

ANNUAL REPORT
2024

SURAJ
سورج



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Company Information

Board of Directors

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

Chief Executive Officer

Mr. Nadeem Maqbool

Chief Financial Officer

Mr. Naeem Sheikh

Audit Committee

Mr. Shams Rafi (Chairman)
Mr. Asif Bashir
Mr. Ahsan Bashir

HR & R Committee

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

Risk Management Committee

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

Share Registrar

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

Auditors

Riaz Ahmad & Co.
Chartered Accountants

Company Secretary

Mr. Shahzad Nazir

Bankers

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

Registered Office

Tricon Corporate Center, 8th Floor, 73-E, Main Jail
Road, Gulberg II, Lahore
Ph: +92-423-5760379, 35760382
Fax: +92-423-5760376
Email: info@suraj.com
Web: www.suraj.com

Project Locations

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

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

Established on December 18, 1984, Suraj Cotton Mills Limited stands as a prominent public limited company listed on the Pakistan Stock Exchange. With a steadfast commitment to manufacturing and trading top-notch yarn and woven fabrics, our legacy speaks volumes of dedication, growth, and quality. Our journey began in 1985 when we launched our spinning project at Nooriabad, which commenced commercial production in 1986. Today, this unit boasts 24,576 spindles, producing yarns ranging from 10/1 cd to 30/1 cd, high-end combed yarns, and spandex yarns for weaving.

In 1990, we expanded our footprint by establishing our second spinning unit at Shahkot. Undergoing continuous modernization and expansion, its current capacity stands impressively at 43,000 spindles specializing in fine count yarns ranging from 40 combed to 130 combed. Our growth continued as we introduced a weaving unit in Shahkot in 1994. Equipped with advanced machinery and wider width Air Jet looms, this unit produces over 12 million meters of grey cloth annually. By 2003, with the addition of another 120 Air Jet looms, we increased our capacity to 28 million meters.

2006 marked another milestone as we acquired a spinning unit in Raiwind, Punjab, further enhancing our production capabilities. This unit underwent expansion in 2017, increasing its capacity to 55,000 spindles. Our commitment to excellence was once again reaffirmed in 2023 when we inaugurated our fifth production facility in Shahkot, a weaving unit equipped with 154 wider width Air Jet Looms.

With a robust presence in both domestic and international markets, Suraj Cotton Mills Limited has fostered enduring relationships with customers and suppliers alike. As we forge ahead, our focus remains unwavering on enriching investor values and cementing our industry footprint.

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 for the year ended 30 June 2024.

The Economy

During this period the country's economy faced many challenges with high interest rates, soaring prices of electricity and other utilities which translated into an inflationary spiral. Due to the high cost of doing business, we saw a steady decline in exports and growth. Industries in almost all sectors are faced with this situation. During this time the rupee remained steady against major world currencies.

Pakistan's exports, especially textiles continued to decline throughout the year and demand remained on the lower side. The cotton crop was better than the year before and prices remained competitive. Import of raw cotton now plays a very important part for the local industry and therefore price trends in other cotton growing countries and the futures market have a direct bearing on local prices. However, during the first part of the year there were import difficulties which delayed imports to the detriment of the industry. The current year's crop is still in the early stages but initial figures do not depict a very optimistic situation in terms of quantity and quality. The crop appears to be late, first due to excessive heat and then abnormal rains so the real picture will be clear at a later stage.

The central bank has started its easing of the monetary policy as inflation figures show a declining trend. This is a good sign for businesses and industry and will spur some economic growth.

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 benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

- **Diversity and Mix:** The Board members effectively bring the diversity to the Board and constitute a mix of executive, non-executive and independent directors. All BOD members were involved in all key matters and decisions of the Board.

- **Engagement in Strategic Planning:** Board has a clear understanding of the stakeholders (shareholders, customers, employees, vendors, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further, the Board has spent sufficient time on Strategy formulation and it has set annual goals and targets for the management in all major performance areas.
- **Diligence:** The Board members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
- **Monitoring of organization's business activities:** The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors and other independent consultants. The Board provided appropriate direction and oversight on a timely basis.
- **Governance and Control Environment:** The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the company.

I would like to express my sincere appreciation to the members of the Board of Directors for their support and guidance at all times. I would also express my sincere gratitude to the stakeholders for their trust and confidence in the Company. Along with the Board, I express my sincere appreciation to the management team and all employees for their loyalty and dedication. We hope and pray that we will surmount the difficulties and with effective management and control, we will continue to improve our results.

Khalid Bashir

Chairman

چیمبر مین کا جائزہ

30 جون 2024ء کو ختم ہونے والے سال کے لئے کمپنی کی جائزہ رپورٹ پیش کرنا میرے لئے باعث مسرت ہے۔
اقتصادی جائزہ

اس عرصے کے دوران ملکی معیشت کو بلند شرح سود، بجلی اور دیگر پٹیلیٹیجز کی بڑھتی ہوئی قیمتوں کے باعث بہت سی مشکلات کا سامنا کرنا پڑا جس کی وجہ سے افراط زر میں اضافہ ہوا۔ کاروبار کرنے کی لاگت زیادہ ہونے کی وجہ سے، ہم نے برآمدات اور نمونوں میں مسلسل کمی دیکھی۔ تقریباً تمام شعبوں کی صنعتوں کو اس صورتحال کا سامنا ہے۔ اس دوران عالمی کرنسیوں کے مقابلے میں روپیہ مستحکم رہا۔

پاکستان کی برآمدات بالخصوص ٹیکسٹائل میں سال بھر کی مسلسل جاری رہا اور طلب بھی کم رہی۔ کپاس کی فصل پچھلے سال کے مقابلے میں بہتر رہی اور قیمتیں مسابقتی رہیں۔ خام کپاس کی درآمدات مقامی صنعت کے لئے بہت اہم کردار ادا کرتی ہے اور اسی وجہ سے کپاس پیدا کرنے والے دیگر ممالک میں قیمتوں کے رجحانات اور فیوچر مارکیٹ کا براہ راست اثر مقامی قیمتوں پر پڑتا ہے۔ تاہم سال کے پہلے حصہ کے دوران درآمدات میں مشکلات کا سامنا کرنا پڑا جس کی وجہ سے درآمدات میں تاخیر ہوئی جس سے صنعت کو نقصان پہنچا۔ رواں سال کی فصل ابھی ابتدائی مراحل میں ہے لیکن ابتدائی اعداد و شمار مقدار اور معیار کے لحاظ سے بہت اُمید صورتحال کی عکاسی نہیں کرتے ہیں۔ فصل میں، پہلے زیادہ گرمی اور پھر غیر معمولی بارشوں کی وجہ سے تاخیر ہوتی دکھائی دیتی ہے لہذا اصل منظر بعد میں واضح ہوگا۔ مرکزی بینک نے مانیٹری پالیسی میں نرمی کا آغاز کر دیا ہے کیونکہ افراط زر کے اعداد و شمار میں کمی کارخانوں کا ظاہر ہو رہا ہے۔ یہ کاروبار اور صنعت کے لئے ایک اچھا اشارہ ہے اور کچھ اقتصادی نمو کو فروغ دے گا۔

کارپوریٹ گورننس

سورج کاٹن بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل، طریقہ کار اور اجلاسوں کے سلسلے میں کمپنیز ایکٹ، 2017 اور سیکورٹیز (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 گئی 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۔ جن شعبوں میں بہتری کی ضرورت ہے ان پر مناسب غور و خوض اور ایکشن پلان تیار کیا گیا ہے۔

سال کے لیے منظور شدہ معیار کی بنیاد پر پیمائش کی گئی بورڈ کی مجموعی کارکردگی تسلی بخش تھی۔

تنوع اور کس: بورڈ کے اراکین مؤثر طریقے سے بورڈ میں تنوع لاتے ہیں اور ایگزیکٹو، غیر ایگزیکٹو اور آڈٹرز کا مرکب تشکیل دیتے ہیں۔ تمام BOD ممبران بورڈ کے تمام اہم معاملات اور فیصلوں میں شامل تھے۔

اسٹریٹجک منصوبہ بندی میں شمولیت: بورڈ کو اسٹیک ہولڈرز (شیر ہولڈرز، صارفین، ملازمین، وینڈرز، بڑے پیمانے پر سوسائٹی) کی واضح تفہیم ہے جن کی کمپنی پیروی کرتی ہے۔ بورڈ اسٹریٹجک وژن رکھتا ہے کہ اگلے تین سے پانچ سالوں میں تنظیم کو کس طرح تیار ہونا چاہئے۔ مزید برآں، بورڈ نے حکمت عملی کی تشکیل پر کافی وقت صرف کیا اور اس نے کارکردگی والے تمام اہم شعبوں میں انتظامیہ کے لیے سالانہ مقاصد اور اہداف مقرر کیے ہیں۔

مستعدی: بورڈ کے اراکین نے تبدیلی کے ساتھ اپنے فرائض سرانجام دیے اور کاروباری حکمت عملیوں، کارپوریٹ مقاصد، منصوبوں، بجٹ، مالیاتی گوشواروں اور دیگر رپورٹس کا اچھی طرح سے جائزہ، تبادلہ خیال کیا اور منظوری دی۔ اسے بورڈ اور کمیٹی کے اجلاسوں سے کافی وقت پہلے واضح اور جامع ایجنڈا اور معاون تحریری مواد ملا۔ بورڈ نے اپنی ذمہ داریوں کو مناسب طریقے سے ادا کرنے کے لیے اکثر اجلاس کئے۔

تنظیم کی کاروباری سرگرمیوں کی نگرانی: بورڈ انتظامیہ، اندرونی اور بیرونی آڈیٹرز اور دیگر آزاد مشیران کی طرف سے باقاعدہ پیشکشوں کے ذریعے کمپنی کے مقاصد، اہداف، حکمت عملیوں اور مالیاتی کارکردگی کے حصول کے حوالے سے اپ ڈیٹ رہا۔ بورڈ نے بروقت مناسب ہدایات اور نگرانی فراہم کی۔

گورننس اینڈ کنٹرول ماحول: بورڈ نے شفاف اور مضبوط گورننس کا نظام قائم کر کے مؤثر طریقے سے ٹون ایٹ دی ٹاپ طے کیا ہے۔ یہ ایک مؤثر کنٹرول ماحول قائم کرنے، کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل اور پوری کمپنی میں اخلاقی اور منصفانہ رویہ کو فروغ دینے سے ظاہر ہوتا ہے۔

میں بورڈ آف ڈائریکٹرز کے ممبران کی ہمہ وقت حمایت اور رہنمائی کے لئے تہہ دل سے شکر گزار رہوں۔ میں کمپنی پر اعتماد اور یقین کے لئے اسٹیک ہولڈرز کا بھی تہہ دل سے شکر یہ یاد کرتا ہوں۔ بورڈ کے ساتھ، میں انتظامیہ کی ٹیم اور تمام ملازمین کو ان کی وفاداری اور لگن کو سراہتا ہوں۔ ہم امیدوار دکارتے ہیں کہ ہم مشکلات پر قابو پائیں اور مؤثر انتظام اور کنٹرول کے ساتھ، ہم اپنے نتائج کو بہتر بنانا جاری رکھیں گے۔

خالد بشیر

(چیمبر مین)

Directors' Profile

Mr. Khalid Bashir

Chairman

Director (Non-Executive)

Joined Board: 1998

Chief Executive: Shams Textile Mills Limited

Director: The Crescent Textile Mills Limited
Premier Insurance Limited

Mr. Nadeem Maqbool

Chief Executive Officer

Joined Board: 1984

Director: Premier Insurance 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
Service Industries Limited

Mr. Asif Bashir

Director (Non-Executive)

Joined Board: 2024

Director: Shams Textile Mills Limited
Crescent Powertech Limited

Ms. Maheen Hisham Adamjee

Independent Director

Joined Board: 2023

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: 2023

Director: Jubilee Spinning & Weaving Mills Limited

Directors' Report

On behalf of the Board of Directors, I present the operating and financial performance of the company for the year ended 30 June 2024.

Overview

The year under review has been one in which Pakistan's economic performance has been almost stagnant with nearly all industrial sectors showing lacklustre performance. The textile spinning and weaving sectors have been badly affected with an increase in input costs, especially utilities. The country's exports have also declined sharply. In addition, the central bank has pursued a tight monetary policy with financing costs rising to an unprecedented 22%. All these factors have contributed to a contraction in spinning capacities and your company has also shut down its older units as their inefficiencies make them uncompetitive. In spite of these adverse factors, your company has managed to perform and posted a profit of Rs. 1,006 million with an earnings per share of Rs. 20.62 (2023: Rs. (8.45)).

Business Performance

In the year under review the company achieved revenue of Rs.29.774 billion, an increase of 57% over the corresponding period.

Financial Performance at a glance

The financial performance of your company for the fiscal year ended June 30, 2024 as compared to the previous year is presented below:

Brief Income Statement	2024	2023	% Change
	(PKR in Million)		
Sales	29,744	18,860	57.7
Gross profit	2,396	457	423.22
Operating profit	2,381	205	1,063.88
Financial cost	(407)	(320)	27.35
Profit/(loss)before taxation	1,973	(115)	1,811.53
Taxation	(967)	(297)	225.65
Net Profit / (Loss)	1,006	(412)	344.11
Earnings per Share (EPS)	20.62	(8.45)	

Gross Profit

Your Company has achieved gross profit margin of 8.06% for the fiscal year under review as compared to 2.40% last year, increase is mainly attributable to higher end product prices and prudent financial management.

Operating Expenses

For the year under review, Distribution costs increased by approximately 37% due to higher sales volume. Administrative costs increased by 22% mainly as a result of inflationary impact on utilities, fuel and other expenses. In addition, the Company, being a responsible citizen made donations to various NGO's as part of its CSR programme. It is our firm belief that we must give back to the communities in which we operate as part of our social responsibility to ensure that the needs of the less privileged are met.

Directors' Report

Finance Cost

For the year under review company incurred an increase of approximately 28% due to the tight monetary policy of the State Bank of Pakistan. These measures instituted to control inflation are stifling industrial growth especially for industries which are on starined to borrow heavily to finance their raw material requirements.

Your company reported a profit before tax of Rs. 1,973 million during the current fiscal year, as compared to loss of Rs. (115) million reported last year. Similarly, company posted an after tax profit of Rs. 1,006 Million as compared to loss of Rs. (412) Million reported last year.

Dividend & Appropriation

Considering current capital and equity investment plans; the Board has proposed a final cash dividend of PKR 5 per share subject to approval of shareholders in upcoming Annual General Meeting scheduled to be held on October 28, 2024.

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 Rs. 20 million on the above initiatives.

Risk Management & Environmental

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.

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

Directors' Report

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 and the Rule Book of Pakistan Stock Exchange. 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.

Composition of Board of Directors

Board of SCML comprise of 7 (Male) and 1 Female Directors. The composition of Board is provided below along with number of meetings attended by each director during the year:

Sr. No.	Category	Name
1.	Independent Directors	Mr. Shams Rafi
		Ms. Maheen Hisham Adamjee (Female Director)
2.	Non-Executive Directors	Mr. Khalid Bashir (Chairman)
		Mr. Asif Bashir [appointed on 12 August 2024 in place of Mr. Humayun Maqbool who resigned as director on 01 July 2024]
		Mr. Mohammad Iqbal
3.	Executive Directors	Mr. Nadeem Maqbool (Chief Executive Officer)
		Mr. Ahsan Bashir
		Mr. Adil Bashir

Directors' Report

- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in financial statement.

Meetings of the Board of Directors

Four meetings of the Board of Directors were held during the year 2023-24. Attendance of directors in meetings of BOD is provided as under:

Sr. No.	Category	Name	Meetings Attended
1.	Independent Directors	Mr. Shams Rafi	04
		Ms. Maheen Hisham Adamjee	04
2.	Non-Executive Directors	Mr. Khalid Bashir (Chairman)	04
		Mr. Humayun Maqbool	03
		Mr. Mohammad Iqbal	04
3.	Executive Directors	Mr. Nadeem Maqbool (Chief Executive Officer)	04
		Mr. Ahsan Bashir	04
		Mr. Adil Bashir	03

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

Board Committees & 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. Four audit committee meetings were held:

Sr.No	Name of Members	Meetings Attended
1.	Mr. Shams Rafi (Chairman)	03
2.	Mr. Humayun Maqbool	04
3.	Mr. Ahsan Bashir	04

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

Human Resource, Nomination and 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
1.	Ms. Maheen Hisham Adamjee (Chairman)
2.	Mr. Nadeem Maqbool
3.	Mr. Ahsan Bashir
4.	Mr. Adil Bashir

Directors' Report

Auditors

The financial statements of the company for the current financial year 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.

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, 2024 is annexed with this report.

Future Outlook

The year under review has been difficult due to a sharp rise in the cost of doing business and other inflationary factors. The sharp rise in utilities has led to stress for the textile industry leading to capacity curtailment by various companies. Your company has also taken a decision to cease production in its older spinning unit at Nooriabad as it became difficult to remain competitive. Once cost issues are resolved we shall take further decisions with respect to this unit. The country's exports continued to decline throughout the year and export demand remained slack because of decline in demand in the major countries of the world. In future we expect that local sales will also decline due to the discontinuation of the EFS Scheme for local manufacturers/indirect exporters. Cotton crop was better than the previous year both in terms of quantity and quality. Prices remained firm as difficulties in establishing letters of credit delayed the import of cotton. Imports will remain essential for our textile industry due to erratic behaviour of the local crop and also due to the industry requirements for contamination-free and specialized cottons. Cotton import are also preferred because of high borrowing costs which prevent build-up of large local inventories.

