represents amount due from following related party:

The Crescent Textile Mills Limited - associated company	204	448
Crescent Powertech Limited - associated company	68	37
ICON Global (Private) Limited - associated company	8	8
Equity Textiles Limited - associated company	-	148
ACME Mills (Private) Limited - associated company	13,167	-
	13,447	641

21.2 The maximum aggregate amount receivables from related parties at the end of any month during the year was as follows:

The Crescent Textile Mills Limited - associated company	20,208	24,796
Crescent Powertech Limited - associated company	68	37
ICON Global (Private) Limited - associated company	8	8
Equity Textiles Limited - associated company	83,421	1,524
ACME Mills (Private) Limited - associated company	19,970	6,208

Notes to the Financial Statements

For the year ended 30 June 2022

21.3 As at 30 June 2022, trade debts due from related parties amounting to Rupees 0.643 million (2021: Rupees 0.641 million) were past due but not impaired. The ageing analysis of these trade debts are as follows:

	Note	2022 (Rupees in thousand)	2021
Up to 30 days		166	20
31 to 60 days		302	177
61 to 90 days		128	22
Above 90 days		47	422
		643	641

21.4 As at 30 June 2022, trade debts due from other than related parties of Rupees 903.65 million (2021: Rupees 317.979 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

Up to 30 days		570,337	246,503
31 to 60 days		115,099	25,277
61 to 90 days		170,361	3,060
Above 90 days		47,853	43,139
		903,650	317,979

21.5 Allowance for expected credit loss

Opening balance		49,190	86,007
Add / (Less): Recognized / (reversed) during the year.		171,794	(36,817)
Closing balance		220,984	49,190

20.6 Default is triggered when more than 90 days have passed.

21.7 Types of counterparties

Export			
Corporate		34,451	-
Local			
Corporate		2,525,055	1,322,635
Others		266,295	166,402
		2,825,801	1,489,037

21.8 Secured trade debts amounting to Rupees 34.451 million represents receivable from parties situated in Karachi Export Processing Zone.

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
22. LOANS AND ADVANCES			
Considered good:			
Employees	22.1	4,115	6,337
Advances to suppliers		46,977	18,454
Letters of credit		25,546	12,677
Due from related parties	22.2	-	2,504
		76,638	39,972

22.1 These represent short term loans and advances given to employees as per Company's policy for general purposes. These are secured against balance to the credit of employees in the provident fund trust and are recoverable in equal monthly instalments. The interest charged during the year Nil (2021: Nil to 8%) per annum on the balance outstanding.

	Note	2022 (Rupees in thousand)	2021
22.2 These include amounts due from following related parties. These are neither past due nor impaired.			
Crescent Fibres Limited - associated company		-	297
Premier Insurance Limited - associated company		-	2,207
		-	2,504

22.3 The maximum aggregate amount receivable from related parties at the end of any month during the year was as follows:

Crescent Powertech Limited - associated company	-	13,742
Shams Textile Mills Limited - associated company	-	2,463
Crescent Fibres Limited - associated company	-	297
Premier Insurance Limited - associated company	-	2,207

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
23. SHORT TERM DEPOSITS AND PREPAYMENTS			
Security deposits		161,126	96,732
Short term prepayments		10,634	8,882
		171,760	105,614
24. INCOME TAX REFUNDABLE - NET			
Income tax refundable		-	646,752
Provision for taxation		-	(509,585)
		-	137,167
25. OTHER RECEIVABLES			
Claims receivable	25.1	95,351	21,833
Sales tax refundable		121,185	-
Other receivables		35	-
Fair value of forward exchange contracts		-	1,185
		216,571	23,018
25.1	These include amount receivable from Premier Insurance Limited - associated company against stock-in-trade burnt in fire amounting to Rupees 78.342 million.		
26. SHORT TERM INVESTMENTS			
At fair value through profit or loss:			
Equity instruments	26.1	290,072	398,068
Mutual funds	26.2	1,332,976	2,813,201
		1,623,048	3,211,269

Notes to the Financial Statements

For the year ended 30 June 2022

Note	2022			2021		
	Carrying value	Unrealised gain / (loss)	Fair value	Carrying value	Unrealised gain / (loss)	Fair value
----- (Rupees in thousand) -----						
26.1 Equity instruments						
Unquoted - Investments in related parties						
Premier Financial Services (Private) Limited						
2,200 (2021: 2,200) fully paid ordinary shares of Rupees 1,000 each.	-	-	-	-	-	-
Crescent Spinning Mills Limited						
208,800 (2021: 208,800) fully paid ordinary shares of Rupees 10 each.	-	-	-	-	-	-
	-	-	-	-	-	-
Quoted - Others						
Samba Bank Limited						
1,652,306 (2021: 1,652,306) fully paid ordinary shares of Rupees 10 each.	11,037	5,221	16,258	12,905	(1,868)	11,037
Fauji Cement Company Limited						
1,500,000 (2021: 1,500,000) fully paid ordinary shares of Rupees 10 each.	34,500	(13,245)	21,255	25,320	9,180	34,500
GlaxoSmithKline Pakistan Limited						
79,700 (2021: 79,700) fully paid ordinary shares of Rupees 10 each.	13,204	(3,247)	9,957	13,874	(670)	13,204
Pakistan Telecommunication Limited						
550,000 (2021: 550,000) fully paid ordinary shares of Rupees 10 each.	6,512	(2,684)	3,828	4,884	1,628	6,512
TPL Trakker Limited						
160,000 (2021: 160,000) fully paid ordinary shares of Rupees 10 each.	3,128	(1,669)	1,459	827	2,301	3,128
First Equity Modaraba						
1,848,000 (2021: 1,848,000) fully paid certificates of Rupees 10 each.	12,474	1,386	13,860	5,533	6,941	12,474
Nishat Chunian Power Limited						
800,000 (2021: 800,000) fully paid ordinary shares of Rupees 10 each.	12,016	(88)	11,928	12,096	(80)	12,016
TRG Pakistan Limited						
250,000 (2021: 100,000) fully paid ordinary shares of Rupees 10 each.	29,209	(9,876)	19,333	16,238	395	16,633

Notes to the Financial Statements

For the year ended 30 June 2022

Note	2022			2021		
	Carrying value	Unrealised gain / (loss)	Fair value	Carrying value	Unrealised gain / (loss)	Fair value
----- (Rupees in thousand) -----						
Aisha Steel Mills Limited 854,500 (2021: 854,500) fully paid ordinary shares of Rupees 10 each.	21,286	(11,844)	9,442	12,007	9,279	21,286
ICI Pakistan Limited 10,000 (2021: 10,000) fully paid ordinary shares of Rupees 10 each.	8,688	(1,442)	7,246	6,947	1,741	8,688
Arif Habib Corporation Limited 100,000 (2021: 100,000) fully paid ordinary shares of Rupees 10 each.	4,003	(303)	3,700	3,000	1,003	4,003
Power Cement Limited 2,000,000 (2021: 2,000,000) fully paid ordinary shares of Rupees 10 each.	19,220	(8,580)	10,640	12,400	6,820	19,220
Sui Northern Gas Pipelines Limited 100,000 (2021: 100,000) fully paid ordinary shares of Rupees 10 each.	4,858	(1,437)	3,421	5,460	(602)	4,858
Service Global Footwear Limited 529,544 (2021: 429,544) fully paid ordinary shares of Rupees 10 each.	29,248	(7,971)	21,277	22,867	1,974	24,841
Hi-Tech Lubricants Limited 960,000 (2021: 800,000) fully paid ordinary shares of Rupees 10 each.	56,728	(18,664)	38,064	59,714	(2,986)	56,728
Azgard Nine Limited 1,500,000 (2021: 1,500,000) fully paid ordinary shares of Rupees 10 each.	50,835	(35,415)	15,420	44,309	6,526	50,835
National Refinery Limited 50,000 (2021: Nil) fully paid ordinary shares of Rupees 10 each.	21,170	4,990	26,160	-	-	-
Netsol Technologies Limited 75,000 (2021: 50,000) fully paid ordinary shares of Rupees 10 each.	36,196	(17,253)	18,943	21,170	4,990	26,160
The Bank of Punjab 130,000 (2021: 130,000) fully paid ordinary shares of Rupees 10 each.	22,097	(9,131)	12,966	29,089	(6,992)	22,097

Notes to the Financial Statements

For the year ended 30 June 2022

Note	2022			2021		
	Carrying value	Unrealised gain / (loss)	Fair value	Carrying value	Unrealised gain / (loss)	Fair value
----- (Rupees in thousand) -----						
Indus Motor Company Limited 10,000 (2021: 10,000) fully paid ordinary shares of Rupees 10 each.	12,541	(1,097)	11,444	11,600	941	12,541
Maple Leaf Cement Factory Limited 300,000 (2021: 300,000) fully paid ordinary shares of Rupees 10 each.	14,094	(5,889)	8,205	12,664	1,430	14,094
The HUB Power Company Limited 291,367 (2021: Nil) fully paid ordinary shares of Rupees 10 each.	23,213	(3,350)	19,863	24,560	(1,347)	23,213
Bank Alfalah Limited 300,000 (2021: Nil) fully paid ordinary shares of Rupees 10 each.	9,710	(110)	9,600	-	-	-
The HUB Power Company Limited 27,532 (2021: Nil) fully paid ordinary shares of Rupees 10 each.	1,118	845	1,963	-	-	-
	435,915	(145,843)	290,072	357,464	40,604	398,068
	435,915	(145,843)	290,072	357,464	40,604	398,068

26.1.1 The official liquidator had submitted the statement in Lahore High Court for final liquidation of the Company and final decision is still awaited.