During the current year, initial crop output does not appear to be very encouraging due to excessive heat followed by higher than normal rainfall. Due to these reasons, the quality parameters are not good and it is expected that mills will opt for imports which are better quality and also cheaper due to low demand for cotton in the world. Going forward we anticipate continuing problems for the textile industry as it remains uncompetitive due to higher costs, especially in terms of energy prices. Some relief has come due to a reduction in the interest rates but this is not enough. The textile industry needs a regionally competitive energy price to compete in its export markets with countries like India, Bangladesh and Vietnam. However it appears that any action on this is being left too late and we are afraid that there will be irreparable damage to many sectors.

Whilst not advocating any subsidy, we do want an environment in which we can operate and compete with our regional competitors.

The Pakistan Stock Exchange has performed well and we hope that this recovery will continue so that our equity portfolio can continue to add value. We will continue our focus on further improvements and essential modifications to improve efficiencies and reduce costs. This will help us maintain our stakeholder value in the coming year.

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 Officer


Director

September 30, 2024

Lahore

مجلس نظماء کی رپورٹ

لئے دباؤ پیدا کیا ہے جس کی وجہ سے مختلف کمپنیوں کی صلاحیت میں کمی واقع ہوئی ہے۔ آپ کی کمپنی نے نوری آباد میں اپنے پرانے اسپیننگ یونٹ میں بھی پیداوار بند کرنے کا فیصلہ کیا کیونکہ مسابقتی رہنما مشکل ہو گیا تھا۔ ایک بار جب لاگت کے مسائل حل ہو جائیں گے تو ہم اس یونٹ کے بارے میں مزید فیصلے کریں گے۔ ملک کی برآمدات میں سال بھر کی کا سلسلہ جاری رہا اور دنیا کے بڑے ممالک میں طلب میں کمی کی وجہ سے برآمدی طلب سست رہی۔ مستقبل میں ہم توقع کرتے ہیں کہ مقامی مینوفیکچررز/ بالواسطہ برآمد کنندگان کے لئے ای ایف ایس اسکیم کو بند کرنے کی وجہ سے مقامی فروخت میں بھی کمی آئے گی۔ کپاس کی فصل دونوں مقدار اور معیار کے لحاظ سے پچھلے سال کے مقابلے میں بہتر رہی۔ قیمتیں مستحکم رہیں کیونکہ لیٹر آف کریڈٹ کے قیام میں مشکلات کی وجہ سے کپاس کی درآمد میں تاخیر ہوئی۔ درآمدات برقرار رہیں گی

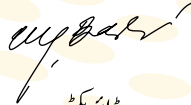
روان سال کے دوران زیادہ گرمی اور معمول سے زیادہ بارشوں کی وجہ سے فصل کی ابتدائی پیداوار زیادہ حوصلہ افزا دکھائی نہیں دیتی۔ ان وجوہات کی بناء پر کوالٹی پیرا میٹرز اچھے نہیں ہیں اور توقع کی جاتی ہے کہ ملیں ایسی درآمدات کا انتخاب کریں گی جو دنیا میں کپاس کی کم طلب کی وجہ سے بہتر کوالٹی اور سستی بھی ہوں۔ آگے چل کر ہم ٹیکسٹائل انڈسٹری کے لئے مسلسل مسائل کی توقع کرتے ہیں کیونکہ یہ، خاص طور پر توانائی کی قیمتوں کے لحاظ سے زیادہ لاگت کی وجہ سے غیر مسابقتی ہے۔ شرح سود میں کمی کی وجہ سے کچھ راحت ملی ہے لیکن یہ کافی نہیں ہے۔ ٹیکسٹائل انڈسٹری کو بھارت، بنگلہ دیش اور ویتنام جیسے ممالک کے ساتھ اپنی برآمدی منڈیوں میں مقابلہ کرنے کے لئے علاقائی طور پر مسابقتی توانائی کی قیمت ضروری ہے۔ تاہم ایسا لگتا ہے کہ اس پر کسی بھی کارروائی میں تاخیر کی جارہی ہے اور ہمیں خدشہ ہے کہ بہت سے شعبوں کو ناقابل تلافی نقصان پہنچے گا۔


کسی بھی سبسڈی کا مطالبہ نہ کرتے ہوئے، ہم ایک ایسا ماحول چاہتے ہیں جس میں ہم اپنے علاقائی حریفوں کے ساتھ کام اور مقابلہ کر سکیں۔ پاکستان اسٹاک ایکسچینج نے اچھی کارکردگی کا مظاہرہ کیا ہے اور ہمیں امید ہے کہ یہ بحالی جاری رہے گی تاکہ ہمارے ایکویٹی پورٹ فولیو کی قدر میں اضافہ جاری رہے۔ ہم کارکردگی کو بہتر بنانے اور اخراجات کو کم کرنے کے لئے مزید بہتری اور ضروری ترامیم پر اپنی توجہ جاری رکھیں گے۔ اس سے ہمیں آئندہ سال میں اپنے اسٹیک ہولڈرز کی قدر کو برقرار رکھنے میں مدد ملے گی۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام شراکت داروں اور ملازمین کی مسلسل حمایت پر ان کا شکریہ 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

30 ستمبر 2024ء

مجلس نظماء کی رپورٹ

تاہم جوڈائریکٹرز مصروفیت کے باعث بورڈ کے اجلاسوں میں شرکت نہیں کر سکتے تھے انہیں عدم شرکت کی رخصت دی گئی۔

بورڈ کی کمیٹیاں اور اجلاس

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 تین اجلاس منعقد ہوئے:

نمبر شمار	نام ڈائریکٹرز	اجلاس میں حاضری
1	جناب شمس رفیع (چیئر مین)	04
2	جناب ہمایوں مقبول	04
3	جناب احسن بشیر	04

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

ہیومن ریسورس اینڈ ریمیزیشن کمیٹی

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

ارکان ہیں:

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

آڈیٹرز

موجودہ مالی سال کے لئے کمپنی 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 آڈیٹرز کی حیثیت سے تقرری کی سفارش کی ہے۔

حصص داری کا نمونہ

30 جون 2024، کلکینز ایکٹ، 2017 کے سیکشن (f)(2)227 کے تحت مطلوبہ کمپنی کے شیئر ہولڈنگ کا نمونہ، رپورٹ ہذا کے ہمراہ لف ہے۔

مستفقا ر، 2024

مجلس نظماء کی رپورٹ

بورڈ آف ڈائریکٹرز کے اجلاس

SCML کا بورڈ 7 (مرد) اور 1 خاتون ڈائریکٹرز پر مشتمل ہے۔ بورڈ کی ترتیب اور سال کے دوران ہر ایک ڈائریکٹر کی طرف سے اجلاسوں میں حاضری کی تعداد مندرجہ ذیل ہے:

نمبر شمار	کیٹگری	نام ڈائریکٹر
1	آزاد ڈائریکٹر	جناب شمس رفیع محترمہ ماہین ہشام آدم جی (خاتون ڈائریکٹر)
2	نان ایگزیکٹو ڈائریکٹر	جناب خالد بشیر (چیئر مین) جناب آصف بشیر [12 اگست 2024 کو جناب ہمایوں مقبول کی جگہ مقرر کئے گئے جو یکم جولائی 2024 کو ڈائریکٹر کے عہدہ سے مستعفی ہو گئے] جناب محمد اقبال
3	ایگزیکٹو ڈائریکٹر	جناب ندیم مقبول (چیف ایگزیکٹو آفیسر) جناب احسن بشیر جناب عادل بشیر

لسننگ ریگولیشن اور کارپوریٹ گورننس میں بیان کردہ بہترین اصولوں سے قابل ذکر انحراف نہیں کیا گیا۔

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

بورڈ آف ڈائریکٹرز کے اجلاس

سال 2023-24 کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے۔ ہر ایک ڈائریکٹر کی طرف سے اجلاسوں میں حاضری کی تعداد مندرجہ ذیل ہے:

کیٹگری	نام ڈائریکٹر	تعداد حاضری
آزاد ڈائریکٹر	جناب شمس رفیع	04
	محترمہ ماہین ہشام آدم جی	04
نان ایگزیکٹو ڈائریکٹر	جناب خالد بشیر (چیئر مین)	04
	جناب ہمایوں مقبول	03
	جناب محمد اقبال	04
ایگزیکٹو ڈائریکٹر	جناب ندیم مقبول (چیف ایگزیکٹو آفیسر)	04
	جناب احسن بشیر	04
	جناب عادل بشیر	03

مجلس نظماء کی رپورٹ

کاروبار میں کسی قسم کی رکاوٹ سے بچنے کو یقینی بنانا۔ خام مال کی سورشنگ، 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 آپریشنل 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 فلوی مینجمنٹ 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 مینجمنٹ 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 لیسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 اور پاکستان سٹاک ایکسچینج کی رول بک کے تحت اپنی ذمہ داریوں سے آگاہ ہیں کمپنی نے ایتھے کارپوریٹ گورننس اور کوڈ کی تعمیل کو یقینی بنانے کے لئے تمام ضروری اقدامات اٹھائے ہیں۔

اور ڈائریکٹرز تو شیئ 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۔
- ❖ نمونہ حصص داری کا بیان اس سالانہ رپورٹ کے حصہ میں شامل ہے۔

مجلس نظماء کی رپورٹ

آپریٹنگ اخراجات

زیر جائزہ سال کے لیے، زیادہ فروخت حجم کی وجہ سے تقسیم کے اخراجات میں تقریباً 37 فیصد اضافہ ہوا۔ بنیادی طور پر یوٹیلیٹی، ایندھن اور دیگر اخراجات پر افراط زر کے اثرات کے نتیجے میں انتظامی اخراجات میں 22 فیصد اضافہ ہوا۔ اس کے علاوہ کمپنی نے ایک ذمہ دار شہری ہونے کے ناطے اسپنسی ایس آر پروگرام کے حصہ کے طور پر مختلف این جی او کو عطیات دیئے۔ یہ ہمارا پختہ یقین ہے کہ ہمیں کمیونٹیز جہاں ہم کاروبار کرتے ہیں کے لئے اپنی سماجی ذمہ داری پوری کرنا چاہئے تاکہ اس بات کو یقینی بنایا جاسکے کہ کم مراعات یافتہ افراد کی ضروریات کو پورا کیا جائے۔

مالیاتی لاگت

زیر جائزہ سال کے لئے، کمپنی کو بینک دولت پاکستان کی سخت مانیٹری پالیسی کی وجہ سے تقریباً 28 فیصد کا اضافہ برداشت کرنا پڑا۔ افراط زر پر قابو پانے کے لئے شروع کیے گئے یہ اقدامات صنعتی نمونہ کو کم کر رہے ہیں خاص طور پر ان صنعتوں کے لئے جو اپنی خام مال کی ضروریات کو پورا کرنے کے لئے بھاری قرض لینے پر مجبور ہیں۔ آپ کی کمپنی نے رواں مالی سال کے دوران 1,973 ملین روپے قبل از ٹیکس منافع درج کیا جبکہ گزشتہ سال (115) ملین روپے کا نقصان ہوا تھا۔ اسی طرح کمپنی کو 1,006 ملین روپے کا بعد از ٹیکس منافع حاصل ہوا جبکہ گزشتہ سال (412) ملین روپے کا نقصان ہوا تھا۔

ڈیویڈنڈ اور مصرفات

موجودہ کپٹل اور ایکویٹی سرمایہ کاری کی منصوبہ بندی کو مد نظر رکھتے ہوئے، بورڈ نے اکتوبر 2024 کو منعقد ہونے والے آئندہ سالانہ اجلاس عام میں حصص داران کی منظوری کے حوالہ سے روپے فی شیئر حتمی نقد منافع منقسمہ تجویز کیا ہے۔

کارپوریٹ سماجی ذمہ داری (CSR)

ایک ذمہ دار کارپوریٹ کی حیثیت سے کمپنی سوسائٹی اور کمیونٹیز جس میں وہ کام کرتی ہے کی بہتری کے ساتھ اپنی گہری وابستگی رکھتی ہے۔ پچھلے سالوں کی طرح ہم ہمیشہ ان برادر یوں کی ترقی کے لئے کوشاں ہے جہاں ہم کام کرتے ہیں۔ ہماری توجہ صحت کی دیکھ بھال اور تعلیم کے شعبے پر بھی زور دیا جاتا ہے۔ اس کے علاوہ ہم خواتین کو بااختیار بنانے اور ماحولیات کے تحفظ میں بھی اپنا حصہ ڈالتے ہیں۔ اس سال کمپنی نے مذکورہ اقدامات پر 20 ملین روپے خرچ کیے ہیں۔

رسک مینجمنٹ / ماحولیات

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 نگرانی کیا جا رہا ہے۔ ان خطرات کے اثرات کو قابل قبول سطح تک کم کرنے کے لئے مناسب تخفیفی 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

مجلس نظماء کی رپورٹ

" مجلس نظماء کی جانب سے، میں 30 جون 2024ء کو ختم ہونے والے سال کے لئے کمپنی کی کاروباری اور مالیاتی کارکردگی پیش کرتے ہوئے خوشی محسوس کر رہا ہوں "

جائزہ

زیر جائزہ سال میں پاکستان کی معاشی کارکردگی تقریباً جمود کا شکار رہی ہے اور تقریباً تمام صنعتی شعبوں نے ناقص کارکردگی کا مظاہرہ کیا ہے۔ نیکسٹائل اسپننگ اور یونگ کے شعبے پیداواری لاگت، خاص طور پر پمپلیٹیز میں اضافے سے بری طرح متاثر ہوئے ہیں۔ ملکی برآمدات میں بھی تیزی سے کمی آئی ہے۔ اس کے علاوہ، مرکزی بینک نے ایک سخت مانیٹری پالیسی پر عمل کیا ہے جس میں فنانشنگ اخراجات غیر معمولی طور پر 22 فیصد تک زیادہ ہو گئے ہیں۔ ان تمام عوامل نے اسپننگ کی صلاحیتوں میں کمی میں اہم کردار ادا کیا ہے اور آپ کی کمپنی نے اپنے پرانے پونٹوں کو بھی بند کر دیا ہے کیونکہ ان کی ناقص کارکردگی انہیں غیر مسابقتی بنا دیتی ہیں۔ ان منفی عوامل کے باوجود، آپ کی کمپنی نے اچھی کارکردگی کا مظاہرہ کیا اور 20.62 روپے (2023) روپے (8.45) کی فی حصص آمدنی کے ساتھ 1.006 ملین روپے کا منافع حاصل کیا۔

کاروباری کارکردگی

زیر جائزہ سال کے دوران کمپنی نے 29.774 بلین روپے کی آمدنی حاصل کی، جو کہ گزشتہ اسی مدت سے 57% کی کمی ہے۔

مالیاتی کارکردگی ایک نظر میں

30 جون 2024 کو ختم ہونے والے مالیاتی سال کے لئے کمپنی کی مالیاتی کارکردگی کا گزشتہ سال سے موازنہ مندرجہ ذیل ہے:-

آمدنی کی تفصیل	2024	2023	فیصد تبدیلی
پاکستانی روپے ملین میں			
فروخت	29,744	18,860	57.7
مجموعی منافع	2,396	457	423.22
آپریٹنگ منافع	2,381	205	1,063.88
مالی لاگت	(407)	(320)	27.35
ٹیکس سے قبل (نقصان)/منافع	1,973	(115)	1,811.53
ٹیکسیشن	(967)	(297)	225.65
خالص (نقصان)/منافع	1,006	(412)	344.11
فی شیئر آمدنی (EPS)	20.62	(8.45)	

مجموعی منافع

آپ کی کمپنی نے زیر جائزہ مالی سال کے لیے 8.06% کا مجموعی منافع مارجن حاصل کیا ہے جبکہ گزشتہ سال 2.40% حاصل کیا تھا، یہ اضافہ بنیادی طور پر مصنوعات کی قیمتوں میں اضافہ اور دانشمندانہ مالی انتظامات سے منسوب ہے۔

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

Name of Company: Suraj Cotton Mills Limited
Year ended: June 30, 2024

complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

The company has complied with the requirements of the Regulations in the following manner:

- The total number of Directors are eight (8) as per the following:

a Male:	07
b Female:	01

- 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. Asif Bashir [appointed on 12 August 2024 in place of Mr. Humayun Maqbool who resigned as director on 01 July 2024] Mr. Mohammad Iqbal
3 Executive Directors	Mr. Nadeem Maqbool (Chief Executive Officer) Mr. Ahsan Bashir Mr. Adil Bashir

- The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this company;
- 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;
- 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;
- 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;
- 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

- The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and the Regulations;
- 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
Mr. Asif Bashir [appointed on 12 August 2024 in place of Mr. Humayun Maqbool who resigned as director on 01 July 2024]
Mr. Mohammad Iqbal
Mr. Nadeem Maqbool
Mr. Ahsan Bashir
Mr. Adil Bashir
Mr. Shams Rafi

- 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;
- Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;
- The Board has formed committees comprising of members given below:

a) Audit Committee

Names	Designation held
Mr. Shams Rafi	Chairman
Mr. Ahsan Bashir	Member
Mr. Asif Bashir [appointed on 12 August 2024 in place of Mr. Humayun Maqbool who resigned as director on 01 July 2024]	Member

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

b) HR Nomination and Remuneration Committee

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

c) Risk Management Committee

Names	Designation held
Mr. Asif Bashir [appointed on 12 August 2024 in place of Mr. Humayun Maqbool who resigned as director on 01 July 2024]	Chairman
Mr. Nadeem Maqbool	Member
Mr. Ahsan Bashir	Member

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 meetings were held during the financial year ended 30 June 2024.

b) HR Nomination and Remuneration Committee

One meeting of HR Nomination and Remuneration Committee was held during the financial year ended 30 June 2024.

c) Risk Management Committee

No meeting of Risk Management Committee was held during the financial year ended 30 June 2024.