26.2 Mutual funds

2022	2021	Name of fund	2022			2021		
			Carrying value	Unrealised gain/(loss)	Fair value	Carrying value	Unrealised gain/(loss)	Fair value
----- (Rupees In Thousand) -----								
2,251,448	3,752,577	Alfalah GHP Money Market Fund B Growth Units	221,179	300	221,479	369,227	(579)	368,648
19,231,112	45,575,392	NBP Money Market Fund	190,361	625	190,986	450,723	410	451,133
198,394	644,973	Atlas Money Market Fund	100,366	320	100,686	325,864	413	326,277
47,042,646	36,059,105	ABL Cash Fund	479,040	866	479,906	367,042	76	367,118
3,963,173	4,950,929	HBL Cash Fund	190,501	223	190,724	502,289	(1,248)	501,041
1,472,801	3,827,956	MCB Cash Management Optimizer	148,632	563	149,195	386,030	437	386,467
-	4,083,478	UBL Liquidity Plus Fund - Class 'C'	-	-	-	412,344	173	412,517
74,159,574	98,894,410		1,330,079	2,897	1,332,976	2,813,519	(318)	2,813,201

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
27. CASH AND BANK BALANCES			
With banks:			
On current accounts		41,821	16,167
On PLS saving accounts	27.1	376,172	265,797
		417,993	281,964
Cash in hand		2,742	1,011
		420,735	282,975

27.1 Rate of profit on bank deposits ranges from 5.50% to 12.25% (2021: 5.50% to 6.00%) per annum.

28. NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Opening balance		23,866	14,192
Add: Addition during the year	14.1	13,946	15,799
		37,812	29,991
Less: Disposed of during the year	28.2	(11,660)	(6,125)
Closing balance		26,152	23,866

28.1 These represent items of plant and machinery. Carrying amounts of these assets will be recovered principally through sale transaction rather than through continuing use. The Company intends to dispose of plant and machinery items and anticipates that the disposal will be completed subsequent to the reporting period. The Company is currently in negotiation with some potential buyers. The Directors of the Company expect that the fair value less cost to sell of these assets will be higher than the aggregate carrying amount of the related assets.

28.2 Detail of assets, exceeding the book value of Rupees 500,000, disposed of during the year is as follows:

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
------(Rupees in Thousand)-----								
Plant and machinery								
Air Jet 710 Loom 190 CM	24	63,206	52,948	10,258	19,200	8,942	Negotiation	Mr. Muhammad Arslan, Faisalabad.
Aggregate of other items with individual book values not exceeding Rupees 500,000	4	10,772	9,370	1,402	2,000	598		
		73,978	62,318	11,660	21,200	9,540		

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
29. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Export sales	29.1	204,506	274,786
Local sales	29.2	23,296,153	17,100,014
		23,500,659	17,374,800
29.1 Local sales			
Sales	29.2.1	27,269,013	20,005,845
Less: Sales tax		(3,972,860)	(2,905,831)
		23,296,153	17,100,014

29.1.1 These include sales of Rupees 11,601.484 million (2021: Rupees 5,974.745 million) made to direct exporters against standard purchase orders (SPOs). Further, local sales include waste sales of Rupees 1,053.956 million (2021: Rupees 679.967 million).

29.2 The amount of Rupees 58.196 million included in contract liabilities (Note 8) at 30 June 2021 has been recognised as revenue during the year. (2021: Rupees 41.902 million).

29.3 Disaggregation of 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	
	2022	2021	2022	2021	2022	2021
	----- (Rupees in thousand) -----					
Primary geographical markets						
Pakistan	13,517,104	11,225,956	9,779,049	5,874,058	23,296,153	17,100,014
Hong Kong	-	-	-	50,106	-	50,106
Italy	-	-	59,777	105,598	59,777	105,598
Korea	-	-	-	10,387	-	10,387
Portugal	-	-	86,373	8,908	86,373	8,908
Turkey	-	-	-	46,159	-	46,159
China	-	-	-	38,579	-	38,579
Sri Lanka	4,971	1,613	-	-	4,971	1,613
Germany	-	-	-	13,436	-	13,436
Karachi Export Processing Zone	18,596	-	-	-	18,596	-
Bangladesh	-	-	34,789	-	34,789	-
	13,540,671	11,227,569	9,959,988	6,147,231	23,500,659	17,374,800
Major products lines						
Yarn	13,469,371	11,212,610	-	-	13,469,371	11,212,610
Greige fabric	-	-	9,959,988	6,147,231	9,959,988	6,147,231
Cotton	71,300	14,959	-	-	71,300	14,959
	13,540,671	11,227,569	9,959,988	6,147,231	23,500,659	17,374,800
Timing of revenue recognition						
Products transferred at a point in time	13,540,671	11,227,569	9,959,988	6,147,231	23,500,659	17,374,800
Products transferred over time	-	-	-	-	-	-
External revenue as reported	13,540,671	11,227,569	9,959,988	6,147,231	23,500,659	17,374,800

29.4 Revenue is recognised at point in time as per the terms and conditions of underlying contracts with customers.

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
30. COST OF SALES			
Raw materials consumed	30.1	17,386,979	9,956,058
Sizing expenses		114,879	67,367
Salaries, wages and other benefits	30.2	1,189,694	964,881
Stores, spare parts and loose tools consumed		275,676	271,641
Packing materials consumed		181,714	151,429
Repair and maintenance		101,367	100,384
Fuel and power		1,935,900	1,442,921
Insurance		36,275	31,157
Other factory overheads		25,820	20,557
Depreciation on property, plant and equipment	14.1.2	553,346	435,366
		21,801,650	13,441,761
Work-in-process			
Opening stock		183,121	167,564
Closing stock		(350,705)	(183,121)
		(167,584)	(15,557)
Cost of goods manufactured		21,634,066	13,426,204
Finished goods			
Openings stock		866,645	1,368,302
Closing stock		(3,684,611)	(866,645)
		(2,817,966)	501,657
		18,816,100	13,927,861
30.1 Raw materials consumed			
Opening stock		2,153,916	2,182,402
Add: Purchased during the year		17,453,363	9,927,572
Less: Loss of raw materials due to fire	20.2	(91,066)	-
		19,516,213	12,109,974
Less: Closing stock		(2,129,234)	(2,153,916)
		17,386,979	9,956,058

30.2 Salaries, wages and other benefits include provident fund contribution of Rupees 26.065 million (2021: Rupees 21.016 million) by the Company.

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
31. DISTRIBUTION COST			
Salaries and other benefits	31.1	8,244	7,140
Outward freight and shipment		39,124	33,438
Commission to selling agents		188,898	110,092
Clearing and forwarding		3,746	4,625
Export development surcharge		464	641
		240,476	155,936
31.1	Salaries and other benefits include provident fund contribution of Rupees 0.293 million (2021: Rupees 0.223 million) by the Company.		
32. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	32.1	138,460	119,339
Vehicles' running and maintenance		9,087	6,178
Travelling and conveyance		7,257	5,277
Rent, rates and taxes		9,410	8,775
Insurance		3,496	2,802
Entertainment		487	202
Advertisement		240	237
Communication		1,809	2,069
Electricity and gas		9,249	8,235
Printing and stationery		6,172	10,340
Repair and maintenance		8,866	6,512
Fee and subscription		7,212	6,262
Depreciation on property, plant and equipment	14.1.2	33,272	28,550
Depraction on right-of-use asset	15	464	193
Donations	32.2 & 32.3	75,752	126,820
		311,233	331,791

32.1 Salaries and other benefits include provident fund contribution of Rupees 3.979 million (2021: Rupees 3.722 million) by the Company.