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 BDO Ebrahim & 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	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

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

S. No.	Requirement	Explanation of Non-Compliance	Regulation Number
2	<p>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.</p>	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
3	<p>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.</p>	The Company has planned to arrange Directors' Training Program certification for female executives over the next few years.	19(3)
4	<p>Directors' Training Companies are encouraged to arrange training for at least one head of department every year under the Directors' Training Program from July 2022.</p>	The Company has planned to arrange Directors' Training Program certification for head of department in next few years.	19(3)
5	<p>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.</p>	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 30 June 2025.	19(1)
6	<p>Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of the directors' remuneration policy.</p>	Although these are well circulated among the relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35
7	<p>Significant policies The Board is required to approve anti-harassment policy to safeguard the rights and well-being of employees.</p>	During the year, Securities and Exchange Commission of Pakistan (SECP) amended regulation 10 of the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(4)(xvi)
8	<p>Role of the Board and its members to address Sustainability Risks and Opportunities The board is responsible for governance and oversight of sustainability risks and opportunities within the Company by setting the Company's sustainability strategies, priorities and targets to create long term corporate value.</p>	During the year, SECP introduced new regulation 10A in the Regulations on 12 June 2024. Currently, the management is assessing this amendment and compliance thereof, as applicable, will be performed in due course of time.	10(A)
9	<p>Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the company.</p>	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 30, 2024

Lahore

The Companies ACT, 2017
The Companies (General Provisions and Forms) Regulations,
Pattern of Shareholding

PART-I

1.1 Name of The Company **Suraj Cotton Mills Limited**

Part-II

2.1 Pattern of Holding of the Shares held by the Shareholders as at: June 30, 2024

2.2

No. of Shareholders	Shareholding		Total Shares held
	From	To	
187	1	100	3,861
188	101	500	48,006
97	501	1,000	66,858
131	1,001	5,000	260,325
28	5,001	10,000	204,096
20	10,001	15,000	241,690
7	15,001	20,000	118,754
3	20,001	25,000	63,018
7	25,001	30,000	196,650
5	30,001	35,000	160,168
3	35,001	40,000	112,482
5	40,001	45,000	213,909
1	45,001	50,000	45,342
1	55,001	60,000	59,950
1	60,001	65,000	60,451
1	65,001	70,000	68,794
1	85,001	90,000	88,044
1	95,001	100,000	96,567
2	105,001	110,000	215,498
1	125,001	130,000	127,696
1	130,001	135,000	131,450
1	155,001	160,000	158,508
1	185,001	190,000	187,132
1	190,001	195,000	192,584
1	200,001	205,000	203,914
1	240,001	245,000	244,420
1	285,001	290,000	289,111
1	320,001	325,000	321,939
1	395,001	400,000	396,707
1	455,001	460,000	459,691
1	485,001	490,000	486,186
1	580,001	585,000	583,365
1	615,001	620,000	616,280
1	975,001	980,000	978,821
1	1,045,001	1,050,000	1,048,439
1	1,260,001	1,265,000	1,262,437
1	1,470,001	1,475,000	1,474,562
1	1,545,001	1,550,000	1,545,887
1	1,625,001	1,630,000	1,626,707
1	1,840,001	1,845,000	1,844,937
1	2,265,001	2,270,000	2,265,480
1	2,875,001	2,880,000	2,878,865
1	3,505,001	3,510,000	3,505,065
1	3,625,001	3,630,000	3,629,413
1	20,025,001	20,030,000	20,025,456
715			48,809,515

Information Required As Per Code Of Corporate Governance

As At June 30, 2024

Categories of Shareholders	Total	Percentage
Directors, Chief Executive Officer, Their Spouses and Minor Children		
Nadeem Maqbool	187,132	0.38%
Directors		
Mr. Khalid Bashir	2,265,480	4.64%
Mr. Ahsan Bashir	2,878,865	5.90%
Mr. Adil Bashir	3,505,186	7.18%
Mr. Muhammad Iqbal	244,420	0.50%
Mr. Humayun Maqbool	37,943	0.08%
Mr. Shams Rafi	40,670	0.08%
Mrs. Maheen Hisham Adamjee	4,552	0.01%
Director's Spouses and Their Minor Children		
Begum Tanveer Khalid Bashir	1,474,562	3.02%
Mrs. Humera Iqbal	3,629,413	7.44%
Mrs. Nazia Maqbool	28,848	0.06%
	14,297,071	29.29%
Associated Companies, Undertakings & Related Parties		
Crescent Powertec Limited	21,571,343	44.19%
Premier Insurance Limited	1,626,707	3.33%
	23,198,050	47.53%
NIT & ICP (Name Wise Detail)		
National Bank of Pakistan - Trustee Department	668	0.00%
CDC - Trustee National Investment (Unit) Trust	3,952	0.01%
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1,048,439	2.15%
	1,053,059	2.16%
Banks, NBFCs, DFIs, Takaful, Pension Funds		
Modarabas	326,759	0.67%
Insurance Companies	265	0.00%
Other Companies, Corporate Bodies, Trust etc.	17	0.00%
General Public	3,397,926	6.96%
	6,536,368	13.39%
Total	48,809,515	100.00%
Name	No. of Shares	Nature of Transaction
Detail of Purchase/sale of Shares by Directors/CEO/Company Secretary/CFO and their Spouses/Minor Children during FY 2024		
Mr. Nadeem Maqbool (Chief Executive)	1,116	Gift In
Mrs. Nazia Maqbool (Spouse)	1,116	Gift Out
Mr. Adil Bashir (Executive Director)	10,450	Purchased

Performance Indicators

For the current and past five financial years

A. Profitability Ratios		2024	2023	2022	2021	2020	2019
Gross profit ratio	(%)	8.1	2.4	19.9	19.8	10.3	11.4
Operating profit margin to sales	(%)	8.0	1.1	16.7	18.7	8.1	9.0
Net profit margin to sales (net)	(%)	3.4	(2.2)	11.9	14.7	5.6	6.1
Return on average equity	(%)	8.8	(3.7)	26.9	32.2	11.3	15.7
Return on capital employed	(%)	15.7	1.4	26.4	27.4	11.4	14.7
Return on average assets	(%)	4.6	(2.0)	15.3	17.8	5.8	9.2

B. Liquidity Ratios		2024	2023	2022	2021	2020	2019
Current ratio	(times)	2.6	2.5	2.9	2.8	1.9	1.8
Quick ratio	(times)	1.4	1.1	1.4	1.8	0.9	0.8

C. Activity / Turnover Ratios		2024	2023	2022	2021	2020	2019
Debtors turnover ratio	(times)	10.3	6.7	11.6	14.4	13.7	20.8
No. of days in receivables / Average collection period	(days)	35.6	54.7	31.4	25.4	26.7	17.6
Inventory turnover ratio	(times)	4.6	3.1	4.0	4.0	3.4	6.1
No. of days in inventory	(days)	78.6	118.8	90.9	90.7	107.4	60.1
Creditors turnover ratio	(times)	5.8	4.5	6.7	4.4	4.3	5.5
No. of days in creditors / Average payment period	(days)	63.3	81.6	54.6	82.3	85.0	66.4
Total assets turnover	(times)	1.4	0.9	1.3	1.2	1.0	1.5

D. Investment / Market Ratios		2024	2023	2022	2021	2020	2019
Earnings per share	(Rs.)	20.6	(8.4)	62.9	63.4	19.6	23.4
Price earnings ratio	(times)	6.5	(13.0)	3.4	3.8	8.4	5.3
Cash dividend per share	(Rs.)	5	1.0	4.0	10.0	4.0	5.0
Stock dividend / Bonus shares	(%)	-	10.0	-	10.0	10.0	-
Break-up value per share	(Rs.)	248.6	243.3	257.9	229.8	180.4	165.5

E. Market value per share		2024	2023	2022	2021	2020	2019
Closing	(Rs.)	133.2	110.1	215.0	239.9	165.0	124.8
High	(Rs.)	157.3	215.0	268.0	254.0	185.0	157.0
Low	(Rs.)	88.0	84.8	201.2	143.0	108.0	113.0

F. Capital Structure Ratios		2024	2023	2022	2021	2020	2019
Debt equity ratio		25:75	23:77	22:78	27:73	29:71	34:67
Total liabilities to total assets	(%)	46.89	49.01	44.54	41.08	49.15	48.53

Key Operating and Financial Data

For the current and past five financial years

Rupees in thousand

A Summary of Profit and Loss Account	2024	2023	2022	2021	2020	2019
Sales - net	29,744,290	18,860,335	23,500,659	17,374,800	12,882,572	13,973,634
Cost of sales	27,348,126	18,402,367	18,816,100	13,927,861	11,561,798	12,378,649
Gross profit	2,396,164	457,968	4,684,559	3,446,939	1,320,774	1,594,985
Distribution and selling expenses	286,940	209,728	240,476	155,936	119,088	125,353
Administrative expenses	317,828	260,627	311,233	331,791	204,325	165,718
Other operating expenses	179,684	115,083	601,664	261,179	226,241	157,119
Other operating income	769,127	332,030	401,703	553,232	271,003	107,647
Operating profit before finance costs	2,380,839	204,560	3,932,889	3,251,265	1,042,123	1,254,442
Share of loss from joint ventures	-	-	-	-	(1,359)	-
Finance costs	407,343	319,866	213,906	165,182	189,563	184,370
Profit before taxation	1,973,496	(115,306)	3,718,983	3,086,083	851,201	1,070,072
Taxation - net	967,078	296,972	928,452	527,562	131,652	211,317
Net income	1,006,418	(412,278)	2,790,531	2,558,521	719,549	858,755

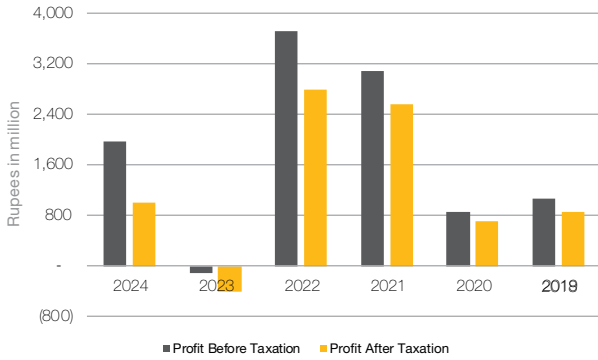
B Summary of Balance Sheet	2024	2023	2022	2021	2020	2019
Property, plant and equipment	8,462,115	9,119,661	7,832,040	5,572,818	5,011,641	5,349,114
Stock-in-trade	5,964,697	5,819,052	6,164,550	3,203,682	3,718,268	3,087,533
Trade debts	2,756,220	3,046,691	2,604,817	1,439,847	974,012	913,047
Trade and other payables	3,788,364	3,279,900	3,013,743	2,206,833	2,270,877	1,870,028
Current assets	12,841,778	10,911,939	11,535,417	8,662,469	7,117,734	5,483,953
Total assets	22,846,953	21,177,055	20,665,526	15,730,546	13,011,465	11,788,505
Reserves	11,646,918	10,353,692	10,999,558	8,864,618	6,249,900	5,701,265
Shareholders' equity	12,135,012	10,797,414	11,443,280	9,268,002	6,616,613	6,067,978
Long term financing	3,061,792	3,545,300	3,455,552	2,596,566	2,533,850	2,474,995
Deferred liabilities	1,253,030	918,687	710,377	396,510	209,633	277,828
Short term financing	977,007	1,226,258	726,496	429,454	1,278,365	698,968
Current liabilities	4,992,347	4,447,557	3,972,681	3,040,014	3,651,369	2,967,704

C Summary of Cash Flow Statement	2024	2023	2022	2021	2020	2019
Cash and cash equivalents at the beginning of the year	142,567	420,735	282,975	207,139	433,938	64,827
Net cash (used in) / generated from operating activities	1,938,201	(439,637)	28,925	3,419,448	618,688	1,313,394
Net cash used in investing activities	(810,453)	(678,966)	(1,052,560)	(2,883,184)	(1,012,956)	(418,710)
Net cash (used in) / generated from financing activities	(891,511)	840,435	1,161,395	(460,428)	167,469	(525,573)
Net increase / (decrease) in cash and cash equivalents	236,237	(278,168)	137,760	75,836	(226,799)	369,111
Cash and cash equivalents at the end of the year	378,804	142,567	420,735	282,975	207,139	433,938

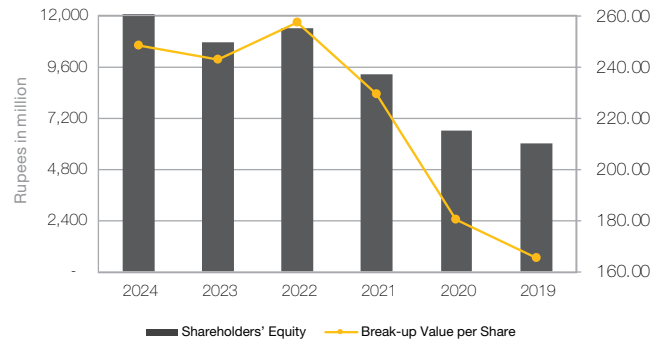
D Other data	2024	2023	2022	2021	2020	2019
Depreciation and amortization	804,504	667,282	587,082	464,109	499,630	500,542
Capital expenditure	150,279	1,986,020	2,889,142	1,044,886	183,214	392,528
No. of ordinary shares (no. of shares in millions)	48,809	44,372	44,372	40,338	36,671	36,671

Graphical Representation

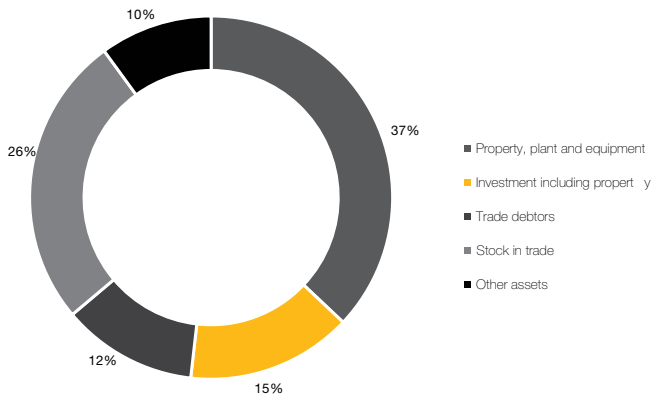
Profit Before & After Taxation



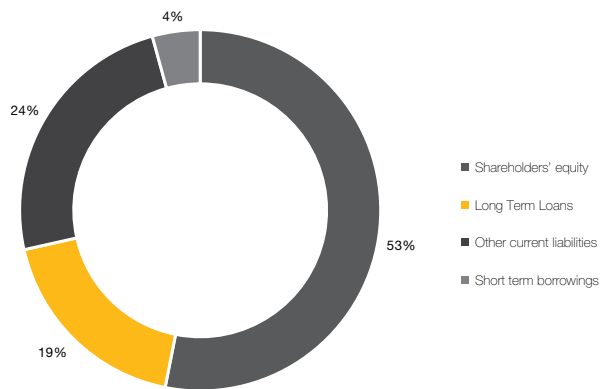
Shareholders' Equity & Break-Up Value per Share



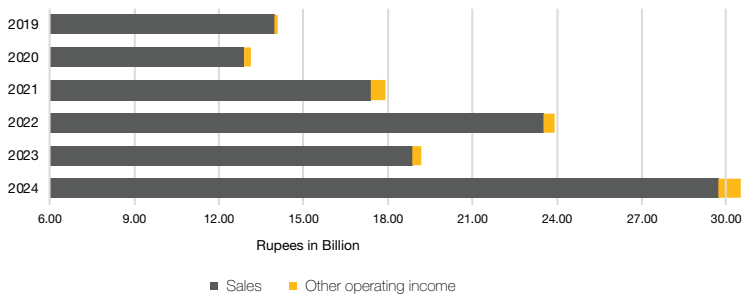
Total Assets as at 30 June 2024



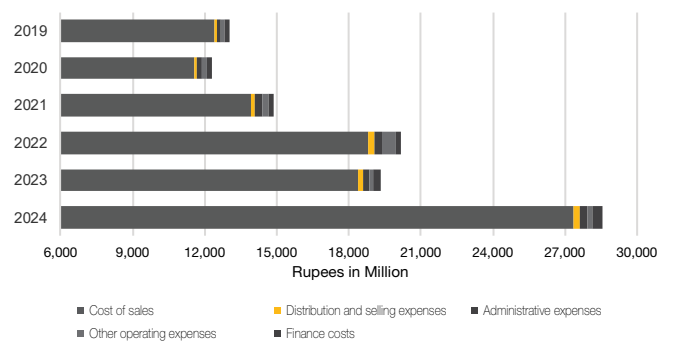
Total Liabilities as at 30 June 2024



Profit and Loss Analysis (Income)



Profit and Loss Analysis (Expenses)



Vertical Analysis

For the current and past five financial years

Rupees in thousand

Statement of Financial Position	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
Property, plant and equipment	8,462,115	37.0	9,119,661	43.1	7,832,040	37.9	5,572,818	35.4	5,011,641	38.5	5,349,114	45.4
Investment property	472,690	2.1	477,690	2.3	477,690	2.3	477,690	3.0	100,000	0.8	100,000	0.8
Long term deposits	19,067	0.1	19,737	0.1	22,076	0.1	22,076	0.1	21,871	0.2	19,879	0.2
Long term investments	1,028,838	4.5	625,563	3.0	772,151	3.7	971,627	6.2	746,027	5.7	825,482	7.0
Stores, spares and loose tools	653,026	2.9	469,843	2.2	257,298	1.2	218,925	1.4	203,642	1.6	202,325	1.7
Stock-in-trade	5,964,697	26.1	5,819,052	27.5	6,164,550	29.8	3,203,682	20.4	3,718,268	28.6	3,087,533	26.2
Trade debts	2,756,220	12.1	3,046,691	14.4	2,604,817	12.6	1,439,847	9.2	974,012	7.5	913,047	7.7
Loan and advances	169,288	0.7	108,240	0.5	76,638	0.4	39,972	0.3	55,137	0.4	29,064	0.2
Short term deposits and prepayments	302,783	1.3	238,478	1.1	171,760	0.8	105,614	0.7	74,125	0.6	52,366	0.4
Income tax refundable - net	-	-	-	-	-	-	137,167	0.9	537,190	4.1	615,090	5.2
Other receivables	746,615	3.3	485,557	2.3	216,571	1.0	23,018	0.1	29,624	0.2	16,248	0.1
Short term investments	1,870,345	8.2	601,511	2.8	1,623,048	7.9	3,211,269	20.4	1,318,597	10.1	134,342	1.1
Cash and bank balances	378,804	1.7	142,567	0.7	420,735	2.0	282,975	1.8	207,139	1.6	433,938	3.7
Assets held for sale	22,465	0.1	22,465	0.1	26,152	0.1	23,866	0.2	14,192	0.1	10,077	0.1
Total assets	22,846,953	100.0	21,177,055	100.0	20,665,526	100.0	15,730,546	100.0	13,011,465	100.0	11,788,505	100.0
Issued, subscribed and paid up share capital	488,094	2.1	443,722	2.1	443,722	2.1	403,384	2.6	366,713	2.8	366,713	2.8
Revenue reserves	11,646,918	51.0	10,353,692	48.9	11,016,711	53.3	8,864,618	56.4	6,249,900	48.0	5,701,265	48.4
Shareholders' equity	12,135,012	53.1	10,797,414	51.0	11,460,433	55.5	9,268,002	58.9	6,616,613	50.9	6,067,978	50.2
Long term loan	3,061,792	13.4	3,545,300	16.7	3,455,003	16.7	2,595,380	16.5	2,533,850	19.5	2,474,995	25.8
Liabilities against assets subject to finance lease	-	-	-	-	549	0.0	1,186	0.0	-	-	-	-
Deferred liabilities	1,253,030	5.5	918,687	4.3	710,377	3.4	396,510	2.5	209,633	1.6	277,828	0.6
Trade and other payables	3,788,364	16.6	3,279,900	15.5	3,013,743	14.6	2,206,833	14.0	2,270,877	17.5	1,870,028	13.8
Mark-up accrued	58,277	0.3	71,949	0.3	31,378	0.2	26,293	0.2	38,592	0.3	47,747	0.3
Unclaimed dividends	7,313	0.0	7,313	0.0	7,313	0.0	6,387	0.0	6,731	0.1	3,559	-
Short term borrowings	977,007	4.3	1,226,258	5.8	726,496	3.5	429,454	2.7	1,278,365	9.8	698,968	8.9
Current portion of long term liabilities	1,138,393	5.0	1,088,395	5.1	920,247	4.5	800,501	5.1	56,804	0.4	347,602	0.4
Provision for taxation - net	427,765	1.9	241,839	1.1	339,987	1.6	-	-	-	-	-	-
Total equity and liabilities	22,846,953	100.0	21,177,055	100.0	20,665,526	100.0	15,730,546	100.0	13,011,465	100.0	11,788,705	100.0

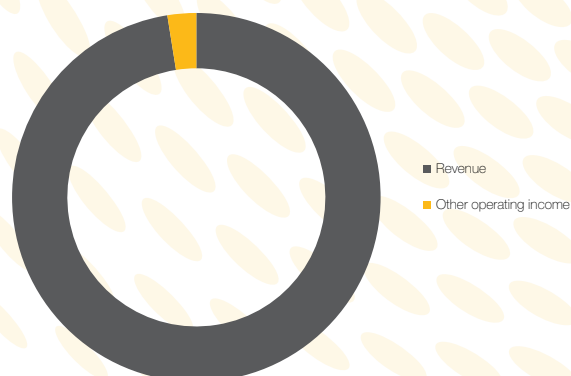
Statement of Profit or Loss	2024	%	2023	%	2022	%	2021	%	2020	%	2019	%
Sales - net	29,744,290	100.0	18,860,335	100.0	23,500,659	100.0	17,374,800	100.0	12,882,572	100.0	13,973,634	100.0
Cost of sales	27,348,126	91.9	18,402,367	97.6	18,816,100	80.1	13,927,861	80.2	11,561,798	89.7	12,378,649	91.8
Gross profit	2,396,164	8.1	457,968	2.4	4,684,559	19.9	3,446,939	19.8	1,320,774	10.3	1,594,985	8.2
Distribution and selling expenses	286,940	1.0	209,728	1.1	240,476	1.0	155,936	0.9	119,088	0.9	125,353	1.3
Administrative expenses	317,828	1.1	260,627	1.4	311,233	1.3	331,791	1.9	204,325	1.6	165,718	1.3
Other operating expenses	179,684	0.6	115,083	0.6	601,664	2.6	261,179	1.5	226,241	1.8	157,119	1.3
Other operating income	769,127	2.6	332,030	1.8	401,703	1.7	553,232	3.2	271,003	2.1	107,647	0.9
Operating profit / (loss) before finance costs	2,380,839	8.0	204,560	1.1	3,932,889	16.7	3,251,265	18.7	1,042,123	8.1	1,254,442	5.2
Finance costs	407,343	1.4	319,866	1.7	213,906	0.9	165,182	1.0	189,563	1.5	184,370	1.3
Profit / (loss) before taxation	1,973,496	6.6	(115,306)	(0.6)	3,718,983	15.8	3,086,083	17.8	851,201	6.6	1,070,072	1.4
Taxation - net	967,078	3.3	296,972	1.6	928,452	4.0	527,562	3.0	131,652	1.0	211,317	-1.3
Profit / (loss) after taxation	1,006,418	3.4	(412,278)	(2.2)	2,790,531	11.9	2,558,521	14.7	719,549	5.6	858,755	5.1

Statement of Wealth Generation & Distribution

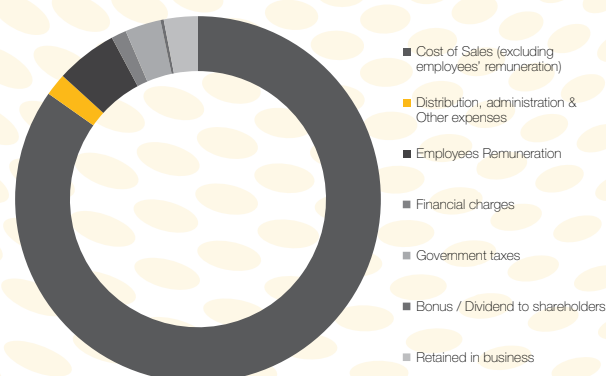
For the year ended 30 June, 2024

Wealth Generation & Distribution	2024		2023		2022		2021		2020		2019	
	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%
Wealth Generated												
Revenue	29,744,290	97.5	18,860,335	98.3	23,500,659	98.3	17,374,800	96.9	12,882,572	97.9	13,973,634	99.2
Other operating income	769,127	2.5	332,030	1.7	401,703	1.7	563,232	3.1	271,003	2.1	107,647	0.8
Total Wealth Generated	30,513,417	100.00	19,192,365	100.00	23,902,362	100.00	17,928,032	100.00	13,153,575	100.00	14,081,281	100.00
Distribution of wealth												
Cost of Sales (excluding employees' remuneration)	25,867,178	84.8	17,399,281	90.7	17,626,406	73.7	12,962,980	72.3	10,648,714	81.0	11,572,319	82.2
Distribution, administration & Other expenses	604,462	2.0	427,376	2.2	1,006,669	4.2	622,427	3.5	428,655	3.3	343,809	2.4
Employees Remuneration	1,660,938	5.4	1,161,148	6.1	1,336,398	5.6	1,091,360	6.1	1,034,083	7.9	910,711	6.5
Financial charges	407,343	1.3	319,866	1.7	213,906	0.9	165,182	0.9	189,563	1.4	184,370	1.3
Government taxes	967,078	3.2	296,972	1.5	928,452	3.9	527,562	2.9	131,652	1.0	211,317	1.5
Bonus / Dividend to shareholders	88,744	0.3	177,489	0.9	443,722	1.9	183,356	1.0	183,357	1.4	175,384	1.2
Retained in business	917,674	3.0	(589,767)	(3.1)	2,346,809	9.8	2,375,165	13.2	537,551	4.1	683,371	4.9
Total Wealth Distributed	30,513,417	100.00	19,192,365	100.00	23,902,362	100.00	17,928,032	100.00	13,153,575	100.00	14,081,281	100.00

Modes of Wealth Generation in FY 2023-24



Modes of Wealth Distribution in FY 2023-24



Six Years at a Glance

As at 30 June 2024

Vertical Analysis	2024		2023		2022		2021		2020		2019	
	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%	Rs "000"	%
Property, plant and equipment	8,462,115	37.0	9,119,661	43.1	7,832,040	37.9	5,572,818	35.4	5,011,641	38.5	5,349,114	45.4
Investments including investment property	1,501,528	6.6	1,103,253	5.2	1,249,841	6.0	1,449,317	9.2	846,027	6.5	921,719	7.8
Other non current assets	19,067	0.1	19,737	0.1	22,076	0.1	22,076	0.1	21,871	0.2	19,879	0.2
Current assets	12,864,243	56.3	10,934,404	51.6	11,561,569	55.9	8,686,335	55.2	7,131,926	54.8	5,497,793	46.6
Total Assets	22,846,953	100.00	21,177,055	100.00	20,665,526	100.00	15,730,546	100.00	13,011,465	100.00	11,788,505	100.00
Shareholders' equity	12,135,012	53.1	10,797,414	51.0	11,460,433	55.5	9,268,002	58.9	6,616,613	50.9	6,067,978	51.5
Long-term debt (excluding current maturity)	3,061,792	13.4	3,545,300	16.7	3,455,552	16.7	2,596,566	16.5	2,533,850	19.5	2,474,995	21.0
Deferred taxation and income	1,253,030	5.5	918,687	4.3	710,377	3.4	396,510	2.5	209,633	1.6	277,828	2.4
Short-term debt (including current maturity of long-term debt)	2,115,400	9.3	2,314,653	10.9	1,646,743	8.0	1,229,955	7.8	1,335,169	10.3	1,046,570	8.9
Other current liabilities	4,281,719	18.7	3,601,001	17.0	3,392,421	16.4	2,239,513	14.2	2,316,200	17.8	1,921,134	16.3
Total Equity and Liabilities	22,846,953	100.00	21,177,055	100.00	20,665,526	100.00	15,730,546	100.00	13,011,465	100.00	11,788,505	100.00
Horizontal Analysis												
Property, plant and equipment	8,462,115	(7.2)	9,119,661	16.4	7,832,040	40.5	5,572,818	11.2	5,011,641	(6.3)	5,349,114	(2.4)
Investments including investment property	1,501,528	36.1	1,103,253	(11.7)	1,249,841	(13.8)	1,449,317	71.3	846,027	(8.2)	921,719	514.5
Other non current assets	19,067	(3.4)	19,737	(10.6)	22,076	-	22,076	0.9	21,871	10.0	19,879	-
Current assets	12,864,243	17.6	10,934,404	(5.4)	11,561,569	33.1	8,686,335	21.8	7,131,926	29.7	5,497,793	(0.7)
Total Assets	22,846,953	7.89	21,177,055	2.48	20,665,526	31.37	15,730,546	20.90	13,011,465	10.37	11,788,505	5.34
Shareholders' equity	12,135,012	12.4	10,797,414	(5.6)	11,443,280	23.5	9,268,002	40.1	6,616,613	9.0	6,067,978	8.0
Long-term debt (excluding current maturity)	3,061,792	(13.6)	3,545,300	2.6	3,455,552	33.1	2,596,566	2.5	2,533,850	2.4	2,474,995	(14.2)
Deferred taxation and income	1,253,030	36.4	918,687	26.3	727,530	83.5	396,510	89.1	209,633	(24.5)	277,828	317.7
Short-term debt (including current maturity of long-term debt)	2,115,400	(8.6)	2,314,653	40.6	1,646,743	33.9	1,229,955	(7.9)	1,335,169	27.6	1,046,570	1.2
Other current liabilities	4,281,719	18.9	3,601,001	6.1	3,392,421	51.5	2,239,513	(3.3)	2,316,200	20.6	1,921,134	21.3
Total Equity and Liabilities	22,846,953	7.89	21,177,055	2.48	20,665,526	31.37	15,730,546	20.90	13,011,465	10.37	11,788,505	5.34

Key Points:

Increase in shareholder's equity is due to profit for the year . Decrease in non-current liabilities is due to repayment during the year.

Decrease in short term debts is normal due to repayment of loan.

Decrease in Property, plant and equipment is due to charge of depreciation for the year.

Increase 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 AMC investment.



FINANCIAL STATEMENTS

For the year ended 30 June 2024

Independent Auditor's Modified 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 2024 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 2024.



RIAZ AHMAD & COMPANY
Chartered Accountants

September 30, 2024
Lahore

UDIN: CR202410132RCGXJYhMD

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 2024, 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 material accounting policy information 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 2024 and of the profit, other comprehensive income, 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 2024, inventory is stated at Rupees 6,617.723 million, breakup of which is as follows:</p> <ul style="list-style-type: none"> - Stores, spare parts and loose tools Rupees 653.026 million; - Stock-in-trade Rupees 5,964,697 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 28.97% of total assets of the Company as at 30 June 2024, and the judgment involved in valuation.</p> <p>For further information on inventory, refer to the following:</p> <ul style="list-style-type: none"> - Material accounting policy information, Inventories note 2.16 to the financial statements. - Stores, spare parts and loose tools note 20 and Stock-in-trade note 21 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.
2. Revenue recognition	
<p>The Company recognized net revenue of Rupees 29,744.290 million for the year ended 30 June 2024.</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"> - Material accounting policy information, Revenue recognition note 2.20 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.

Independent Auditors' Report

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.
- 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

Independent Auditors' Report

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



RIAZ AHMAD & COMPANY
Chartered Accountants

September 30, 2024
Lahore

UDIN: AR202410132yLdvJzEGX

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Statement of Financial Position

as at 30 June 2024

	Note	2024 (Rupees in thousand)	2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 100,000,000 (2023: 50,000,000) ordinary shares of Rupees 10 each		1,000,000	500,000
Issued, subscribed and paid-up share capital	4	488,094	443,722
Reserves	5	11,646,918	10,353,692
Total equity		12,135,012	10,797,414
LIABILITIES			
Non-current liabilities			
Long term financing - secured	6	3,061,792	3,545,300
Lease liability	7	-	-
Deferred liabilities	8	1,253,030	918,687
		4,314,822	4,463,987
Current liabilities			
Trade and other payables	9	3,788,364	3,279,900
Accrued mark-up	10	58,277	71,949
Short term borrowings	11	977,007	1,226,258
Current portion of non-current liabilities	12	1,138,393	1,088,395
Provision for taxation and levy payable - net	13	427,765	241,839
Unclaimed dividend		7,313	7,313
		6,397,119	5,915,654
TOTAL LIABILITIES		10,711,941	10,379,641
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		22,846,953	21,177,055

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 2024

	Note	2024 (Rupees in thousand)	2023
ASSETS			
Non-current assets			
Property, plant and equipment	15	8,462,115	9,118,461
Right-of-use asset	16	-	1,200
Investment properties	17	472,690	477,690
Long term investments	18	1,028,838	625,563
Long term deposits	19	19,067	19,737
		9,982,710	10,242,651
Current assets			
Stores, spare parts and loose tools	20	653,026	469,843
Stock-in-trade	21	5,964,697	5,819,052
Trade debts	22	2,756,220	3,046,691
Loans and advances	23	169,288	108,240
Short term deposits and prepayments	24	302,783	238,478
Other receivables	25	746,615	485,557
Short term investments	26	1,870,345	601,511
Cash and bank balances	27	378,804	142,567
		12,841,778	10,911,939
Non-current assets classified as held for sale	28	22,465	22,465
		12,864,243	10,934,404
TOTAL ASSETS		22,846,953	21,177,055


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Statement of Profit or Loss

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
Revenue from Contracts with Customers	29	29,744,290	18,860,335
Cost of Sales	30	(27,348,126)	(18,402,367)
Gross Profit		2,396,164	457,968
Distribution Cost	31	(286,940)	(209,728)
Administrative Expenses	32	(317,828)	(260,627)
Other Expenses	33	(179,684)	(115,083)
		(784,452)	(585,438)
		1,611,712	(127,470)
Other Income	34	769,127	332,030
Profit from Operations		2,380,839	204,560
Finance Cost	35	(407,343)	(319,866)
Profit / (Loss) Before Taxation and Levy		1,973,496	(115,306)
Levy	36	(229,069)	(278,213)
Profit / (Loss) Before Taxation		1,744,427	(393,519)
Taxation	37	(738,009)	(18,759)
Profit / (Loss) After Taxation		1,006,418	(412,278)
			Restated
Earnings per share - basic and diluted (Rupees)	38	20.62	(8.45)