32.2 The name of donees to whom donation amount exceeded Rupees 7.575 million (2021: Rupees 12.682 million) are as follows:

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
Lahore Institute of Health Sciences		-	100,000
The Citizens Foundation		10,000	-
Chiniot Blood Bank & Dialysis Centre		-	1,500
Shaukat Khanum Memorial Cancer Hospital		10,000	-
Layton Rahmatulla Benevolent Trust		10,000	-

32.3 There is no interest of any director or his spouse in donees' fund.

33. OTHER EXPENSES

Legal and professional		4,794	5,235
Auditor's remuneration	33.1	2,299	1,750
Workers' profit participation fund	8.3	199,731	165,741
Workers' welfare fund	8.4	75,898	62,981
Provision for slow moving, obsolete and damaged store items	19.2	4,178	3,333
Allowance for expected credit loss	21.5	171,794	-
Unrealised loss on re-measurement of investments at fair value through profit or loss		142,946	-
Impairment loss on investments in joint ventures		-	21,063
Others		24	1,076
		601,664	261,179

33.1 Auditor's remuneration

Audit fee		1,907	1,502
Half yearly review and other certifications		295	193
Out of pocket expenses		97	55
		2,299	1,750

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
34. OTHER INCOME			
Income from financial assets			
Dividend income		307,222	180,282
Profit on deposits with banks		18,314	10,932
Gain on sale of investments at fair value through profit or loss		18,917	79,129
Unrealised gain on re-measurement of investments at fair value through profit or loss		-	40,286
Gain on initial recognition of GIDC payable at amortized cost		-	41,076
Reversal of allowance for expected credit loss (Note 20.4)		-	36,817
Net exchange gain		6,827	5,311
Others		-	278
		351,280	394,111
Income from non-financial assets			
Gain on sale of property, plant and equipment	14.1.1	23,318	7,042
Gain on sale of non-current assets classified as held for sale	28.2	9,540	5,765
Gain on insurance claim of raw materials written off due to fire	34.1	12,276	
Gain on sale of investment properties	15.2	-	138,000
Scrap sales		5,289	8,314
		50,423	159,121
		401,703	553,232

34.1 As referred in Note 20.2, during the current year, as a result of a fire incident at cotton godown some cotton bales got burnt. The Company filed the insurance claim in respect of its raw materials. The insurer appointed a surveyor who completed its survey and assessed the insurance claim at Rupees 103.342 million. The assessed amount of insurance claim has been agreed between the insurer and the company. Out of total claim, the company has received proceeds of Rupees 25.000 million from the insurer as at 30 June 2022. The carrying value of burnt raw materials was Rupees 91.066 million, hence gain recognized during the year on insurance claim of raw materials written off due to fire amounted to Rupees 12.276 million.

35. FINANCE COST			
Mark-up on:			
Long term financing		111,186	68,299
Short term borrowings		74,125	55,132
Lease liability		126	82
Adjustment due to impact of IFRS 9	7.2	13,426	27,362
Bank charges and commission		15,043	14,307
		213,906	165,182

Notes to the Financial Statements

For the year ended 30 June 2022

	Note	2022 (Rupees in thousand)	2021
36. TAXATION			
Current	36.1	862,039	509,585
Prior year		-	6,155
Deferred		66,413	11,822
		928,452	527,562

36.1 The provision for current tax represents corporate tax on local sales and income from other sources, final tax on export sales and super tax on income calculated as per section 4C of Income Tax Ordinance, 2001. Reconciliation of tax expense and product of accounting profit multiplied by the applicable tax rate is as follows:

36.2 Reconciliation between tax expense and accounting profit			
Accounting profit before taxation		3,718,983	3,086,083
Applicable tax rate		29%	29%
Tax on accounting profit		1,078,505	894,964
Tax effect of change in prior year's tax		-	6,155
Tax effect of capital gain taxed at a lower rate		(756)	(13,056)
Tax effect of final tax regime income taxed at a lower rate		(371,689)	(207,713)
Tax effect due to adjustments of brought forward losses		-	(114,298)
Tax effect of dividend income taxed at a lower rate		(43,011)	(25,239)
Tax effect arising as a consequence of recognition of deferred income tax		66,413	11,822
Tax effect of super tax		229,376	-
Tax effect of section 7E		11,242	-
Others		(41,628)	(25,073)
		928,452	527,562

Notes to the Financial Statements

For the year ended 30 June 2022

		2022 (Rupees in thousand)	2021 (Rupees in thousand)
37. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit attributable to ordinary shareholders		2,790,531	2,558,521
			Restated
			(Number of shares)
Weighted average number of ordinary shares		44,372,287	44,372,287
			Restated
			Rupees
Earnings per share		62.89	57.66
	Note	2022	2021
		(Rupees in thousand)	
38. CASH GENERATED FROM OPERATIONS			
Profit before taxation		3,718,983	3,086,083
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment		586,618	463,916
Depreciation on right-of-use asset		464	193
Gain on sale of investments at fair value through profit or loss		(18,917)	(79,129)
Gain on disposal of property, plant and equipment		(23,318)	(7,042)
Gain on disposal of assets classified as held for sale		(9,540)	(5,765)
Gain on initial recognition of GIDC payable at amortized cost		-	(41,076)
Gain on sale of investment properties		-	(138,000)
Dividend income		(307,222)	(180,282)
Impairment loss on Investments in joint ventures		-	21,063
Allowance for / (reversal of) expected credit loss		171,794	(36,817)
Provision for slow moving, obsolete and damaged store items		4,178	3,333
Provision for workers' profit participation fund		199,731	165,741
Provision for workers' welfare fund		75,898	62,981
Unrealised loss / (gain) on re-measurement of investments at fair value through profit or loss		142,946	(40,286)
Finance cost		213,906	165,182
Profit on bank deposits		(18,314)	(10,932)
Working capital changes	38.1	(3,939,526)	402,384
		797,681	3,831,547

Notes to the Financial Statements

For the year ended 30 June 2022

Note	2022 (Rupees in thousand)	2021
38.1 Working capital changes		
(Increase) / decrease in current assets:		
- Stores, spare parts and loose tools	(42,551)	(18,616)
- Stock in trade	(2,960,868)	514,586
- Trade debts	(1,336,764)	(429,018)
- Loans and advances	(36,666)	15,165
- Trade deposits and short term prepayments	(66,146)	(31,489)
- Other receivables	(193,553)	74,467
	(4,636,548)	125,095
Increase in trade and other payables	697,022	277,289
	(3,939,526)	402,384

38.2 Reconciliation of movement of liabilities to cash flows arising from financing activities.

	2022				Total
	Long term financing	Lease liability	Short term borrowings	Unclaimed dividend	
	------(Rupees in thousand)-----				
Balance as at 01 July 2021	2,962,714	1,773	429,454	6,387	3,400,328
Financing obtained	1,756,984	-	-	-	1,756,984
Repayment of financing	(489,590)	-	-	-	(489,590)
Repayment of lease liability	-	(583)	-	-	(583)
Short term borrowings - net	-	-	297,042	-	297,042
Dividend declared	-	-	-	403,384	403,384
Dividend paid	-	-	-	(402,458)	(402,458)
Other changes - non-cash movement	(380,689)	-	-	-	(380,689)
Balance as at 30 June 2022	3,849,419	1,190	726,496	7,313	4,584,418

	2021				Total
	Long term financing	Lease liability	Short term borrowings	Unclaimed dividend	
	------(Rupees in thousand)-----				
Balance as at 01 July 2020	2,590,654	-	1,278,365	6,731	3,875,750
Financing obtained	566,259	-	-	-	566,259
Repayment of financing	(30,274)	-	-	-	(30,274)
Lease liability recognized	-	2,246	-	-	2,246
Repayment of lease liability	-	(473)	-	-	(473)
Short term borrowings - net	-	-	(848,911)	-	(848,911)
Dividend declared	-	-	-	146,685	146,685
Dividend paid	-	-	-	(147,029)	(147,029)
Other changes - non-cash movement	(163,925)	-	-	-	(163,925)
Balance as at 30 June 2021	2,962,714	1,773	429,454	6,387	3,400,328

Notes to the Financial Statements

For the year ended 30 June 2022

39. EVENTS AFTER THE REPORTING PERIOD

39.1 The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2022 of Rupees 04 per share (2021: Rupees 10 per share) along with issuance of bonus shares @ NIL (2021: 10%) at their meeting held on September 26, 2022. However, these events have been considered as non-adjusting events under IAS 10 'Events after the Reporting Period' and have not been recognized in these financial statements.

40. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to Chief Executive Officer, Directors and Executives of the Company is as follows:

	Chief Executive Officer		Director		Executives	
	2022	2021	2022	2021	2022	2021
	------(Rupees in thousand)-----					
Managerial remuneration	13,395	12,177	21,580	19,619	30,596	27,375
Allowances						
House rent	4,688	4,262	7,553	6,866	13,098	10,991
Reimbursement of expenses	425	363	1,526	1,939	-	-
Other allowance	1,339	1,218	2,158	1,962	7,795	7,056
Contribution to provident fund trust	824	731	1,295	1,177	1,756	1,347
	20,671	18,751	34,112	31,563	53,245	46,769
No. of persons	1	1	2	2	15	15

40.1 Chief Executive Officer, directors and certain executives of the Company are provided with Company maintained vehicles.

40.2 Aggregate amount charged in the financial statements for meeting fee to seven directors (2021: five directors) was Rupees 0.700 million (2021: Rupees 0.650 million).

40.3 No remuneration was paid to non-executive directors of the Company.

Notes to the Financial Statements

For the year ended 30 June 2022

41. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise associated undertakings, joint ventures, other related parties and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

	2022 (Rupees in thousand)	2021
Crescent powertec Limited - associated company		
Purchase of electricity	97,289	10,024
Sale of goods	26,937	37
Dividend Paid	178,276	64,827
Bonus shares issued (Numbers)	1,782,755	1,620,687
Expenses incurred on behalf of the Company	245	264
The Crescent Textile Mills Limited - associated company		
Sale of goods	62,161	44,527
Purchase of goods	74,476	74,664
Sale of property, plant and equipment	3,402	-
Premier Insurance Limited - associated company		
Insurance expense	39,771	51,616
Dividend paid	13,444	4,889
Bonus shares issued (Numbers)	134,438	122,217
Insurance claim lodged	103,342	-
Insurance claim received	25,000	-
Shams Textile Mills Limited - associated company		
Purchase of goods	95,819	135,073
Sale of property, plant and equipment	-	2,340
Sale of goods	117	-
Crescent Fibers Limited - associated company		
Purchase of goods	281,766	29,147
ACME Mills (Private) Limited - associated company		
Sale of goods	116,389	14,227
Equity Textile Limited - associated company		
Sale of goods	70,305	7,376

Notes to the Financial Statements

For the year ended 30 June 2022

	2022 (Rupees in thousand)	2021
Directors and their family members		
Dividend paid	118,218	42,730
Bonus shares issued (Numbers)	1,178,172	1,068,246
Directors and their family members		
Company's contribution to provident fund trust	30,337	24,961

41.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 40.

41.2 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Name of the related party	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year ended		Percentage of shareholding
		2022	2021	
Crescent Powertech Limited	Common directorship	Yes	Yes	None
Premier Insurance Limited	Common directorship and shareholding	Yes	Yes	3%
S2 Hydro Limited	Joint Venture	No	Yes	48%
S2 Power Limited	Joint Venture	No	No	48%
Shams Textile Mills Limited	Common directorship	Yes	Yes	None
The Crescent Textile Mills Limited	Common directorship and shareholding	Yes	Yes	2%
S2 Solar Limited	Joint Venture	No	No	50%
Crescent Fibers Limited	Common directorship	Yes	Yes	None
ACME Mills (Private) Limited	Common directorship	Yes	Yes	None
Shakarganj Limited	Common directorship	No	No	None
Premier Financial Services (Private) Limited	Common directorship and shareholding	No	No	9.77%
Equity Textile Limited*	Common directorship	Yes	Yes	None
ICON Global (Private) Limited	Common directorship	No	No	None
Al-Abbas Sugar Sugar Mills Limited	Common directorship	No	No	None
Bhikki Spinning Mills (Private) Limited	Common directorship	No	No	None
Crescent Steel and Allied Products Limited	Common directorship	No	No	2%
Bridgeline Global Logistics (Private) Limited	Common directorship	No	No	None
Mohammad Amin Mohammad Bashir Limited	Common directorship	No	No	None
Mohd. Amin Mohd. Bashir International (Private) Limited	Common directorship	No	No	None
Suraj Brands (Private) Limited	Common directorship	No	No	None
Suraj Fabrics Limited	Common directorship	No	No	None
Jubilee Spinning & Weaving Mills Limited	Common directorship	No	No	None
Crescent Educational Trust	Director is trustee of the Trust	No	No	None
Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None

Notes to the Financial Statements

For the year ended 30 June 2022

42. PROVIDENT FUND

As at the reporting date, the Suraj Cotton Mills Employees Provident Fund Trust is in the process of regularizing its investments in accordance with section 218 of the Companies Act, 2017 and the regulations formulated for this purpose by Securities and Exchange Commission of Pakistan.

	2022	2021
	(Rupees in thousand)	
43. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	3,130	2,759
Average number of employees during the year	3,022	2,746

44. SEGMENT INFORMATION

44.1 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.

Notes to the Financial Statements

For the year ended 30 June 2022

	Spinning		Weaving		Elimination of Inter-segment transactions		Total - Company	
	2022	2021	2022	2021	2022	2021	2022	2021
------(Rupees in thousand)-----								
Revenue								
External	13,540,672	11,227,569	9,959,987	6,147,231	-	-	23,500,659	17,374,800
Inter-segment	4,446,784	2,844,447	-	-	(4,446,784)	(2,844,447)	-	-
	17,987,456	14,072,016	9,959,987	6,147,231	(4,446,784)	(2,844,447)	23,500,659	17,374,800
Cost of sales								
External	(9,543,666)	(8,506,109)	(9,272,434)	(5,421,752)	-	-	(18,816,100)	(13,927,861)
Inter-segment	(4,446,784)	(2,844,447)	-	-	4,446,784	2,844,447	-	-
	(13,990,450)	(11,350,556)	(9,272,434)	(5,421,752)	4,446,784	2,844,447	(18,816,100)	(13,927,861)
Gross profit	3,997,006	2,721,460	687,553	725,479	-	-	4,684,559	3,446,939
Distribution cost	(142,239)	(93,137)	(98,237)	(62,799)	-	-	(240,476)	(155,936)
Administrative expenses	(228,159)	(241,815)	(83,074)	(89,976)	-	-	(311,233)	(331,791)
	(370,398)	(334,952)	(181,311)	(152,775)	-	-	(551,709)	(487,727)
Profit before taxation and unallocated income and expenses	3,626,608	2,386,508	506,242	572,704	-	-	4,132,850	2,959,212
Unallocated income and expenses:								
Other expenses							(601,664)	(261,179)
Other income							401,703	553,232
Finance cost							(213,906)	(165,182)
Taxation							(928,452)	(527,562)
Profit after taxation							2,790,531	2,558,521

Notes to the Financial Statements

For the year ended 30 June 2022

	Spinning		Weaving		Total - Company	
	2022	2021	2022	2021	2022	2021
----- (Rupees in thousand) -----						
44.2 Reconciliation of reportable segment assets and liabilities						
Total assets for reportable segment	11,595,209	8,211,374	6,171,276	2,697,553	17,766,485	10,908,927
Unallocated assets:						
Investment properties					477,690	477,690
Long term investments					772,151	971,627
Income tax refundable - net					-	137,167
Short term investments					1,623,048	3,211,269
Non-current assets classified as held for sale					26,152	23,866
Total assets as per statement of financial position					20,665,526	15,730,546
Total liabilities for reportable segments	4,064,215	4,953,210	4,083,201	1,106,437	8,147,416	6,059,647
Unallocated liabilities:						
Unallocated:						
Deferred liabilities					710,377	396,510
Provision for taxation - net					339,987	-
Unclaimed dividend					7,313	6,387
Total liabilities as per statement of financial position					9,205,093	6,462,544
44.3 Geographical information						
The company's revenue from external customers by geographical locations is detailed below:						
Pakistan					23,296,153	17,100,014
Hong Kong					-	50,106
Italy					59,777	105,598
Korea					-	10,387
Portugal					86,373	8,908
Turkey					-	46,159
China					-	38,579
Sri Lanka					4,971	1,613
Germany					-	13,436
Karachi Export Processing Zone					18,596	-
Bangladesh					34,789	-
					23,500,659	17,374,800

44.4 All non-current assets of the Company as at reporting dates are located and operating in Pakistan.

44.5 Revenue from major customers

The Company's revenue is earned from a large mix of customers.

Notes to the Financial Statements

For the year ended 30 June 2022

		2022	2021
		(Figures in thousand)	
45. PLANT CAPACITY AND ACTUAL PRODUCTION			
Spinning			
100 % plant capacity converted to 20s count based on 3 shifts per day.	Kgs.	55,216	54,716
Actual production converted to 20s count based on 3 shifts per day.	Kgs.	52,392	52,592
Weaving			
100 % plant capacity at 50 picks based on 3 shifts per day.	Sq.Mtr.	130,654	93,847
Actual production converted to 50 picks based on 3 shifts per day.	Sq.Mtr.	104,755	85,410

45.1 Reason for low production

Under utilization of available capacity for spinning and weaving is mainly due to normal repair and maintenance.

46. FINANCIAL RISK MANAGEMENT

46.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Company uses derivative financial instruments to hedge certain risk exposures.

Risk management is carried out by the Company's finance department under policies approved by the Board of Directors. The Company's finance department evaluates and hedges financial risks. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk, liquidity risk, use of derivative financial instruments and non-derivative financial instruments and investment of excess liquidity.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Notes to the Financial Statements

For the year ended 30 June 2022

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to the United States Dollar (USD). Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable / payable from / to the foreign entities. The Company's exposure to currency risk was as follows:

	2022	2021
Short term borrowings - USD	(1,165,559)	-
Trade debts - USD	169,292	-
Net Exposure - USD	(996,267)	-
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	179.89	159.81
Reporting date rate	203.50	157.80

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 15.291 million (2021: Rupees Nil) lower / higher, mainly as a result of exchange losses / gains on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to commodity price risk.

Sensitivity analysis

The table below summarizes the impact of increase / decrease in the Pakistan Stock Exchange (PSX) Index on the Company's equity investments. The analysis is based on the assumption that the equity index had increased / decreased by 5% with all other variables held constant and all the Company's equity instruments moved according to the historical correlation with the index:

Notes to the Financial Statements

For the year ended 30 June 2022

	Impact on profit after taxation		Impact on statement of other comprehensive income (fair value reserve on FVTOCI investments)	
	2022	2021	2022	2021
	----- (Rupees in thousand) -----			
PSX 100 (5% increase)	58,290	114,307	33,505	42,232
PSX 100 (5% decrease)	(58,290)	(114,307)	(33,505)	(42,232)

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company's interest rate risk arises from long term financing, short term borrowings, lease liability, loans and advances to employees and bank balances in saving accounts. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

At the reporting date, the interest rate profile of the Company's interest bearing financial instruments was:

	2022	2021
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	3,823,671	2,933,193
Short term borrowings	237,191	-
Financial assets		
Loans and advances to employees	-	2,577
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	376,172	265,797
Financial liabilities		
Long term financing	25,748	29,521
Short term borrowings	489,305	429,454
Lease liability	1,190	1,773