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 2024

	2024	2023
	(Rupees in thousand)	
Profit / (Loss) After Taxation	1,006,418	(412,278)
Other Comprehensive Income / (Loss)		
<i>Items that will not be reclassified to profit or loss:</i>		
Gain / (loss) arising on remeasurement of investments at fair value through other comprehensive income - net of tax	375,552	(73,252)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income / (loss) for the year - net of tax	375,552	(73,252)
Total Comprehensive Income / (Loss) for the Year	1,381,970	(485,530)

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 2024

	Reserves								Total	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			
------(Rupees in thousand)-----										
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	
Transactions with owners:										
Final dividend for the year ended 30 June 2022 @ Rupees 4 per share	-	-	-	-	-	(177,489)	(177,489)	(177,489)	(177,489)	
Transfer of gain on disposal of FVTOCI investment to retained earnings	-	-	(169)	(169)	-	169	169	-	-	
Loss for the year	-	-	-	-	-	(412,278)	(412,278)	(412,278)	(412,278)	
Other comprehensive loss for the year	-	-	(73,252)	(73,252)	-	-	-	(73,252)	(73,252)	
Total comprehensive income for the year	-	-	(73,252)	(73,252)	-	(412,278)	(412,278)	(485,530)	(485,530)	
Balance as at 30 June 2023	443,722	29,000	(258,152)	(229,152)	3,714,000	6,868,844	10,582,844	10,353,692	10,797,414	
Transactions with owners:										
Bonus shares issued for the year ended 30 June 2023 @ 10%	44,372	-	-	-	-	(44,372)	(44,372)	(44,372)	-	
Final dividend for the year ended 30 June 2023 @ Rupee 1 per share	-	-	-	-	-	(44,372)	(44,372)	(44,372)	(44,372)	
Transfer of gain on disposal of FVTOCI investments to retained earnings	-	-	(39,393)	(39,393)	-	39,393	39,393	-	-	
Profit for the year	-	-	-	-	-	1,006,418	1,006,418	1,006,418	1,006,418	
Other comprehensive income for the year	-	-	375,552	375,552	-	-	-	375,552	375,552	
Total comprehensive income for the year	-	-	375,552	375,552	-	1,006,418	1,006,418	1,381,970	1,381,970	
Balance as at 30 June 2024	488,094	29,000	78,007	107,007	3,714,000	7,825,911	11,539,911	11,646,918	12,135,012	

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 2024

	Note	2024 (Rupees in thousand)	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	39	2,686,967	409,037
Finance cost paid		(421,015)	(279,007)
Workers' profit participation fund paid	9.4	-	(199,731)
Workers' welfare fund paid	9.5	(31,960)	(11,524)
Income tax and levy paid		(378,109)	(392,332)
Profit on bank deposits received		81,648	40,249
Gas infrastructure development cess paid		-	(8,668)
Decrease in long term deposits		670	2,339
Net cash (used in) / generated from operating activities		1,938,201	(439,637)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(150,279)	(1,986,020)
Proceeds from disposal of property, plant and equipment	15.1.1	10,170	45,880
Investments made		(4,258,013)	(3,530,927)
Investments disposed of		3,245,015	4,544,049
Proceeds from disposal of investment property	17.2	28,500	-
Dividends received		314,154	244,352
Proceeds from disposal of non-current assets classified as held for sale		-	3,700
Net cash used in investing activities		(810,453)	(678,966)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained	39.2	-	899,014
Repayment of long term financing	39.2	(597,322)	(380,228)
Repayment of lease liability	39.2	(566)	(624)
Short term borrowings - net	39.2	(249,251)	499,762
Dividend paid	39.2	(44,372)	(177,489)
Net cash from financing activities		(891,511)	840,435
Net (decrease) / increase in cash and cash equivalents		236,237	(278,168)
Cash and cash equivalents at the beginning of the year	27	142,567	420,735
Cash and cash equivalents at the end of the year	27	378,804	142,567

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 2024

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 Office No. 802, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II, Lahore. The Company is engaged in manufacturing, sale and trading of yarn and 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, Noori Abad, 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	Office No. 802 and 804, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II, Lahore, Punjab.
6	Branch office	3rd floor, Cotton Exchange Building, I. I. Chundrigar Road, Karachi, Sindh.
7	Site for office	30-Q, Gulberg-II, Lahore.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The material accounting policy information 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 2024

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 and levy

In making the estimates for income tax and levy 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 2024

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 recognised at the statement of financial position date.

Revenue from contracts with customers involving sale of goods

When recognising 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.

Classification of investments

The management of the Company determines the appropriate classification of its investments at the time of purchase or increase in holding and classifies its investments in accordance with IFRS 9 "Financial Instruments".

Notes to the Financial Statements

For the year ended 30 June 2024

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 2023:

- Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement').
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income Taxes').
- Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors').
- Amendments to IAS 12 'Income Taxes' - International Tax Reform — Pillar Two Model Rules.

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 amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2023 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) Standards and amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following standards and amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2024 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 2024. 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'.

Notes to the Financial Statements

For the year ended 30 June 2024

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 01 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 01 January 2024.

Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures' (deferred indefinitely) to clarify the treatment of the sale or contribution of assets from an investor to its associates or joint venture, as follows: require full recognition in the investor's financial statements of gains and losses arising on the sale or contribution of assets that constitute a business (as defined in IFRS 3 'Business Combinations'); require the partial recognition of gains and losses where the assets do not constitute a business, i.e. a gain or loss is recognised only to the extent of the unrelated investors' interests in that associate or joint venture. These requirements apply regardless of the legal form of the transaction, e.g. whether the sale or contribution of assets occur by an investor transferring shares in a subsidiary that holds the assets (resulting in loss of control of the subsidiary), or by the direct sale of the assets themselves.

Lack of Exchangeability (Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates'). The amendments contain guidance to specify when a currency is exchangeable and how to determine the exchange rate when it is not. The amendments are effective for annual reporting periods beginning on or after 01 January 2025.

IFRS 18 'Presentation and Disclosure in Financial Statements' (effective for annual periods beginning on or after 01 January 2027) with a focus on updates to the statement of profit or loss. The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general. IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

The above standards and amendments to existing standards are likely to have no significant impact on the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2024

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 2024 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 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.

2.3 Taxation and levy

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. Except for the tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company, final taxes levied under the Income Tax Ordinance, 2001 and any excess over the amount designated as provision for current tax are charged as levy in statement of profit or loss. Tax (final tax) deducted by subsidiaries, associates or joint arrangements on distribution of dividend to the Company is charged as current tax in the statement of profit or loss. The charge for current tax and levy also includes adjustments, where considered necessary, to provision for tax and levy made in previous years arising from assessments framed during the year for such years. Previously, component representing levy was included in the provision for current tax and was not separately charged in statement of profit or loss. This change in accounting policy has been applied retrospectively in accordance with the provisions of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and resulted in following reclassification of corresponding figures:

Reclassified from	Reclassified to (Rupees in thousand)	30 June 2023
Statement of profit or loss:		
Taxation	Levy – final taxes	47,729
Taxation	Levy – minimum tax differential	230,484
Statement of financial position:		
Provision for taxation	Levy payable	278,213
Advance income tax	Prepaid levy	56,415

Notes to the Financial Statements

For the year ended 30 June 2024

Had there been no change in the above referred accounting policy, amounts of levy – final taxes Rupees 112.815 million and levy – minimum tax differential Rupees 116.254 million, levy payable Rupees 229.069 million and prepaid levy Rupees 71.305 million would have been presented as taxation expense, provision for taxation and advance income tax respectively in these financial statements for the year ended 30 June 2024. Further, this change in accounting policy has no impact on earnings per share of the Company. Furthermore, the Company has not presented the third statement of financial position as at the beginning of the preceding period as the retrospective restatement do not have a effect on the information in the statement of financial position at the beginning of the preceding period.

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.

2.4 Borrowing

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

2.5 Borrowing cost

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in statement of profit or loss in the period in which they are incurred.

Notes to the Financial Statements

For the year ended 30 June 2024

2.6 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 recognised impairment loss.

Subsequent costs are included in the asset's carrying amount or recognised 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 15.1. 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-recognised 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-recognised.

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.

2.7 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 recognised impairment loss. Land is stated at cost less any recognised impairment loss.

Notes to the Financial Statements

For the year ended 30 June 2024

2.8 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.

2.9 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.

2.10 Investments and other financial assets

a) Classification

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

- 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.

Notes to the Financial Statements

For the year ended 30 June 2024

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 amortized 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.

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 amortized 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).

Notes to the Financial Statements

For the year ended 30 June 2024

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.

2.11 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 recognised 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 recognised in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.12 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.

Notes to the Financial Statements

For the year ended 30 June 2024

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.

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 of 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 amortized 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.

Notes to the Financial Statements

For the year ended 30 June 2024

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.

2.13 De-recognition of financial assets and financial liabilities

a) Financial assets

The Company derecognises 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 derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

b) Financial liabilities

The Company shall derecognises 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.

2.14 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 recognised 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 recognised. An impairment loss or reversal of impairment loss is recognised in the statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2024

2.15 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 recognised 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.

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 recognised as expense in the statement of profit or loss.

2.16 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.

Notes to the Financial Statements

For the year ended 30 June 2024

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.

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.

2.17 Trade and other payables

Liabilities for trade and other amounts payable are initially recognised at fair value, which is normally the transaction cost and subsequently measured at amortized cost using the effective interest method.

2.18 Trade and other receivables

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

Other receivables are recognized at amortized cost, less any allowance for expected credit losses.

2.19 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.

2.20 Revenue from contracts with customers

i) Revenue recognition

(a) Sale of goods

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

Notes to the Financial Statements

For the year ended 30 June 2024

(b) Interest

Interest income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortized 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.

2.21 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 recognised when the payment is made. Contract liabilities are recognised as revenue when the Company performs its performance obligations under the contract.

2.22 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.

2.23 Provisions

Provisions are recognised 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.

2.24 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 recognised until their realization becomes certain.

Notes to the Financial Statements

For the year ended 30 June 2024

2.25 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 recognised, 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 recognised in the financial statements.

2.26 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.

2.27 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 2024

2.28 Dividend and other appropriations

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

3 SUMMARY OF OTHER ACCOUNTING POLICIES

3.1 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.

3.2 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.

3.3 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.

3.4 Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of 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.

Notes to the Financial Statements

For the year ended 30 June 2024

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.

3.5 Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised 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 amortized 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.

3.6 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.

3.7 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 amortized 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.

3.8 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 amortized on a straight-line basis over the term of the contract.

3.9 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.

3.10 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.

3.11 Derivative financial instruments

Derivatives are initially recognised at fair value. Any directly attributable transaction costs are recognised 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, recognised in the statement of profit or loss.

Notes to the Financial Statements

For the year ended 30 June 2024

4. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2024 (No. of Shares)		2023	2024 (Rupees in thousand)		2023
17,400,000	17,400,000	Ordinary shares of Rupees 10 each fully paid up in cash	174,000	174,000	174,000
31,409,515	26,972,287	Ordinary shares of Rupees 10 each issued as fully paid bonus shares	314,094	269,722	269,722
48,809,515	44,372,287		488,094	443,722	443,722

4.1 Movement during the year

2024 (No. of Shares)		2023	2024 (Rupees in thousand)		2023
44,372,287	44,372,287	At 01 July	443,722	443,722	443,722
4,437,228	-	- Ordinary shares of Rupees 10 each issued during the year as fully paid bonus shares	44,372	-	-
48,809,515	44,372,287	At 30 June	488,094	443,722	443,722

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

	2024 (No. of Shares)	2023
Crescent Powertech Limited	21,571,343	19,610,312
Premier Insurance Limited	1,626,708	1,478,825
	23,198,051	21,089,137

4.3 The share capital of the Company consists only of fully paid ordinary shares with a nominal (par) value of Rupees 10 per share. All shares are equally eligible to receive dividends and the repayment of capital and represent one vote at shareholders' meetings of the Company.

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
5. RESERVES			
Composition of reserves is as follows:			
Capital reserves			
Share premium reserve	5.1	29,000	29,000
Fair value reserve on FVTOCI investments - net of deferred income tax	5.2	78,007	(258,152)
		107,007	(229,152)
Revenue reserves			
General reserve		3,714,000	3,714,000
Un-appropriated profit		7,825,911	6,868,844
		11,539,911	10,582,844
		11,646,918	10,353,692

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

5.2 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:

	2024 (Rupees in thousand)	2023
Balance as on 01 July	(341,020)	(221,235)
Add / (less): Fair value adjustment during the year	471,230	(119,616)
Less: Transfer of gain on disposal of FVTOCI investments to retained earnings	(39,393)	(169)
	90,817	(341,020)
Deferred income tax on equity investments	(12,810)	82,868
Balance as on 30 June	78,007	(258,152)

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
6. LONG TERM FINANCING - SECURED			
From banking companies			
Long term loans	6.1	3,624,454	4,053,946
Less: Current portion shown under current liabilities	12	(562,662)	(508,646)
		3,061,792	3,545,300

LENDER	2024	2023	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST REPRICING	INTEREST PAYABLE	SECURITY
	(Rupees in Thousand)						
6.1 Long term loans							
MCB Bank Limited	-	13,739	SBP rate for LTFF + 0.5%	Eleven equal semi annual instalments commenced on 10 September 2017 and ended on 10 September 2023 (Note 6.2).	-	Quarterly	
MCB Bank Limited	18,201	21,974	3 months KIBOR + 0.5%	Thirty four un-equal instalments commenced on 27 November 2019 and ending on 24 April 2029 (Note 6.2).	Quarterly	Quarterly	
MCB Bank Limited	130,395	154,103	SBP rate for LTFF + 0.60%	Seventeen equal semi annual instalments commenced on 11 December 2021 and ending on 11 December 2029.	-	Quarterly	Joint pari passu charge over fixed assets of the Company aggregating to Rupees 3,434 million inclusive of 34% margin.
MCB Bank Limited	428,968	527,312	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 6.2).	-	Quarterly	
MCB Bank Limited (Note 6.3)	677,492	676,911	SBP rate for TERF + 1%	One hundred and sixty un-equal instalments commenced on 23 September 2023 and ending on 21 October 2032.	-	Quarterly	
Allied Bank Limited	764,521	952,022	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 6.2).	-	Quarterly	
Allied Bank Limited (Note 6.3)	693,475	761,411	SBP rate for TERF + 1%	One hundred and thirty six un-equal instalments commenced on 04 May 2023 and ending on 15 September 2032.		Quarterly	Joint pari passu charge over fixed assets of the Company aggregating to Rupees 3,534 million inclusive of 25% margin.
United Bank Limited	139,283	165,814	SBP rate for LTFF + 1%	Thirty six quarterly instalments commenced on 31 October 2019 and ending on 31 July 2029. (Note 6.2)		Quarterly	Joint pari passu charge of Rupees 854 million over fixed assets of the Company inclusive of 25 % margin.
Bank Alfalah Limited (Note 6.3)	701,526	717,915	SBP rate for TERF + 1%	Three hundred and eighty five un-equal instalments commenced on 27 July 2023 and ending on 24 August 2032.		Quarterly	Joint pari passu charge over fixed assets of the Company aggregating to Rupees 1,334 million inclusive of 25% margin.
Samba Bank Limited (Note 6.3)	70,593	62,745	SBP rate for TERF + 2%	Twenty equal instalments commencing on 03 February 2025 and ending on 03 November 2029.		Quarterly	Joint pari passu charge of Rupees 134 million over fixed assets of the Company inclusive of 25 % margin.
	3,624,454	4,053,946					

Notes to the Financial Statements

For the year ended 30 June 2024

- 6.2 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.
- 6.3 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 rates ranging from 7.88% to 17.77% per annum (2023: 7.88% to 17.77% per annum).

	Note	2024 (Rupees in thousand)	2023
7. LEASE LIABILITY			
Total lease liability		-	566
Less: Current portion shown under current liabilities	12	-	(566)
		-	-
7.1 Reconciliation of lease liability			
Balance as on 01 July		566	1,190
Add: Interest accrued on lease liability	35	36	143
Less: Payments made during the year		(602)	(767)
Balance as on 30 June		-	566
7.2 Maturity analysis of lease liability is as follows:			
Up to 06 months		-	355
06 to 12 months		-	246
		-	601
Less: Future finance cost		-	(35)
Present value of lease liability		-	566
7.3	The implicit rate against lease liability ranged from 24.23% to 25.16% (2023: 16.90% to 24.23%) per annum.		
7.4	Lease from First Habib Modaraba was secured against title of leased asset, post dated cheques and security deposit of Rupees 0.205 million.		
8. DEFERRED LIABILITIES			
Deferred income - Government grant	8.1	546,521	710,899
Gas Infrastructure Development Cess (GIDC) payable	8.2	-	-
Deferred income tax liability - net	8.3	706,509	207,788
		1,253,030	918,687

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
8.1 Deferred income - Government grant			
Balance as on 01 July		869,833	555,574
Add: Recognized during the year		-	451,877
Less: Amortized during the year		(167,830)	(137,618)
		702,003	869,833
Less: Current portion shown under current liabilities	12	(155,482)	(158,934)
		546,521	710,899

8.1.1 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 was that borrowers could 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 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.

8.2 Gas Infrastructure Development Cess (GIDC) Payable			
Gas Infrastructure Development Cess payable		420,249	428,629
Add: Adjustment due to impact of IFRS 9	35	-	288
Less: Payments made during the year		-	(8,668)
Balance as on 30 June		420,249	420,249
Less: Current portion shown under current liabilities	12	(420,249)	(420,249)
		-	-

8.2.1 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. GIDC payable is recognized at amortized cost in accordance with IFRS 9.

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
8.3 Deferred income tax liability - net			
The deferred income tax liability / (asset) originated due to timing differences relating to:			
Deferred income tax liabilities			
Accelerated tax depreciation		913,910	509,809
Right-of-use asset		-	332
Un-realized gain on FVTOCI investments		12,810	-
		926,720	510,141
Deferred tax income assets			
Un-realized loss on FVTPL investments		(19,362)	(59,981)
Un-realized loss on FVTOCI investments		-	(82,868)
Allowance for expected credit loss		(33,313)	(65,132)
Provision for slow moving, obsolete and damaged store items		(30,518)	(15,324)
Lease liability		-	(157)
Available unused tax loss - unabsorbed tax depreciation		(78,891)	(78,891)
Minimum tax carry forward		(58,127)	-
		(220,211)	(302,353)
		706,509	207,788

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

	2024			Closing balance
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	
-----Rupees in thousand-----				
Accelerated tax depreciation	509,809	404,101	-	913,910
Un-realized (loss) / gain on FVTOCI investments	(82,868)	-	95,678	12,810
Right-of-use asset	332	(332)	-	-
Un-realized loss on FVTPL investments	(59,981)	40,619	-	(19,362)
Allowance for expected credit loss	(65,132)	31,819	-	(33,313)
Provision for slow moving, obsolete and damaged store items	(15,324)	(15,194)	-	(30,518)
Lease liability	(157)	157	-	-
Available unused tax loss - unabsorbed tax depreciation	(78,891)	-	-	(78,891)
Minimum tax carry forward:				
Available	(230,484)	(116,254)	-	(346,737)
Movement in deferred income tax not recognized	230,484	58,127	-	288,611
Deferred income tax recognized	-	(58,127)	-	(58,127)
	207,788	403,043	95,678	706,509

Notes to the Financial Statements

For the year ended 30 June 2024

	2023			Closing balance
	Opening balance	Recognized in statement of profit or loss	Recognized in other comprehensive income	
-----Rupees in thousand-----				
Accelerated tax depreciation	374,888	134,921	-	509,809
Right-of-use asset	329	3	-	332
Un-realized loss on FVTPL investments	(33,890)	(26,091)	-	(59,981)
Un-realized loss on FVTOCI investments	(36,504)	-	(46,364)	(82,868)
Allowance for expected credit loss	(43,755)	(21,377)	-	(65,132)
Provision for slow moving, obsolete and damaged store items	(9,468)	(5,856)	-	(15,324)
Lease liability	(236)	79	-	(157)
Available unused tax loss - unabsorbed tax depreciation	-	(78,891)	-	(78,891)
Minimum tax carry forward:				
Available	-	(230,484)	-	(230,484)
Movement in deferred income tax not recognized	-	230,484	-	230,484
Deferred income tax recognized	-	-	-	-
	251,364	2,788	(46,364)	207,788

8.3.2 Deferred income tax asset has been recognised to the extent that the realization of related tax benefits is probable from future taxable profits. It is probable that sufficient taxable profits will be available for utilization of recognized deferred income tax asset. Detail of available unused tax loss and minimum tax carried forward is given as follows:

	Accounting year to which tax loss relates	Amount	Accounting year in which tax loss will expire
		Rupees in thousand	
Available unused tax loss - unabsorbed tax depreciation	2023	272,038	Unlimited

	Accounting year to which minimum tax carry forward relates	Amount	Accounting year in which minimum tax carry forward will expire
		Rupees in thousand	
Minimum tax carry forward	2024	116,254	2027
	2023	230,484	2026
		346,738	

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
9. TRADE AND OTHER PAYABLES			
Creditors	9.1	1,562,218	1,336,910
Contract liabilities - unsecured		90,903	73,938
Accrued liabilities	9.2	1,497,204	1,410,642
Infrastructure cess payable	9.3	330,706	283,955
Payable to employees' provident fund trust		10,289	1,228
Income tax deducted at source		16,147	6,634
Workers' profit participation fund	9.4	105,988	-
Workers' welfare fund	9.5	174,909	166,593
		3,788,364	3,279,900
9.1	These include amounts due to following related parties:		
The Crescent Textile Mills Limited - associated company		10,531	28,058
Premier Insurance Limited - associated company		2,178	1,959
Crescent Fibers Limited - associated company		3,147	27,854
Mohammad Amin Mohammad Bashir Limited - associated company		462	462
Crescent Powertec Limited - associated company		598	-
Bridgeline Global Logistics (Private) Limited - associated company		13,134	-
		30,050	58,333

9.2 These include salaries payable to directors of Rupees 3.104 million (2023: Nil)

9.3 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:

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
Balance as on 01 July		283,955	181,799
Add: Provision made during the year		46,751	102,156
Balance as on 30 June		330,706	283,955
9.4 Workers' profit participation fund			
Balance as on 01 July		-	199,731
Add: Provision for the year	33	105,988	-
Less: Payments made during the year		-	(199,731)
Balance as on 30 June		105,988	-
9.5 Workers' welfare fund			
Balance as on 01 July		166,593	178,117
Add: Provision for the year	33	40,276	-
Less: Payments made during the year		(31,960)	(11,524)
Balance as on 30 June		174,909	166,593
10. ACCRUED MARKUP			
Long term financing		10,511	13,029
Short term borrowings		47,766	58,920
		58,277	71,949
11. SHORT TERM BORROWINGS			
From banking companies - secured			
Running finance	11.1 & 11.2	977,007	706,243
Import loans	11.1 & 11.3	-	520,015
		977,007	1,226,258

11.1 These finances are obtained from banking companies under mark-up arrangements and are secured against joint pari passu hypothecation charge over current assets and pledge of stocks of the Company.

Notes to the Financial Statements

For the year ended 30 June 2024

11.2 The rates of mark-up range from 22.27% to 23.96% (2023: 14.55% to 23.05%) per annum during the year on the balance outstanding.

11.3 The rates of mark-up range from 7% to 25.11% (2023: 5.25% to 22.95%) per annum during the year on the balance outstanding.

	Note	2024 (Rupees in thousand)	2023
12. CURRENT PORTION OF LONG TERM LIABILITIES			
Current portion of long term financing	6	562,662	508,646
Current portion of lease liability	7	-	566
Current portion of deferred income - Government grant	8.1	155,482	158,934
Current portion of GIDC	8.2	420,249	420,249
		1,138,393	1,088,395
13. PROVISION FOR TAXATION - NET			
Provision for taxation		918,390	579,434
Less: Advance income tax		(648,389)	(559,393)
		270,001	20,041
Levy payable - net			
Levy payable		229,069	278,213
Less: Prepaid levy		(71,305)	(56,415)
		157,764	221,798
		427,765	241,839

Notes to the Financial Statements

For the year ended 30 June 2024

14. 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 69.657 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 Honourable 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 69.657 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 565.461 million (2023: Rupees 463.976 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections and Director Excise and Taxation, Karachi against infrastructure cess and others.

b) Commitments

i) Contracts for capital expenditure are approximately of Rupees 433.689 million (2023: Rupees 753.275 million).

ii) Letters of credit other than for capital expenditure are of Rupees 861.597 million (2023: Rupees 1,383.491 million).

iii) Following represent commitments arising from short-term and low value leases recognized on a straight-line basis as expense under the practical expedients applied by the Company. The amount of future payments under these leases and the period in which these payments will become due are as follows:

	2024	2023
	(Rupees in thousand)	
Not later than 1 year	2,841	9,250

	Note	2024 (Rupees in thousand)	2023
15. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets	15.1	8,345,728	7,051,705
Capital work-in-progress	15.2	116,387	2,066,756
		8,462,115	9,118,461

Notes to the Financial Statements

For the year ended 30 June 2024

15.1 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 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
Year ended 30 June 2023											
Opening 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
Additions	-	-	-	-	-	-	-	-	-	14,328	14,328
Disposals:											
Cost	-	-	-	-	-	(167,022)	-	-	-	(10,557)	(177,579)
Accumulated depreciation	-	-	-	-	-	138,718	-	-	-	7,741	146,459
	-	-	-	-	-	(28,304)	-	-	-	(2,816)	(31,120)
Depreciation charge	(21)	(582)	-	(75,049)	(8,811)	(538,892)	(12,594)	(45)	(7,944)	(22,880)	(686,818)
Closing net book value	1,303	5,236	1,175,930	675,443	79,297	4,831,950	113,350	400	71,494	97,302	7,051,705
At 30 June 2023											
Cost	2,108	49,580	1,175,930	1,284,330	121,912	9,132,517	233,137	3,549	125,299	197,759	12,326,121
Accumulated depreciation	(805)	(44,344)	-	(608,887)	(42,615)	(4,300,567)	(119,787)	(3,149)	(53,805)	(100,457)	(5,274,416)
Net book value	1,303	5,236	1,175,930	675,443	79,297	4,831,950	113,350	400	71,494	97,302	7,051,705
Year ended 30 June 2024											
Opening net book value	1,303	5,236	1,175,930	675,443	79,297	4,831,950	113,350	400	71,494	97,302	7,051,705
Additions	-	-	-	101,938	-	1,848,156	111,128	-	-	39,426	2,100,648
Transfer from right of use asset:											
Cost	-	-	-	-	-	-	-	-	-	2,321	2,321
Accumulated depreciation	-	-	-	-	-	-	-	-	-	(1,354)	(1,354)
(Note 16)										967	967
Disposals:											
Cost	-	-	-	-	-	(10,211)	-	-	-	(5,595)	(15,806)
Accumulated depreciation	-	-	-	-	-	8,801	-	-	-	3,684	12,485
	-	-	-	-	-	(1,410)	-	-	-	(1,911)	(3,321)
Depreciation charge	(21)	(524)	-	(77,738)	(7,930)	(664,494)	(22,448)	(40)	(7,149)	(23,927)	(804,271)
Closing net book value	1,282	4,712	1,175,930	699,643	71,367	6,014,202	202,030	360	64,345	111,857	8,345,728
At 30 June 2024											
Cost	2,108	49,580	1,175,930	1,386,268	121,912	10,970,462	344,265	3,549	125,299	233,911	14,413,284
Accumulated depreciation	(826)	(44,868)	-	(686,625)	(50,545)	(4,956,260)	(142,235)	(3,189)	(60,954)	(122,054)	(6,067,556)
Net book value	1,282	4,712	1,175,930	699,643	71,367	6,014,202	202,030	360	64,345	111,857	8,345,728
Annual rate of depreciation (%)	1	10	-	10	10	10	10	10	10	20	20

Notes to the Financial Statements

For the year ended 30 June 2024

15.1.1 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								
Autoconer 2782	1	10,210	8,801	1,409	1,500	91	Negotiation	Sultan Associates, Karachi
Vehicles								
Honda City LE-15A-3807	1	1,500	727	773	2,500	1,727	Negotiation	Mr. Awais Majeed, Lahore
Aggregate of other items of operating fixed assets with individual book values not exceeding Rupees 500,000		4,096	2,957	1,139	6,170	5,031		
		15,806	12,485	3,321	10,170	6,849		

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

	Note	2024 (Rupees in thousand)	2023 (Rupees in thousand)
Cost of sales	30	771,689	634,743
Administrative expenses	32	32,582	32,075
		804,271	666,818

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

Manufacturing units and office	Address	Area of land
Office	Office No. 802 and 804, Tricon Corporate Centre, 73-E, Main Jail Road, Gulberg II, Lahore.	Kanals 11,040
Site for office	30-Q, Gulberg-II, Lahore.	square feet 4.7 Kanals
Manufacturing units		
Spinning unit	Karachi - Hyderabad Motorway, Nooriabad, Jamshoro, Sindh.	120 Kanals
Spinning unit and weaving units	Kotla Kahloon, Shakhkot, District Narkana Sahib, Punjab.	347.5 Kanals
Spinning unit	4 K.M. Raiwind Manga Road, Raiwind, Punjab.	627 Kanals

Notes to the Financial Statements

For the year ended 30 June 2024

	2024	2023
	(Rupees in thousand)	
15.2 Capital Work in Progress		
Buildings on freehold land	2,474	190,251
Office premises	37,232	-
Plant and machinery	76,681	1,806,394
Electric installations	-	70,111
	116,387	2,066,756

	Buildings on freehold land	Plant and machinery	Electric installations	Total
	------(Rupees in thousand)-----			
15.2.1 Movement in capital work in progress				
At 30 June 2022	20,833	-	4,117	70,111
Add: Additions during the year	169,418	-	1,802,277	-
At 30 June 2023	190,251	-	1,806,394	70,111
Add: Additions during the year	2,474	15,000	76,681	-
Add / (Less): Adjusted during the year	(75,234)	22,232	(1,006)	54,008
Less: Charged to profit or loss during the year	(13,080)	-	-	-
Less: Capitalized during the year	(101,937)	-	(1,805,388)	(111,128)
Less: Transferred to other receivables	-	-	-	(12,991)
At 30 June 2024	2,474	37,232	76,681	-

	Note	2024	2023
		(Rupees in thousand)	
16. RIGHT-OF-USE ASSET			
Reconciliation of net carrying amount of right-of-use asset:			
Balance as on 01 July		1,200	1,664
Less: Depreciation expense for the year	32	(233)	(464)
Less: Transferred to property, plant and equipment	15.1	(967)	-
Balance as on 30 June		-	1,200

16.1 The Company obtained vehicle on lease from First Habib Modaraba. Lease term was three years.

17. INVESTMENT PROPERTIES			
Balance as on 01 July		477,690	477,690
Less: Disposed of during the year		(5,000)	-
Balance as on 30 June		472,690	477,690

Notes to the Financial Statements

For the year ended 30 June 2024

17.1 These represent plots stated at cost. Market value of plots is estimated at Rupees 794.600 million (2023: Rupees 958.150 million). Forced sale value of investment properties as on the reporting date is Rupees 672.825 million (2023: Rupees 812.525 million). The valuation has been carried out by an independent valuer.

17.2 Detail of investment property disposed of during the year is as follows:

Description	Qty	Cost	Sale proceeds	Gain	Mode of disposal	Particulars of purchaser
------(Rupees in Thousand)-----						
Residential plot	1 Kanal	5,000	28,500	23,500	Negotiation	Mr. Asadullah, Lahore

17.3 Particulars of investment properties are as follows:

Description	Address	Area of land (Kanals)
Residential Plots	Lake City, 13 K.M. Raiwind Road, Lahore.	38
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	2024 (Rupees in thousand)	2023
18. LONG TERM INVESTMENTS			
Investments in joint ventures - under equity method	18.1	-	-
Equity instruments - at FVTOCI	18.2	1,023,180	619,433
Knightbridge Residential Real Estate Partners (Partnership Firm)	18.3	5,658	6,130
		1,028,838	625,563

	Note	2024 (Rupees in thousand)	2023
18.1 Investments in joint ventures - under equity method			
S2 Hydro Limited 24,000 (2023: 24,000) fully paid ordinary shares of Rupees 10 each. Equity held 48% (2023: 48%)	18.1.1	-	-
S2 Power Limited 24,000 (2023: 24,000) fully paid ordinary shares of Rupees 10 each. Equity held 48% (2023: 48%)	18.1.1	-	-
S2 Solar Limited 25,000 (2023: 25,000) fully paid ordinary shares of Rupees 10 each. Equity held 50% (2023: 50%)	18.1.1	-	-
		-	-

18.1.1 Reconciliation of investments in joint ventures under equity method:

	S2 Hydro Limited		S2 Power Limited		S2 Solar Limited	
	2024	2023	2024	2023	2024	2023
	(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)
	-	-	-	-	-	-
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
Reconciliation to carrying amounts:						
Net assets as at 01 July	(237)	(237)	(2,976)	(2,976)	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%

Notes to the Financial Statements

For the year ended 30 June 2024

	S2 Hydro Limited		S2 Power Limited		S2 Solar Limited	
	2024	2023	2024	2023	2024	2023
----- (RUPEES IN THOUSANDS) -----						
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)
	-	-	-	-	-	-
Summarized statement of comprehensive income						
Revenue	-	-	-	-	-	-
Loss for the period	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-
Total comprehensive loss	-	-	-	-	-	-
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	-	-	-	-	-	-

18.1.2 Interests in associates

Name of associated company	Note	Country of incorporation	% of ownership interest	Measurement method
S2 Hydro Limited	18.1.3	Pakistan	48.00%	Equity method
S2 Power Limited	18.1.4	Pakistan	48.00%	Equity method
S2 Solar Limited	18.1.5	Pakistan	50.00%	Equity method

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

18.1.4 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, Marina Homes, Aziz Avenue, Gulberg V, Lahore.

18.1.5 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, Marina Homes, Aziz Avenue, Gulberg V, Lahore.