Notes to the Financial Statements

For the year ended 30 June 2022

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 5.003 million (2021: Rupees 2.691 million) lower / higher, mainly as a result of higher / lower interest expense / income on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2022	2021
	(Rupees in thousand)	
Long term investments	766,021	965,497
Long term deposits	22,076	22,076
Trade debts	2,604,817	1,439,847
Loans and advances	4,115	8,841
Short term deposits	161,126	96,732
Other receivables	95,386	23,018
Short term investments	1,623,048	3,211,269
Bank balances	417,993	281,964
	5,694,582	6,049,244

Notes to the Financial Statements

For the year ended 30 June 2022

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate:

	Rating			2022	2021
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
MCB Bank Limited	A1+	AAA	PACRA	224,749	252,533
National Bank of Pakistan	A1+	AAA	PACRA	1,674	2,200
United Bank Limited	A1+	AAA	VIS	674	137
Allied Bank Limited	A1+	AAA	PACRA	86,839	-
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	20,984	1,143
Habib Bank Limited	A1+	AAA	VIS	2,676	322
Bank Al-Habib Limited	A1+	AAA	PACRA	33,109	19,594
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	97	97
Finca Microfinance bank Limited	A1	A	PACRA	5,484	4,392
MCB Islamic Bank Limited	A1	A	PACRA	744	234
Samba Bank Limited	A1	AA	VIS	1,485	534
Bank Alfalah Limited	A1+	AA+	PACRA	5,281	336
Meezan Bank Limited	A1+	AAA	VIS	34,197	442
				417,993	281,964
Investments					
Premier Insurance Limited	Unknown	A+(ifs)	PACRA	5,638	7,144
The Crescent Textile Mills Limited	A-2	A	VIS	37,071	44,988
Kot Addu Power Company Limited	A1+	AA+	VIS	14,453	23,284
Nishat Mills Limited	A1+	AA	PACRA	83,149	104,963
Pakistan State Oil Company Limited	A1+	AA+	VIS	34,086	44,482
Oil & Gas Development Company Limited	A1+	AAA	VIS	43,269	52,266
The Searle Company Limited	A1	AA-	VIS	21,485	36,781
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	75,775	142,966
Fauji Fertilizer Company Limited	A1+	AA+	PACRA	35,822	34,483
Fatima Fertilizer Company Limited	A1+	AA	PACRA	37,006	28,145
Engro Corporation Limited	A1+	AA+	PACRA	24,346	27,900
Engro Fertilizers Limited	A1+	AA	PACRA	168,416	133,513
Crescent Steel and Allied Products Limited	A2	A-	VIS	50,921	102,623
United Bank Limited	A1+	AAA	VIS	24,968	26,970
Kohinoor Textile Mills Limited	A1	A+	VIS	39,995	60,152
Attock Refinery Limited	A1+	AA	PACRA	21,973	32,056
MCB Bank Limited	A1+	AAA	PACRA	24,613	31,988
Habib Bank Limited	A1+	AAA	VIS	22,835	30,593

Notes to the Financial Statements

For the year ended 30 June 2022

	Rating			2022	2021
	Short Term	Long term	Agency	(Rupees in thousand)	
TCC Management Services (Private) Limited		Unknown		200	200
Samba Bank Limited	A1	AA	VIS	16,258	11,037
Fauji Cement Company Limited	A1	A+	PACRA	21,255	34,500
GlaxoSmithKline Pakistan Limited		Unknown		9,957	13,204
Pakistan Telecommunication Company Limited	A1+	AAA	VIS	3,828	6,512
TPL Corp Limited	A1	A	PACRA	1,459	3,128
First Equity Modaraba		Unknown		13,860	12,474
Nishat Chunian Power Limited	A2	A+	VIS	11,928	12,016
TRG Pakistan Limited - Class 'A'		Unknown		19,333	16,633
Aisha Steel Mills Limited	A-2	A-	VIS	9,442	21,286
ICI Pakistan Limited	A1+	AA	VIS	7,246	8,688
Arif Habib Corporation Limited		Unknown		3,700	4,003
Power Cement Limited	A2	A-	VIS	10,640	19,220
Sui Northern Gas Pipelines Limited	A1	AA-	PACRA	3,421	4,858
Service Global Footwear Limited		Unknown		21,277	24,841
Hi-Tech Lubricants Limited	A-2	A	VIS	38,064	56,728
Azgard Nine Limited		Unknown		15,420	50,835
National Refinery Limited	A1+	AA+	PACRA	18,943	26,160
Netsol Technologies Limited		Unknown		12,966	22,097
Indus Motor Company Limited	A-1+	AA+	VIS	11,444	12,541
Maple Leaf Cement Factory Limited	A-1	A	VIS	8,205	14,094
The HUB Power Company Limited	A1+	AA+	PACRA	19,863	23,213
Bank Alfalah Limited	A1+	AA+	PACRA	9,600	-
Octopus Digital Limited		Unknown		1,963	-
Alfalah GHP Money Market Fund B Growth units	Unknown	AA+(f)	PACRA	221,479	368,648
NBP Money Market Fund	Unknown	AA(f)	PACRA	190,986	451,133
Atlas Money Market Fund	Unknown	AA+(f)	PACRA	100,686	326,277
ABL Cash Fund	Unknown	AA+(f)	VIS	479,906	367,118
HBL Cash Fund	Unknown	AA+(f)	VIS	190,724	501,041
MCB Cash Management Optimizer	Unknown	AA+(f)	PACRA	149,195	386,467
UBL Liquidity Plus Fund - Class 'C'	Unknown	AA+(f)	VIS	-	412,517
				2,389,069	4,176,766
				2,807,062	4,458,730

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 21.

Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, the management does not expect non-performance by these counterparties on their obligations to the Company. Accordingly, the credit risk is minimal.

Notes to the Financial Statements

For the year ended 30 June 2022

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. These trade receivables are netted off with the collateral obtained, if any, from these customers to calculate the net exposure towards these customers. The Company has concluded that the expected loss rates for trade debts against local sales are different from the expected loss rates for trade debts against export sales.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the Gross Domestic Product, Unemployment, Interest, and the inflation Index of the country in which it majorly sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

On that basis, the loss allowance as at 30 June 2022 and 30 June 2021 was determined as follows:

At 30 June 2022

	Local Sales			Export Sales		
	Expected loss rate %	Trade debts (RUPEES IN THOUSAND)	Loss allowance	Expected loss rate %	Trade debts (RUPEES IN THOUSAND)	Loss allowance
Not past due	0.00%	1,920,647	-	0.00%	34,451	-
Up to 30 days	9.92%	537,390	53,291	0.00%	-	-
31 to 60 days	19.99%	115,099	23,003	0.00%	-	-
61 to 90 days	56.84%	170,361	96,837	0.00%	-	-
Above 90 days	100.00%	47,853	47,853	0.00%	-	-
Total		2,791,350	220,984		34,451	-

At 30 June 2021

Not past due	0.00%	1,170,864	-	0.00%	-	-
Up to 30 days	1.50%	246,523	3,699	0.00%	-	-
31 to 60 days	4.51%	25,277	1,140	0.00%	-	-
61 to 90 days	33.94%	3,060	1,038	0.00%	-	-
Above 90 days	100.00%	43,313	43,313	0.00%	-	-
Total		1,489,037	49,190		-	-

Notes to the Financial Statements

For the year ended 30 June 2022

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2022, the Company had Rupees 4,463.912 million (2021: Rupees 7,529.287 million) available borrowing limits from financial institutions and Rupees 420.735 million (2021: Rupees 282.975 million) cash and bank balances. The management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2022

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
----- (Rupees in thousand) -----						
Non-derivative financial liabilities:						
Long term financing	3,849,419	4,815,920	239,639	257,600	679,481	3,639,201
Lease liability	1,190	1,269	355	355	559	-
Trade and other payables	2,372,029	2,372,029	2,372,029	-	-	-
Accrued mark-up	31,378	31,378	31,378	-	-	-
Short term borrowings	726,496	738,419	274,314	464,105	-	-
Unclaimed dividend	7,313	7,313	7,313	-	-	-
	6,987,825	7,966,328	2,925,028	722,060	680,040	3,639,201

Contractual maturities of financial liabilities as at 30 June 2021

	Carrying amount	Contractual cash flows	6 months or less	6-12 months	1-2 year	More than 2 years
----- (Rupees in thousand) -----						
Non-derivative financial liabilities:						
Long term financing	2,962,714	3,126,639	183,667	183,667	367,334	2,391,971
Lease liability	1,773	1,979	355	355	710	559
Trade and other payables	1,657,393	1,657,393	1,657,393	-	-	-
Accrued mark-up	26,293	26,293	26,293	-	-	-
Short term borrowings	429,454	436,676	436,676	-	-	-
Unclaimed dividend	6,387	6,387	6,387	-	-	-
	5,084,014	5,255,367	2,310,771	184,022	368,044	2,392,530

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective as at 30 June. The rates of interest / mark up have been disclosed in note 5, note 6 and note 10 to these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2022

	FVTPL	Amortised cost	FVTOCI	Total
	----- (Rupees in thousand) -----			
46.2 Financial instruments by categories				
As at 30 June 2022				
Assets as per statement of financial position				
Long term investments	-	-	766,021	766,021
Long term deposits	-	22,076	-	22,076
Trade debts	-	2,604,817	-	2,604,817
Loans and advances	-	4,115	-	4,115
Short term deposits	-	161,126	-	161,126
Other receivables	-	95,386	-	95,386
Short term investments	1,623,048	-	-	1,623,048
Cash and bank balances	-	420,735	-	420,735
	1,623,048	3,308,255	766,021	5,697,324
		Financial liabilities at amortized cost	FVTPL	Total
		----- (Rupees in thousand) -----		
Liabilities as per statement of financial position				
Long term financing		3,849,419	-	3,849,419
Lease liability		1,190	-	1,190
Trade and other payables		2,372,029	-	2,372,029
Accrued mark-up		31,378	-	31,378
Short term borrowings		726,496	-	726,496
Unclaimed dividend		7,313	-	7,313
		6,987,825	-	6,987,825
	FVTPL	Amortised cost	FVTOCI	Total
	----- (Rupees in thousand) -----			
As at 30 June 2021				
Assets as per statement of financial position				
Long term investments	-	-	965,497	965,497
Long term deposits	-	22,076	-	22,076
Trade debts	-	1,439,847	-	1,439,847
Loans and advances	-	8,841	-	8,841
Short term deposits	-	96,732	-	96,732
Other receivables	1,185	21,833	-	23,018
Short term investments	3,211,269	-	-	3,211,269
Cash and bank balances	-	282,975	-	282,975
	3,212,454	1,872,304	965,497	6,050,255
		Financial liabilities at amortized cost	FVTPL	Total
		(Rupees in thousand)		
Liabilities as per statement of financial position				
Long term financing		2,962,714	-	2,962,714
Lease liability		1,773	-	1,773
Trade and other payables		1,657,393	-	1,657,393
Accrued mark-up		26,293	-	26,293
Short term borrowings		429,454	-	429,454
Unclaimed dividend		6,387	-	6,387
		5,084,014	-	5,084,014

Notes to the Financial Statements

For the year ended 30 June 2022

46.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2022		Assets as per statement of financial position
	Financial assets	Non-financial assets	
	(RUPEES IN THOUSAND)		
Assets			
Long term investments	766,021	6,130	772,151
Long term deposits	22,076	-	22,076
Trade debts	2,604,817	-	2,604,817
Loans and advances	4,115	72,523	76,638
Short term deposits and prepayments	161,126	10,634	171,760
Other receivables	95,386	121,185	216,571
Short term investments	1,623,048	-	1,623,048
Cash and bank balances	420,735	-	420,735
	5,697,324	210,472	5,907,796
Liabilities			
Long term financing	3,849,419	-	3,849,419
Lease Liability	1,190	-	1,190
Trade and other payables	2,372,029	641,714	3,013,743
Accrued mark-up	31,378	-	31,378
Short term borrowings	726,496	-	726,496
Unclaimed dividend	7,313	-	7,313
	6,987,825	641,714	7,629,539

Notes to the Financial Statements

For the year ended 30 June 2022

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
(RUPEES IN THOUSAND)			
Assets			
Long term investments	965,497	6,130	971,627
Long term deposits	22,076	-	22,076
Trade debts	1,439,847	-	1,439,847
Loans and advances	8,841	31,131	39,972
Short term deposits and prepayments	96,732	8,882	105,614
Other receivables	23,018	-	23,018
Short term investments	3,211,269	-	3,211,269
Cash and bank balances	282,975	-	282,975
	6,050,255	46,143	6,096,398
Liabilities			
Long term financing	2,962,714	-	2,962,714
Lease Liability	1,773	-	1,773
Trade and other payables	1,657,393	549,440	2,206,833
Accrued mark-up	26,293	-	26,293
Short term borrowings	429,454	-	429,454
Unclaimed dividend	6,387	-	6,387
	5,084,014	549,440	5,633,454

46.4 Offsetting financial assets and financial liabilities

As on reporting date, recognized financial instruments are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

46.5 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing, and short term borrowings obtained by the Company as referred to in note 5 and note 10 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'. The Company's strategy, remained unchanged from last year.

Notes to the Financial Statements

For the year ended 30 June 2022

		2022	2021
		(Rupees in thousand)	
Borrowings	Rupees in thousand	4,575,915	3,392,168
Total equity	Rupees in thousand	11,460,433	9,268,002
Total capital employed	Rupees in thousand	16,036,348	12,660,170
Gearing ratio	Percentage	28.53	26.79

The increase in the gearing ratio resulted primarily from increase in borrowings of the Company.

47. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these 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 June 2022

	Level 1	Level 2	Level 3	Total
----- (Rupees in thousand) -----				
Financial assets				
Fair value through other comprehensive income	765,821	-	-	765,821
Fair value through profit or loss	1,623,048	-	-	1,623,048
Total financial assets	2,388,869	-	-	2,388,869

Recurring fair value measurements At 30 June 2021

	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
Total financial assets	4,176,566	1,185	-	4,177,751

Notes to the Financial Statements

For the year ended 30 June 2022

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 year. Further there was no transfer out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation techniques used to value financial instruments include the use of quoted market prices or dealer quotes for similar instruments.

48. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

i) Fair value hierarchy

Judgements and estimates are made for non-financial assets not measured at fair value in these financial statements but for which the fair value is described in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

At 30 June 2022	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			

Investment properties	-	1,124,150	-	1,124,150
Total non-financial assets	-	1,124,150	-	1,124,150

Notes to the Financial Statements

For the year ended 30 June 2022

At 30 June 2021	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
Financial assets			---	
Investment properties	-	722,750	-	722,750
Total non-financial assets	-	722,750	-	722,750

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

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further, there was no transfer in and out of level 3 measurements.

iii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines a property's value within a range of reasonable fair value estimates. The best evidence of fair value is current prices in an active market for similar properties.

Valuation processes

The Company engages external, independent and qualified valuer to determine the fair value of the Company's investment properties at the end of every financial year. The fair values of the investment properties have been determined by Jasper & Jasper (an approved valuer).

Changes in fair values are analysed at the end of each year during the valuation discussion between the Chief Financial Officer and the valuer. As part of this discussion the team presents a report that explains the reason for the fair value movements.

Notes to the Financial Statements

For the year ended 30 June 2022

	2022	2021
	(RUPEES IN THOUSAND)	
49. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Description		
Loan / advances obtained as per Islamic mode:		
Loans	-	36,171
Advances	78,430	58,196
Shariah compliant bank deposits / bank balances		
Bank balances	35,038	773
Profit earned from shariah compliant bank deposits / bank balances		
Profit on deposits with banks	141	-
Revenue earned from shariah compliant business	23,500,659	17,374,800
Gain or (loss) dividend earned from shariah complaint investments		
Dividend income	64,000	53,037
Unrealized (loss) / gain on re-measurement of investments at FVTOCI	(113,726)	139,291
Unrealized (loss) / gain on re-measurement of investments at FVTPL	(105,678)	22,189
Realized gain on investments at FVTPL	-	76,352
Exchange gain earned	6,827	4,126
Mark-up paid on Islamic mode of financing	17,813	10,313
Profits earned or interest paid on any conventional loan		
Interest on loans paid	151,579	152,861
Profit earned on deposits with banks	18,173	10,932

Relationship with shariah compliant banks

Name

Meezan Bank Limited
 MCB Islamic Bank Limited
 First Habib Modaraba

Relationship

Bank balance and short term borrowings
 Bank balance and short term borrowings
 Lease

Notes to the Financial Statements

For the year ended 30 June 2022

50. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2022	2021	2022	2021
	------(RUPEES IN THOUSAND)-----			
Total facilities	3,720,000	8,003,040	9,653,090	12,467,000
Utilized at the end of the year	2,186,940	3,385,148	5,189,178	4,937,713
Unutilized at the end of the year	1,533,060	4,617,892	4,463,912	7,529,287

51. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 26, 2022 by the Board of Directors of the Company.

52. CORRESPONDING FIGURES

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

53. GENERAL

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Notice of Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting of the shareholders of Suraj Cotton Mills Limited will be held on Wednesday, October 26, 2022 at 10:00 A.M. at Registered Office of the Company i.e. 7-B-III, Aziz Avenue, Gulberg-V, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Annual Audited Accounts together with the Directors' and Auditor's reports thereon for the year ended June 30, 2022.
2. To approve as recommended by Directors, the payment of **Final Cash Dividend @ 40 % i.e. Rs. 4/-** per share for the year ended June 30, 2022.
3. To appoint auditors to hold office till the conclusion of the next Annual General Meeting and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

By Order of the Board

Lahore: October 05, 2022

Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 19, 2022 to October 26, 2022 (both days inclusive)

NOTES:

1. Transfers received in order at the company's Share Registrar Office, M/s Corptec Associates Private Limited, 503-E, Johar Town, Lahore by the close of business hours on or before October 18, 2022 will be considered in time.
2. Shareholders interested to participate in the meeting through video link are requested to email their Name, Folio Number, Cell Number and Number of Shares held in their name along with valid copy of both sides of Computerized National Identify Card (CNIC) at naeem.sheikh@suraj.com by 25 October 2022. The video link and login credentials will be shared with only those members/designated proxies whose emails, containing all the required particulars.
3. A member eligible to attend and vote at this meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be effective must be received by the Company at the Registered Office not later than 48 hours before the time of holding the meeting. The proxy form shall be witnessed by two persons, whose names, addresses and CNIC numbers shall be mentioned on the form. A proxy must be a member of the Company. The proxy form is annexed to the notice sent to the members. In case of corporate entity, the Board of Director's resolution/power of attorney with specimen signature of the nominee shall be submitted along with copy of CNIC of the representative.