Notes to the Financial Statements

For the year ended 30 June 2024

	2024			2023		
	Cost	Fair value adjustment	Fair value	Cost	Fair value adjustment	Fair value
----- (Rupees in thousand) -----						
18.2 Equity instruments - at FVTOCI						
Quoted - Investments in related parties						
Premier Insurance Limited						
1,298,971 (2023: 1,298,971) fully paid ordinary shares of Rupees 10 each.	9,167	(1,503)	7,664	9,167	(2,672)	6,495
The Crescent Textile Mills Limited - associated company						
2,060,625 (2023: 2,060,625) fully paid ordinary shares of Rupees 10 each.	45,855	(18,325)	27,530	45,855	(19,273)	26,582
Crescent Steel and Allied Products Limited - associated company						
1,222,000 (2023: 1,222,000) fully paid ordinary shares of Rupees 10 each.	81,193	(15,193)	66,000	81,193	(54,920)	26,273
	136,215	(35,021)	101,194	136,215	(76,865)	59,350
Quoted - Others						
Kot Adu Power Company Limited						
525,000 (2023: 525,000) fully paid ordinary shares of Rupees 10 each.	28,303	(10,920)	17,383	28,303	(17,383)	10,920
Nishat Mills Limited						
1,125,000 (2023: 1,125,000) fully paid ordinary shares of Rupees 10 each.	130,996	(51,290)	79,706	130,996	(67,130)	63,866
Pakistan State Oil Company Limited						
198,360 (2023: 198,360) fully paid ordinary shares of Rupees 10 each.	40,362	(7,393)	32,969	40,362	(18,342)	22,020
Oil & Gas Development Company Limited						
650,000 (2023: 550,000) fully paid ordinary shares of Rupees 10 each.	90,934	(2,944)	87,991	79,126	(36,226)	42,900
The Searle Company Limited						
323,034 (2023: 246,346) fully paid ordinary shares of Rupees 10 each.	45,929	(27,477)	18,452	43,244	(33,804)	9,440
DG Khan Cement Company Limited						
1,212,400 (2023: 1,212,400) fully paid ordinary shares of Rupees 10 each.	137,958	(28,514)	109,444	137,956	(75,760)	62,196
Fauji Fertilizer Company Limited						
325,000 (2023: 325,000) fully paid ordinary shares of Rupees 10 each.	28,259	24,840	53,099	28,259	3,734	31,993

Notes to the Financial Statements

For the year ended 30 June 2024

	2024			2023		
	Cost	Fair value adjustment	Fair value	Cost	Fair value adjustment	Fair value
----- (Rupees in thousand) -----						
Fatima Fertilizer Company Limited						
554,000 (2023: 979,000) fully paid ordinary shares of of Rupees 10 each.	19,747	8,850	28,597	34,896	(5,712)	29,184
Engro Corporation Limited						
4,700 (2023: 4,700) fully paid ordinary shares of of Rupees 10 each.	1,400	164	1,564	1,400	(179)	1,221
Engro Fertilizers Limited						
1,600,000 (2023: 1,900,000) fully paid ordinary shares of Rupees 10 each.	93,851	172,101	265,952	111,449	45,358	156,807
United Bank Limited						
220,700 (2023: 220,700) fully paid ordinary shares of Rupees 10 each.	45,720	10,832	56,552	45,720	(19,779)	25,941
Kohinoor Textile Mills Limited						
598,900 (2023: 799,900) fully paid ordinary shares of of Rupees 10 each.	29,311	20,374	49,685	39,149	1,574	40,723
Attock Refinery Limited						
125,000 (2023: 125,000) fully paid ordinary shares of of Rupees 10 each.	21,531	22,418	43,949	21,531	(77)	21,454
MCB Bank Limited						
200,140 (2023: 200,140) fully paid ordinary shares of Rupees 10 each.	39,959	5,477	45,436	39,959	(17,049)	22,910
Habib Bank Limited						
250,000 (2023: 250,000) fully paid ordinary shares of Rupees 10 each.	41,688	(10,680)	31,008	41,688	(23,380)	18,308
	795,948	125,838	921,786	824,038	(264,155)	559,883
Unquoted - Others						
TCC Management Services (Private) Limited (Note 18.2.1)						
200,000 (2023: 200,000) fully paid ordinary shares of Rupees 10 each.	200	-	200	200	-	200
	932,363	90,817	1,023,180	960,453	(341,020)	619,433

18.2.1 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.

18.3 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 2024

	Note	2024 (Rupees in thousand)	2023
19. LONG TERM DEPOSIT			
Deposit against leased asset		-	205
Deposits - others	19.1	19,067	19,532
		19,067	19,737
19.1 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.			
20. STORES, SPARE PARTS AND LOOSE TOOLS			
Stores		694,707	498,921
Spare parts		35,805	25,714
Loose tools		764	548
		731,276	525,183
Less: Provision for slow moving, obsolete and damaged store items	20.2	(78,250)	(55,340)
		653,026	469,843
20.1 Stores, spares and loose tools include stock-in-transit of Rupees 188.942 million (2023: Rupees 5.811 million).			
20.2 Provision for slow moving, obsolete and damaged store items			
Balance as on 01 July		55,340	47,817
Less: Provision made during the year	33	22,910	7,523
Balance as on 30 June		78,250	55,340
21. STOCK-IN-TRADE			
Raw materials	21.1	2,727,830	2,847,828
Work-in-process		396,277	346,703
Finished goods	20.3	2,821,365	2,601,680
Waste		19,225	22,841
		5,964,697	5,819,052

Notes to the Financial Statements

For the year ended 30 June 2024

21.1 Raw materials include stock-in-transit of Rupees 1,496.168 million (2023: Rupees 288.483 million).

21.2 Stock-in-trade of Rupees 568.953 million (2023: Rupees 194.483 million) is being carried at net realizable value.

21.3 The aggregate amount of write-down of inventories to net realizable value recognized as an expense during the year was Rupees 100.604 million (2023: Rupees 19.671 million).

	Note	2024 (Rupees in thousand)	2023
22. TRADE DEBTS			
Considered good:			
Unsecured:			
- Related parties	22.1, 22.2 & 22.3	652	375
- Others	22.4	2,840,985	3,281,535
		2,841,637	3,281,910
Less: Allowance for expected credit loss	22.5	(85,417)	(235,219)
		2,756,220	3,046,691
22.1 This represents amount due from following related party:			
The Crescent Textile Mills Limited - associated company		607	153
Crescent Powertec Limited - associated company		37	-
ICON Global (Private) Limited - associated company		8	8
ACME Mills (Private) Limited - associated company		-	214
		652	375

22.2 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	33,491	15,124
Crescent Powertec Limited - associated company	37	-
ICON Global (Private) Limited - associated company	8	8
ACME Mills (Private) Limited - associated company	20,768	38,955

22.3 As at 30 June 2024, trade debts due from related parties amounting to Rupees 0.652 million (2023: Rupees 0.375 million) were past due but not impaired. The ageing analysis of these trade debts is as follows:

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
Up to 30 days		-	106
31 to 60 days		607	-
61 to 90 days		-	108
Above 90 days		45	161
		652	375

22.4 As at 30 June 2024, trade debts due from other than related parties of Rupees 680.791 million (2023: Rupees 674.915 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		459,377	394,022
31 to 60 days		117,683	15,890
61 to 90 days		29,770	67,475
Above 90 days		73,961	197,528
		680,791	674,915

22.5 Allowance for expected credit loss

Balance as on 01 July		235,219	220,984
(Less) / Add: (Reversal) / recognized during the year	34&33	(149,802)	14,235
Balance as on 30 June		85,417	235,219

22.6 Types of counterparties

Local			
Corporate		2,586,812	2,559,506
Others		254,825	722,404
		2,841,637	3,281,910

23. LOANS AND ADVANCES

Considered good:

Employees	23.1	7,358	6,464
Advances to suppliers		77,717	16,486
Letters of credit		77,036	16,948
Due from related parties	23.2 & 23.3	7,177	68,342
		169,288	108,240

Notes to the Financial Statements

For the year ended 30 June 2024

23.1 These represent interest free 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.

	Note	2024 (Rupees in thousand)	2023
23.2	These include amounts due from following related parties. These are neither past due nor impaired.		
	Shams Textile Mills Limited - associated company	7,177	7,177
	Crescent Powertech Limited - associated company	-	61,155
	Premier Insurance Limited - associated company	-	10
		7,177	68,342

23.3 As at 30 June 2024, due from related parties amounting to Rupees 7.177 million (2023: Rupees 68.342 million) were past due but not impaired. The ageing analysis of due from related parties is as follows:

Up to 30 days	-	-
31 to 60 days	-	-
61 to 90 days	-	7,177
Above 90 days	7,177	61,165
	7,177	68,342

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

Shams Textile Mills Limited - associated company	7,177	7,572
Crescent Powertech Limited - associated company	73,486	89,196
Premier Insurance Limited - associated company	2,182	10

24. SHORT TERM DEPOSITS AND PREPAYMENTS

Security deposits	285,261	225,945
Prepayments	17,522	12,533
	302,783	238,478

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
25. OTHER RECEIVABLES			
Claims receivable	25.1	11,088	54,677
Sales tax refundable		722,536	430,880
Other	15.2.1	12,991	-
		746,615	485,557
25.1	These include amount receivable from Premier Insurance Limited - associated company against stock-in-trade burnt in fire amounting to Rupees 6.705 million (2023: Rupees 24.504 million).		
26. SHORT TERM INVESTMENTS			
At fair value through profit or loss:			
Equity instruments	26.1	382,906	211,928
Mutual funds	26.2	1,487,439	389,583
		1,870,345	601,511

Notes to the Financial Statements

For the year ended 30 June 2024

Note	2024			2023		
	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 - associated company					
	2,200 (2023: 2,200) fully paid ordinary shares of Rupees 1,000 each.					
	-	-	-	-	-	-
	Crescent Spinning Mills Limited					
	208,800 (2023: 208,800) fully paid ordinary shares of Rupees 10 each.					
26.1.1	-	-	-	-	-	-
	Quoted - Investment in related party					
	First Equity Modaraba					
	1,906,500 (2023: 1,848,000) fully paid certificates of Rupees 10 each.					
	12,921	12,921	12,921	16,258	16,258	16,258
	Quoted - Others					
	Samba Bank Limited					
	1,652,306 (2023: 1,652,306) fully paid ordinary shares of Rupees 10 each.					
	12,921	6,345	19,266	16,258	(3,337)	12,921
	Fauji Cement Company Limited					
	1,687,500 (2023: 1,687,500) fully paid ordinary shares of Rupees 10 each.					
	19,845	18,816	38,661	21,255	(1,410)	19,845
	GlaxoSmithKline Pakistan Limited					
	79,700 (2023: 79,700) fully paid ordinary shares of Rupees 10 each.					
	6,007	5,457	11,464	9,957	(3,950)	6,007
	Pakistan Telecommunication Limited					
	Nil (2023: 550,000) fully paid ordinary shares of Rupees 10 each.					
	-	-	-	3,828	(522)	3,306
	TPL Trakker Limited					
	160,000 (2023: 160,000) fully paid ordinary shares of Rupees 10 each.					
	962	(212)	750	1,459	(497)	962
	Nishat Chunian Power Limited					
	800,000 (2023: 800,000) fully paid ordinary shares of Rupees 10 each.					
	13,360	10,600	23,960	11,928	1,432	13,360
	TRG Pakistan Limited					
	100,000 (2023: 100,000) fully paid ordinary shares of Rupees 10 each.					
	9,213	(3,008)	6,205	7,733	1,480	9,213
	Aisha Steel Mills Limited					
	854,500 (2023: 854,500) fully paid ordinary shares of Rupees 10 each.					
	4,614	1,675	6,289	9,442	(4,828)	4,614

Notes to the Financial Statements

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Note	2024			2023		
	Carrying value	Unrealised gain / (loss)	Fair value	Carrying value	Unrealised gain / (loss)	Fair value
----- (Rupees in thousand) -----						
Lucky Core Industries Limited 10,000 (2023: 10,000) fully paid ordinary shares of Rupees 10 each.	6,041	3,254	9,295	7,246	(1,205)	6,041
Arif Habib Corporation Limited 100,000 (2023: 100,000) fully paid ordinary shares of Rupees 10 each.	2,487	2,364	4,851	3,700	(1,213)	2,487
Power Cement Limited 2,000,000 (2023: 2,000,000) fully paid ordinary shares of Rupees 10 each.	8,200	2,800	11,000	10,640	(2,440)	8,200
Sui Northern Gas Pipelines Limited 100,000 (2023: 100,000) fully paid ordinary shares of Rupees 10 each.	3,937	2,410	6,347	3,421	516	3,937
Service Global Footwear Limited 616,544 (2023: 529,544) fully paid ordinary shares of Rupees 10 each.	19,348	26,375	45,723	21,277	(6,513)	14,764
Hi-Tech Lubricants Limited 960,000 (2023: 960,000) fully paid ordinary shares of Rupees 10 each.	20,381	13,853	34,234	38,064	(17,683)	20,381
Azgard Nine Limited 1,500,000 (2023: 1,500,000) fully paid ordinary shares of Rupees 10 each.	9,000	2,325	11,325	15,420	(6,420)	9,000
National Refinery Limited 75,000 (2023: 75,000) fully paid ordinary shares of Rupees 10 each.	11,250	8,661	19,911	18,943	(7,693)	11,250
Netsol Technologies Limited 130,000 (2023: 130,000) fully paid ordinary shares of Rupees 10 each.	9,728	7,921	17,649	12,966	(3,238)	9,728
Indus Motor Company Limited Nil (2023: 10,000) fully paid ordinary shares of Rupees 10 each.	-	-	-	11,444	(2,012)	9,432
Maple Leaf Cement Factory Limited 300,000 (2023: 300,000) fully paid ordinary shares of Rupees 10 each.	8,499	2,901	11,400	8,205	294	8,499
The HUB Power Company Limited 40,367 (2023: 291,367) fully paid ordinary shares of Rupees 10 each.	2,809	3,774	6,583	19,863	410	20,273

Notes to the Financial Statements

For the year ended 30 June 2024

Note	2024			2023		
	Carrying value	Unrealised gain / (loss)	Fair value	Carrying value	Unrealised gain / (loss)	Fair value
----- (Rupees in thousand) -----						
Bank Alfalah Limited 742,389 (2023: 300,000) fully paid ordinary shares of Rupees 10 each.	35,406	15,091	50,497	9,600	(468)	9,132
Octopus Digital Limited Nil (2023: 31,661) fully paid ordinary shares of Rupees 10 each.	-	-	-	1,963	(779)	1,184
Fast Cables Limited 1,778,328 (2023: Nil) fully paid ordinary shares of Rupees 10 each.	43,480	(960)	42,520	-	-	-
	255,109	127,797	382,906	278,472	(66,544)	211,928
	255,109	127,797	382,906	278,472	(66,544)	211,928

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

2024	2023	Name of fund	2024			2023		
			Carrying value	Unrealised gain/(loss)	Fair value	Carrying value	Unrealised gain/(loss)	Fair value
----- (Rupees In Thousand) -----								
1,801,151	2,595,383	Alfalah GHP Money Market Fund B Growth Units	180,391	(2,182)	178,209	256,485	34	256,519
26,895,886	-	NBP Money Market Fund	268,300	879	269,179	-	-	-
576,568	-	Atlas Money Market Fund	293,476	914	294,390	-	-	-
17,247,580	-	ABL Cash Fund	176,347	249	176,596	-	-	-
1,732,478	1,302,419	HBL Cash Fund	176,442	484	176,926	131,963	1,099	133,062
1,779,992	-	MCB Cash Management Optimizer	180,997	326	181,323	-	-	-
26	22	UBL Liquidity Plus Fund	3	-	3	-	2	2
2,108,108	-	Faysal Income & Growth Fund	210,813	-	210,813	-	-	-
			1,486,769	670	1,487,439	388,448	1,135	389,583

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
27. CASH AND BANK BALANCES			
With banks:			
On current accounts		12,937	29,139
On PLS saving accounts	27.1	364,820	111,687
		377,757	140,826
Cash in hand		1,047	1,741
		378,804	142,567

27.1 Rate of profit on bank deposits ranges from 10% to 20.5% (2023: 6% to 19.50%) per annum.

28. NON CURRENT ASSETS CLASSIFIED AS HELD FOR SALE			
Balance as on 01 July		22,465	26,152
Less: Disposed of during the year	27.2	-	(3,687)
Balance as on 30 June		22,465	22,465

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.

	Note	2024 (Rupees in thousand)	2023
29. REVENUE FROM CONTRACTS WITH CUSTOMERS			
Export sales		523,114	424,252
Local sales	29.1	29,221,176	18,436,083
		29,744,290	18,860,335
29.1 Local sales			
Sales	29.1.1	31,135,620	21,605,797
Less: Sales tax		(1,914,444)	(3,169,714)
		29,221,176	18,436,083

29.1.1 Local sales include waste sales of Rupees 1,951.698 million (2023: Rupees 1,132.083 million).

29.2 The amount of Rupees 47.829 million included in contract liabilities (Note 8) at 30 June 2023 has been recognised as revenue during the year (2023: Rupees 58.702 million).