Replacement of Physical Shares with Book-entry Form

As per Section 72 of The Companies Act, 2017 every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by The SECP, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholders holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC Sub-account with any of the brokers or investor account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many

Notice of Annual General Meeting

ways including safe custody and sale of shares at any time they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited.

CNIC/IBAN for E-Dividend Payment

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

Zakat Declarations:

The members of the Company are required to submit Declaration for Zakat exemption in terms of Zakat and Ushr Ordinance, 1980.

Deduction of Tax on Dividend Income – Finance Act, 2021

It is hereby informed that pursuant to the Finance Act, 2021, the rate of withholding tax under Section 150 of the Income Tax Ordinance, 2001 on dividend income has been segregated as follows:

Rate of tax deduction on dividend income for filer of income tax return 15% Rate of tax deduction of dividend income for non filer of income tax return 30%.

Further you are therefore requested to please provide us the following details:

Name	Folio No. / CDC Account No.	National Tax No.	CNIC No. (for individual only) enclose a copy of valid CNIC, if not already provided

Video Conference Facility

Pursuant to the provisions of the Companies Act, 2017, the shareholders residing in a city and holding at least 10% of the total paid up share capital may demand the Company to provide the facility of video-link for participating in the AGM. The demand for video-link facility shall be received by the Share Registrar at the address given hereinabove at least seven (7) days prior to the date of the meeting on the Standard Form provided in the annual report and also available on the company's website.

Placement of Financial Statements on Company's Website

The Company has placed a copy of the Notice of AGM, Annual Financial Statements for the year ended 30 June 2022 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company: www.suraj.com

Shareholders are also requested to notify immediately any change in their E-mail address to the Share Registrar of the Company, M/s. Corptec Associates (Private) Limited, 503-E, Johar Town, Lahore. Ph. 042-35170335- 37

اطلاع سالانہ اجلاس عام

زکوٰۃ ڈیکلیریشن:

کمپنی کے ارکان کو زکوٰۃ اینڈ عشر آرڈیننس 1980 کی شرائط میں زکوٰۃ ایگزیمپشن کے لئے ڈیکلیریشن جمع کرانا ضروری ہے۔

ڈیویڈنڈ انکم پرنکس کی کٹوتی۔ فنانس ایکٹ 2021

مطلع کیا جاتا ہے کہ فنانس ایکٹ 2021 کی پیروی میں، ڈیویڈنڈ انکم پرنکس آرڈیننس 2001 کی دفعہ 150 کے تحت ودہولڈنگ ٹیکس کی شرح درج ذیل کے مطابق الگ الگ رکھی گئی ہے:

(i)	انکم ٹیکس ریٹرن کے فائلر کیلئے ڈیویڈنڈ انکم پرنکس کٹوتی کی شرح	15%
(b)	انکم ٹیکس ریٹرن کے نان فائلر کیلئے ڈیویڈنڈ انکم پرنکس کٹوتی کی شرح	30%

مزید برآں آپ سے درخواست کہ ازراہ کرم درج ذیل تفصیلات ہمیں فراہم کریں:

نام	فولیو نمبر / ڈی اکاؤنٹ نمبر	سی سی ٹیکس نمبر	قومی CNIC نمبر (برائے فرد صرف) کارآمد CNIC کی کاپی لف کریں، اگر پہلے مہیا نہیں کی گئی

وڈیو کانفرنس سہولت

کمپنیز ایکٹ 2017 کی پروویژن کی پیروی میں، کمپنی کے کل پیڈ اپ کیپٹل کے کم از کم 10% کے مالک شہر میں سکونت رکھنے والے ارکان کمپنی سے AGM میں شرکت کے لئے وڈیو لنک کی سہولت مہیا کرنے کا مطالبہ کر سکتے ہیں۔ وڈیو لنک سہولت کا مطالبہ مذکورہ بالا پتہ پر شیئر رجسٹرار کے ذریعے سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب معیاری درخواست فارم پر اجلاس کی تاریخ سے کم از کم 7 یوم قبل وصول کیا جائے گا۔

مالی حسابات کی تالیف شدہ

کمپنی 30 جون 2022 ختم سال کیلئے AGM نوٹس کی کاپی، تصدیق شدہ سالانہ علیحدہ اور مجموعی مالی حسابات معائنہ پر آڈیٹران اور ڈائریکٹران اور چیئرمین کی جائزہ رپورٹس اپنی ویب سائٹ www.suraj.com پر رکھ چکی ہے۔

حصص داران سے یہ بھی التماس ہے کہ اپنے ای میل ایڈریس میں کسی تبدیلی کے بارے میں کمپنی کے شیئر رجسٹرار، میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، 503-E، جوہر ٹاؤن، لاہور فون: 042-35170335-37 کو فی الفور مطلع کریں۔

اطلاع سالانہ اجلاس عام

بذریعہ نوٹس ہذا مطلع کیا جاتا ہے کہ سورج کاٹن ملز لمیٹڈ کے حصص داران کا 38 واں سالانہ اجلاس عام کمپنی کے رجسٹرڈ دفتر، یعنی III-B-7، مریہ ہومز، عزیز ایونیو، گلبرگ 7، لاہور پر 26 اکتوبر 2022ء کو صبح 10:00 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

- 1- 30 جون 2022ء کو اختتام سال کیلئے کمپنی کے نظر ثانی شدہ مالی حسابات مع ان پر ڈائریکٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظور کرنا۔
- 2- 30 جون 2022ء کو اختتام سال کیلئے ڈائریکٹرز کی سفارشات کے مطابق نقد منافع منقسمہ بشرح 40 فیصد یعنی 4/1 روپے فی شیئر کی ادائیگی کی منظوری دینا۔
- 3- اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پرفائزر ہونے کے لئے آڈیٹرز کا تقرر اور ان کے اصلہ خدمت کا تعین کرنا۔
- 4- صاحبِ صدر کی اجازت سے کوئی دیگر امور سرانجام دینا۔

لاہور
مورخہ: 105 اکتوبر 2022
کمپنی سیکرٹری
بحکم بورڈ

کتابوں کی بندش:
ارکان کارجرٹ 19 اکتوبر 2022ء تا 26 اکتوبر 2022ء (بشمول ہر دو ایام) بند رہے گا۔

نوٹ:

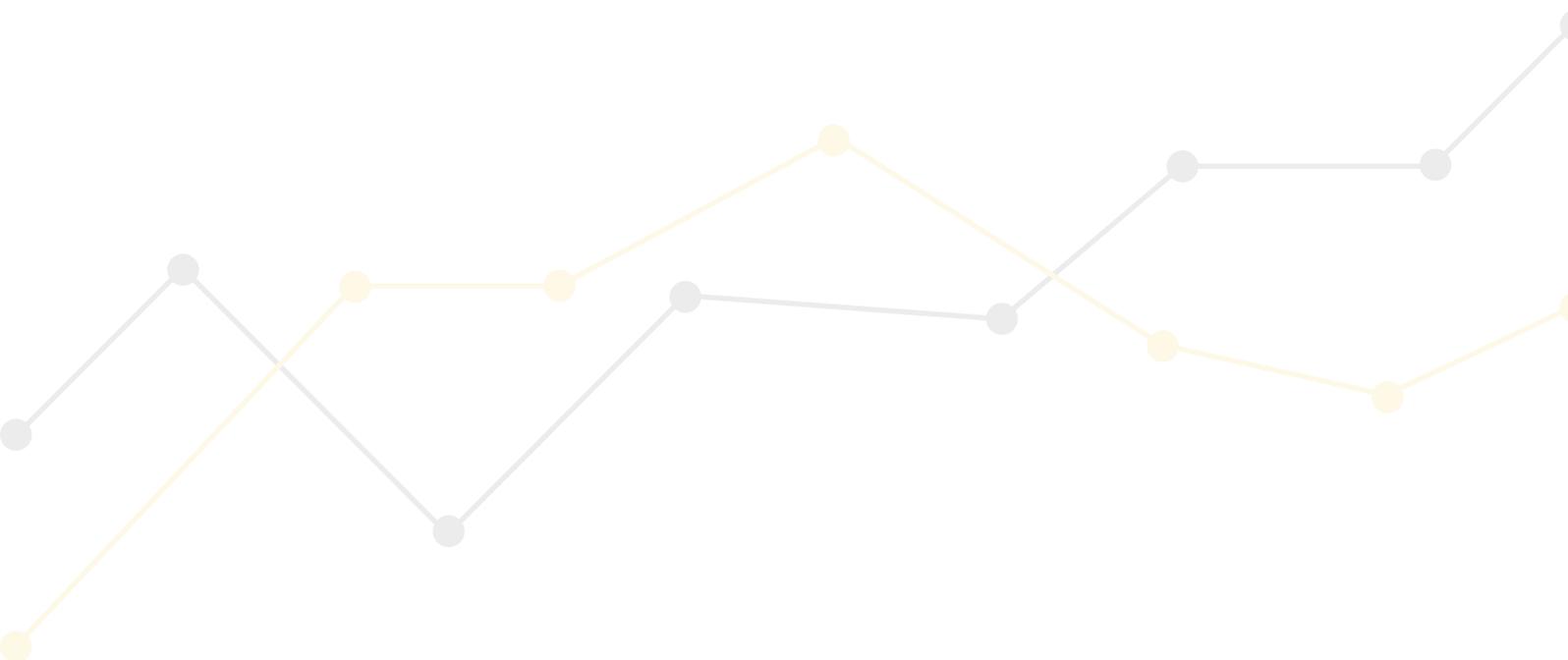
- 1- کمپنی کے شیئر رجسٹر دفتر، میسرز کارپ ٹیک ایسوسی ایٹس پرائیویٹ لمیٹڈ، E-503، جوہر ٹاؤن، لاہور میں 18 اکتوبر 2022ء کو کاروبار کے اختتام تک موصولہ منتقلیاں بروقت تصور ہوگی۔
- 2- اجلاس میں ووٹوں کی ذمہ داری شرکت میں دلچسپی رکھنے والے حصص داران سے درخواست ہے کہ اپنے نام، فوٹو نمبر، موبائل نمبر اور ان کے نام میں ملکیتی حصص کی تعداد بمعہ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی دونوں اطراف کی مؤثر کاپی 25 اکتوبر 2022ء تک naeem.sheikh@suraj.com پر ای میل کریں۔ ووٹوں کی اور لاگ ان کریڈیٹل صرف ان ممبران/نامزدہ پرائیویٹ کے ساتھ شیئر کی جائیں گی جنہوں نے ای میل، بشمول تمام مطلوبہ پارٹیکلر فراہم کی ہیں۔
- 3- اجلاس ہذا میں شرکت اور ووٹ دینے کا اہل ممبر کسی دیگر ممبر کو شرکت اور ووٹ دینے کیلئے اپنا/اپنی پراسی مقرر کرنے کا مستحق ہوگا/ہوگی۔ پراسیاں تا نکلے مؤثر ہو سکیں کمپنی کے رجسٹرڈ دفتر میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جانی چاہئیں۔ پراسی فارم پر دو افراد کی گواہی ہوگی، جن کے نام، پتے اور CNIC نمبر فارم پر درج ہونگے۔ پراسی لازماً کمپنی کا رکن ہونا چاہئے۔ پراسی فارم ارکان کو ارسال کئے گئے نوٹس کے ہمراہ لف ہے۔ کارپوریٹ ایٹمیٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/مختار نامہ مع نامزدہ کے مخصوص دستخط ناماندہ کے CNIC کی کاپی کے ہمراہ جمع کرایا جائے گا۔

مادی حصص کی بک انٹری شکل میں تبدیلی

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر موجودہ کمپنی اپنے فزیکل شیئرز کو بک انٹری شکل کے ساتھ بیان کئے گئے انداز میں اور ایس ای سی پی کی طرف سے مطلع کردہ تاریخ سے کمپنیز ایکٹ، 2017 یعنی 31 مئی 2017ء سے شروع ہونے والی زیادہ سے زیادہ چار سال کی مدت کے اندر تبدیل کرے گی۔ فزیکل شکل میں حصص رکھنے والے شیئرز ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنے شیئرز کو بک انٹری شکل میں تبدیل کریں۔ اس مقصد کے لیے، شیئر ہولڈرز اپنے فزیکل شیئرز کو اسکرپ لیس فارم میں رکھنے کے لیے کسی بھی بروکرز کے ہاں سی ڈی سی سب اکاؤنٹ یا براہ راست سی ڈی سی کے ہاں انویسٹرا کاؤنٹ کھول سکتے ہیں۔ یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا جس میں حصص کی محفوظ تحویل اور کسی بھی وقت جب وہ چاہیں فروخت کر سکیں گے کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

ای ڈیویڈنڈ ادائیگی کے لئے IBAN / CNIC

کمپنیز ایکٹ 2017 کی دفعہ 242 کی پرویزن کے مطابق لسٹڈ کمپنیوں کے لئے ضروری ہے کہ کوئی قابل ادا ڈیویڈنڈ نقد صورت میں اہل حصص داران کے منسوب بینک اکاؤنٹس میں براہ راست فقط الیکٹرونک طریقہ سے ادا کیا جائے گا۔ اس کے مطابق فزیکل شیئرز کے حامل حصص داران سے درخواست ہے کہ سالانہ رپورٹ میں مہیا شدہ اور کمپنی کی ویب سائٹ پر بھی دستیاب ای ڈیویڈنڈ فارم پر الیکٹرونک ڈیویڈنڈ مینڈیٹ مذکورہ بالا پتہ پر کمپنی کے رجسٹرار کو فراہم کریں۔ سی ڈی سی میں حصص رکھنے کی صورت میں، یہی معلومات اپ ڈیویڈنڈ اور کمپنی کو بھیجے کے لئے سی ڈی ایس پانٹس کو فراہم کی جانی چاہئیں۔ جمع نہ ہونے کی صورت میں، آئندہ تمام ڈیویڈنڈ ادائیگیاں روکی جاسکتی ہیں۔



Suraj Cotton Mills Limited

Mandatory Requirement of Bank Account Details for Electronic Credit of Cash Dividend Payment as Per the Companies Act, 2017

Date: October 03, 2022

Dear Shareholder,

This is to inform you that in accordance with the section 242 of the Companies Act, 2017 any dividend payable in cash shall only be paid through electronic mode directly into the bank account designed by the entitled shareholders. Please note that giving bank mandate for dividend payments is mandatory and in order to comply with this regulatory requirement and to avail the facility of direct credit of dividend amount in your bank account, you are requested to please provide the following information to your respective CDC Participant / CDC Investor Account Services (in case your shareholding is in book Entry Form) OR to our Share Registrar M/s. Corptec Associates (Pvt) Ltd. 503-E Johar Town Lahore. (in case your shareholding is in Physical Form):

Details of Shareholders	
Name of Shareholders	
Folio / CDS Account No.	
CNIC No. (Copy attached)	
Cell number of shareholders	
Landline number of shareholders, if any	
Email	
Details of Bank Account	
Title of Bank Account	
International Bank Account Number (IBAN) "Mandatory"	PK_____ (24 digit) (Kindly provide your accurate IBAN number after consulting with your respective bank branch since in case of any error or omission in given IBAN, the Company will not be held responsible in any manner for any loss or delay in your cash dividend payment).
Bank's Name	
Branch Name and address	
It is stated that the above mentioned information is correct and in case of any change herein, I / We will immediately intimate Participant / Share Registrar accordingly.	
_____ Signature of Shareholders	

Second Fold

Affix Revenue
Stamp

Corptec Associates (Pvt) Ltd.

Shares Registrar: Suraj Cotton Mills Limited
503-E Johar Town Lahore.

First Fold

Third Fold and Tuck In

Suraj Cotton Mills Limited

Notice to the Shareholders in terms of section 244 of the Companies Act 2017, to file their respective claims in respect of unpaid Dividend that remained unclaimed for a period of three years (or more)

Dear Shareholder,

In terms of section 244 of the Companies Act, 2017 (the Act) promulgated on May 30, 2017, Companies are required to deposit with the Federal Government, all the dividends, which remain unclaimed or unpaid for a period of three years from the date of issue. In view of the forgoing, it is to inform you that if you have any outstanding/unclaimed dividend(s), in respect of your account, you are therefore, advised to contact and lodge your claim to the share Registrar of the Company at following address and arrange to receive your cheque against unclaimed/outstanding dividend after completing necessary formalities.

M/s Corptec Associates (Pvt) Ltd.
503-E Johar Town Lahore
Tel:042-35170335 -7

You are requested to submit your claim along with supporting evidence at your very earliest.

Yours sincerely

Company Secretary

Second Fold

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Corptec Associates (Pvt) Ltd.

Shares Registrar: Suraj Cotton Mills Limited
503-E Johar Town Lahore.

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First Fold

Form of Proxy

Thirty Eight Annual General Meeting

I/We _____ of _____
_____ being a member of **Suraj Cotton Mills Limited** and holder of _____
shares as per Registered Folio No. _____

For Beneficial Owners as per CDC list

CDC Participant I. D. No. _____

Sub-Account No. _____

NIC No. _____ or Passport No _____.

hereby appoint _____ of _____ Who is also a member of the Company, Folio No. _____ or failing him/her _____ of _____ who is also member of the Company vide Registered Folio No. _____ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the **38th Annual General Meeting** of the Company to be held on Wednesday, October 26, 2022 at 10:00 a.m. at Registered Office, 7-B-III, Aziz Avenue, Gulberg-V Lahore and at any adjournment thereof.

Dated this _____ day of _____, 2022.

Witness 1:

Signature: _____

Name: _____

Address: _____



Witness 2 :

Signature: _____

Name: _____

Address: _____

Signature of Member(s)

Note:

1. Proxies in order to be effective, must be received at the Registered Office of the Company at 7-B-III, Aziz Avenue, Gulberg-V, Lahore not later than 48 hours before the meeting.
2. CDC Shareholders and their Proxies are each requested to attach an attested Photocopy of their National Identity Card or Passport with this proxy form before submission to the Company.

Second Fold

Affix Revenue
Stamp

Corptec Associates (Pvt) Ltd.

Shares Registrar: Suraj Cotton Mills Limited
503-E Johar Town Lahore.

First Fold

Third Fold and Tuck In



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