Notes to the Financial Statements

For the year ended 30 June 2024

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	
	2024	2023	2024	2023	2024	2023
------(Rupees in thousand)-----						
Primary geographical markets						
Pakistan	14,351,942	10,388,920	14,869,234	8,047,163	29,221,176	18,436,083
Italy	-	-	28,118	46,153	28,118	46,153
Portugal	-	-	328,779	113,025	328,779	113,025
Turkey	-	-	32,711	-	32,711	-
Sri Lanka	1,999	4,623	-	-	1,999	4,623
Karachi Export Processing Zone	-	3,880	-	-	-	3,880
Bangladesh	-	-	-	158,795	-	158,795
Romania	15,452	-	-	-	15,452	-
Germany	69,002	-	-	-	69,002	-
China	-	-	47,053	97,776	47,053	97,776
	14,438,395	10,397,423	15,305,895	8,462,912	29,744,290	18,860,335
Major products lines						
Yarn	14,206,129	10,378,215	-	-	14,206,129	10,378,215
Greige fabric	-	-	15,228,890	8,462,912	15,228,890	8,462,912
Cotton	309,271	19,208	-	-	309,271	19,208
	14,515,400	10,397,423	15,228,890	8,462,912	29,744,290	18,860,335
Timing of revenue recognition						
Products transferred at a point in time	14,515,400	10,397,423	15,228,890	8,462,912	29,744,290	18,860,335
Products transferred over time	-	-	-	-	-	-
	14,515,400	10,397,423	15,228,890	8,462,912	29,744,290	18,860,335

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

	Note	2024	2023
		(Rupees in thousand)	
30. COST OF SALES			
Raw materials consumed	30.1	20,512,567	13,361,775
Sizing expenses		140,651	110,937
Salaries, wages and other benefits	30.2	1,480,948	1,003,086
Stores, spare parts and loose tools consumed		340,272	223,394
Packing materials consumed		213,494	125,251
Repair and maintenance		193,205	90,302
Fuel and power		3,871,379	1,712,570
Insurance		50,194	43,490
Other factory overheads		39,370	32,727
Depreciation on property, plant and equipment	15.1.2	771,689	634,743
		27,613,769	17,338,275

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
Work-in-process			
Opening stock		346,703	350,705
Closing stock		(396,277)	(346,703)
		(49,574)	4,002
Cost of goods manufactured		27,564,195	17,342,277
Finished goods			
Openings stock		2,624,521	3,684,611
Closing stock		(2,840,590)	(2,624,521)
		(216,069)	1,060,090
		27,348,126	18,402,367
30.1 Raw materials consumed			
Opening stock		2,847,828	2,129,234
Add: Purchased during the year		20,392,569	14,080,369
		23,240,397	16,209,603
Less: Closing stock		(2,727,830)	(2,847,828)
		20,512,567	13,361,775

30.2 Salaries, wages and other benefits include provident fund contribution of Rupees 42.735 million (2023: Rupees 24.591 million) by the Company.

31. DISTRIBUTION COST

Salaries and other benefits	31.1	26,310	7,854
Outward freight and shipment		34,945	36,254
Commission to selling agents		213,596	158,613
Clearing and forwarding		10,690	5,943
Export development surcharge		1,399	1,064
		286,940	209,728

31.1 Salaries and other benefits include provident fund contribution of Rupees 1.032 million (2023: Rupees 0.288 million) by the Company.

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
32. ADMINISTRATIVE EXPENSES			
Salaries and other benefits	32.1	153,680	150,208
Vehicles' running and maintenance		14,057	10,074
Travelling and conveyance		12,581	9,357
Rent, rates and taxes	32.2	8,940	9,505
Insurance		3,286	2,930
Entertainment		922	564
Advertisement		589	347
Communication		1,930	1,768
Electricity and gas		14,893	11,674
Printing and stationery		9,516	3,993
Repair and maintenance		10,109	9,028
Fee and subscription		13,450	7,080
Depreciation on property, plant and equipment	15.1.2	32,582	32,075
Depraciation on right-of-use asset	16	233	464
Donations	32.3 & 32.4	41,060	11,560
		317,828	260,627

32.1 Salaries and other benefits include provident fund contribution of Rupees 5.494 million (2023: Rupees 4.518 million) by the Company.

32.2 This includes rent expense of Rupees 8.033 million (2023: Rupees 9.248 million) relating to short term leases and leases of low value assets.

32.3 The name of donees to whom donation amount exceeded Rupees 4.106 million (2023: Rupees 1.156 million) are as follows:

The Citizens Foundation	5,000	-
Shaukat Khanum Memorial Cancer Hospital & Research Centre	5,000	-
Patients' Aid Foundation	5,000	-
Layton Rahmatulla Benevolent Trust	5,000	-
All Pakistan Textile Mills Association (Flood Relief)	-	10,000

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

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
33. OTHER EXPENSES			
Legal and professional		4,426	7,244
Auditor's remuneration	33.1	2,530	2,530
Workers' profit participation fund	9.4	105,988	-
Workers' welfare fund	9.5	40,276	-
Provision for slow moving, obsolete and damaged store items	20.2	22,910	7,523
Allowance for expected credit loss	22.5	-	14,235
Unrealised loss on re-measurement of investments at fair value through profit or loss		-	65,409
Net exchange loss		3,264	18,097
Miscellaneous		290	45
		179,684	115,083
33.1 Auditor's remuneration			
Audit fee		2,098	2,098
Half yearly review and other certifications		325	325
Out of pocket expenses		107	107
		2,530	2,530
34. OTHER INCOME			
Income from financial assets			
Dividend income		314,154	244,352
Profit on deposits with banks		81,648	40,249
Gain on disposal of investments at fair value through profit or loss		59,414	30,023
Unrealised gain on re-measurement of investments at fair value through profit or loss		128,467	-
Reversal of allowance for expected credit loss - trade debts	22.5	149,802	-
		733,485	314,624
Income from non-financial assets			
Gain on disposal of property, plant and equipment - net	15.1.1	6,849	14,760
Gain on disposal of non-current assets classified as held for sale		-	13
Gain on disposal of investment properties	17.2	23,500	-
Scrap sales		5,293	2,633
		35,642	17,406
		769,127	332,030

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024	2023
		(Rupees in thousand)	
35. FINANCE COST			
Mark-up on:			
Long term financing		106,601	116,539
Short term borrowings		281,636	187,062
Lease liability	7.1	36	143
Adjustment due to impact of IFRS 9	8.1	-	288
Bank charges and commission		19,070	15,834
		407,343	319,866
36. LEVY			
Final taxes		112,815	47,729
Minimum tax differential		116,254	230,484
		229,069	278,213
36.1	Levy represents final taxes levied under the Income Tax Ordinance, 2001, minimum tax (excess over the amount designated as provision for current tax) on local sales under section 113, tax on capital gain on disposal of securities (seperate block of income) and tax on fair value of capital assets and related super tax on income calculated as per section 4C of the Income Tax Ordinance, 2001.		
37. TAXATION			
Current	37.1	334,966	15,971
Deferred		403,043	2,788
		738,009	18,759

37.1 The provision for current tax mainly represents normal tax on local sales and related super tax on income calculated as per section 4C of the Income Tax Ordinance, 2001.

Notes to the Financial Statements

For the year ended 30 June 2024

	2024	2023
	(Rupees in thousand)	
37.2 Reconciliation between tax expense and accounting profit		
Accounting profit / (loss) before taxation and levy	1,973,496	(115,306)
Applicable tax rate	29%	29%
Tax on accounting profit / (loss)	572,314	(33,439)
Tax effect of capital gain taxed at a lower rate	(12,401)	(4,425)
Tax effect of final tax regime income taxed at lower rate	593	6,618
Tax effect of dividend income taxed at lower rate	(44,621)	(35,028)
Tax effect arising as a consequence of deferred income tax expense	403,043	2,788
Tax effect of super tax	127,399	9,867
Tax effect of deemed income on investment properties	7,946	9,582
Tax effect of minimum tax	116,254	230,484
Others	(203,449)	110,525
Current income tax liability as per applicable tax laws	967,078	296,972
Levy	36	(278,213)
Current tax	37	(18,759)
	-	-
36. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
There is no dilutive effect on the basic earnings / (loss) per share which is based on:		
	Rupees in thousand	
Profit / (loss) attributable to ordinary shareholders	1,006,418	(412,278)
	Restated	
	Numbers	
Weighted average number of ordinary shares	48,809,515	48,809,516
	Rupees	
Earnings / (loss) per share	20.62	(8.45)

Notes to the Financial Statements

For the year ended 30 June 2024

	Note	2024 (Rupees in thousand)	2023
39. CASH GENERATED FROM OPERATIONS			
Profit / (loss) before taxation and levy		1,973,496	(115,306)
Adjustments for non-cash charges and other items:			
Depreciation on property, plant and equipment	15.1.2	804,271	666,818
Depreciation on right-of-use asset	16	233	464
Gain on disposal of investments at fair value through profit or loss	34	(59,414)	(30,023)
Gain on disposal of property, plant and equipment - net	15.1.1	(6,849)	(14,760)
Gain on disposal of investment property	17.2	(23,500)	-
Gain on disposal of non-current assets classified as held for sale	34	-	(13)
Exchange loss	33	3,264	18,097
Dividend income	34	(314,154)	(244,352)
(Reversal) / allowance for expected credit loss	22.5	(149,802)	14,235
Provision for slow moving, obsolete and damaged store items	20.2	22,910	7,523
Provision for workers' profit participation fund	9.4	105,988	-
Provision for workers' welfare fund	9.5	40,276	-
Unrealised (gain) / loss on re-measurement of investments at fair value through profit or loss	34&33	(128,467)	65,409
Finance cost	35	407,343	319,866
Profit on bank deposits	34	(81,648)	(40,249)
Working capital changes	39.1	93,020	(238,672)
		2,686,967	409,037
39.1 Working capital changes			
(Increase) / decrease in current assets:			
- Stores, spare parts and loose tools		(183,183)	(220,068)
- Stock in trade		(168,555)	345,498
- Trade debts		437,009	(474,206)
- Loans and advances		(61,048)	(31,602)
- Trade deposits and short term prepayments		(64,305)	(66,718)
- Other receivables		(261,058)	(268,986)
		(301,140)	(716,082)
Increase in trade and other payables		394,160	477,410
		93,020	(238,672)

Notes to the Financial Statements

For the year ended 30 June 2024

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

	2024				Total
	Liabilities from financing activities				
	Long term financing	Lease liability	Short term borrowings	Unclaimed dividend	
	------(Rupees in thousand)-----				
Balance as at 01 July 2023	4,053,946	566	1,226,258	7,313	5,288,083
Repayment of financing	(597,322)	-	-	-	(597,322)
Repayment of lease liability	-	(566)	-	-	(566)
Short term borrowings - net	-	-	(249,251)	-	(249,251)
Dividend declared	-	-	-	44,372	44,372
Dividend paid	-	-	-	(44,372)	(44,372)
Other changes - non-cash movement	167,830	-	-	-	167,830
Balance as at 30 June 2024	3,624,454	-	977,007	7,313	4,608,774

	2023				Total
	Liabilities from financing activities				
	Long term financing	Lease liability	Short term borrowings	Unclaimed dividend	
	------(Rupees in thousand)-----				
Balance as at 01 July 2022	3,849,419	1,190	726,496	7,313	4,584,418
Financing obtained	899,014	-	-	-	899,014
Repayment of financing	(380,228)	-	-	-	(380,228)
Repayment of lease liability	-	(624)	-	-	(624)
Short term borrowings - net	-	-	499,762	-	499,762
Dividend declared	-	-	-	177,489	177,489
Dividend paid	-	-	-	(177,489)	(177,489)
Other changes - non-cash movement	(314,259)	-	-	-	(314,259)
Balance as at 30 June 2023	4,053,946	566	1,226,258	7,313	5,288,083

	Note	2024 (Rupees in thousand)	2023
Non-cash financing activities			
Other changes - non-cash movement		167,830	(314,259)

Notes to the Financial Statements

For the year ended 30 June 2024

40. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company has proposed a cash dividend for the year ended 30 June 2024 of Rupees 5 per share (2023: Rupee 1 per share) at their meeting held on September 30, 2024. 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.

41. 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	
	2024	2023	2024	2023	2024	2023
------(Rupees in thousand)-----						
Managerial remuneration	15,812	14,734	26,112	23,738	57,325	35,060
Allowances						
House rent	5,534	5,156	9,139	8,308	24,318	14,838
Reimbursement of expenses	456	491	2,255	2,057	-	66
Other allowance	1,582	1,473	2,748	2,373	6,671	9,854
Contribution to provident fund trust	988	920	1,878	1,424	4,298	2,024
	24,372	22,774	42,132	37,900	92,612	61,842
No. of persons	1	1	2	2	23	16

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

41.2 Aggregate amount charged in the financial statements for meeting fee to seven directors (2023: seven directors) was Rupees 0.650 million (2023: Rupees 0.775 million).

41.3 Amount charged in these financial statements for travelling and conveyance expenses of directors of the Company was Rupees 11.629 million (2023: Rupees 8.913 million).

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

Notes to the Financial Statements

For the year ended 30 June 2024

42. 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:

	2024	2023
	(Rupees in thousand)	
Crescent powertec Limited - associated company		
Purchase of electricity	2,062	15,095
Sale of goods	37	-
Expenses incurred on behalf of the Company	-	273
Dividend paid	16,669	78,441
1,961,031 (2023: Nil) bonus shares issued during the year as fully paid bonus shares		
The Crescent Textile Mills Limited - associated company		
Sale of goods	38,475	15,122
Purchase of goods	20,045	96,271
Premier Insurance Limited - associated company		
Insurance expense	53,480	46,420
Insurance claim received	14,612	53,838
Dividend paid	1,479	5,915
147,882 (2023: Nil) bonus shares issued during the year as fully paid bonus shares		
Shams Textile Mills Limited - associated company		
Sale of property, plant and equipment	-	6,600
Sale of goods	-	1,663
Crescent Fibers Limited - associated company		
Purchase of goods	192,738	185,632
ACME Mills (Private) Limited - associated company		
Sale of goods	20,768	146,830
Bridgeline Global Logistics (Private) Limited		
Freight services	51,782	38,469
First Equity Modaraba		
Investment made	229	-

Notes to the Financial Statements

For the year ended 30 June 2024

	2024 (Rupees in thousand)	2023
Directors and their family members		
Dividend paid	12,987	51,885
1,298,816 (2023: Nil) bonus shares issued during the year as fully paid bonus shares		
Other related parties		
Company's contribution to provident fund trust	49,261	29,397

42.1 Detail of compensation to key management personnel comprising of chief executive officer, directors and executives is disclosed in note 41.

42.2 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
		2024	2023	
Crescent Powertech Limited	Common directorship	Yes	Yes	None
Premier Insurance Limited	Common directorship	Yes	Yes	3%
S2 Hydro Limited	Joint Venture	No	No	48%
S2 Power Limited	Joint Venture	No	No	48%
S2 Solar Limited	Joint Venture	No	No	50%
Shams Textile Mills Limited	Common directorship	No	Yes	None
The Crescent Textile Mills Limited	Common directorship	Yes	Yes	2.06%
Crescent Fibers Limited	Common directorship	Yes	Yes	None
ACME Mills (Private) Limited	Common directorship	Yes	Yes	None
Premier Financial Services (Private) Limited	Common directorship	No	No	9.77%
First Equity Modaraba	Modaraba managed by associated company	Yes	No	None
ICON Global (Private) Limited	Common directorship	No	No	None
Service Industries 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	1.57%
Bridgeline Global Logistics (Private) Limited	Common directorship	Yes	Yes	None
Mohammad Amin Mohammad Bashir Limited	Common directorship	No	No	None
Suraj Brands (Private) Limited	Common directorship	No	No	None
Suraj Fabrics Limited	Common directorship	No	No	None
Crescent Educational Trust	Director is trustee of the Trust	No	No	None
Suraj Cotton Mills Employees Provident Fund Trust	Post-employment benefit plan	Yes	Yes	None

Notes to the Financial Statements

For the year ended 30 June 2024

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
		2024	2023	
Mr. Nadeem Maqbool	Chief Executive	Yes	Yes	None
Mr. Khalid Bashir	Director	Yes	Yes	None
Mr. Adil Bashir	Director	Yes	Yes	None
Mr. Ahsan Bashir	Director	Yes	Yes	None
Mr. Humayun Maqbool	Director	Yes	Yes	None
Ms. Maheen Hisham Adamjee	Director	Yes	Yes	None
Mr. Muhammad Iqbal	Director	Yes	Yes	None
Mr. Shams Rafi	Director	Yes	Yes	None

43. 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.

	2024	2023
44. NUMBER OF EMPLOYEES		
Number of employees as on 30 June	2,806	2,227
Average number of employees during the year	2,753	2,200

45. SEGMENT INFORMATION

45.1 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 2024

	Spinning		Weaving		Elimination of Inter-segment transactions		Total - Company	
	2024	2023	2024	2023	2024	2023	2024	2023
------(Rupees in thousand)-----								
Revenue								
External	14,438,395	10,393,544	15,305,895	8,466,791	-	-	29,744,290	18,860,335
Inter-segment	7,676,661	2,916,996	-	-	(7,676,661)	(2,916,996)	-	-
	22,115,056	13,310,540	15,305,895	8,466,791	(7,676,661)	(2,916,996)	29,744,290	18,860,335
Cost of sales								
External	(12,976,799)	(9,908,483)	(14,371,327)	(8,493,884)	-	-	(27,348,126)	(18,402,367)
Inter-segment	(7,676,661)	(2,916,996)	-	-	7,676,661	2,916,996	-	-
	(20,653,460)	(12,825,479)	(14,371,327)	(8,493,884)	7,676,661	2,916,996	(27,348,126)	(18,402,367)
Gross (loss) / profit	1,461,596	485,061	934,568	(27,093)	-	-	2,396,164	457,968
Distribution cost	(137,119)	(112,506)	(149,821)	(97,222)	-	-	(286,940)	(209,728)
Administrative expenses	(223,090)	(186,726)	(94,738)	(73,901)	-	-	(317,828)	(260,627)
	(360,209)	(299,232)	(244,559)	(171,123)	-	-	(604,768)	(470,355)
(Loss) / profit before taxation and unallocated expenses	1,101,387	185,829	690,009	(198,216)	-	-	1,791,396	(12,387)
Unallocated income and expenses:								
Other expenses							(179,684)	(115,083)
Other income							769,127	332,030
Finance cost							(407,343)	(319,866)
Levy							(229,069)	(278,213)
Taxation							(738,009)	(18,759)
Profit / (loss) after taxation							1,006,418	(412,278)

Notes to the Financial Statements

For the year ended 30 June 2024

	Spinning		Weaving		Total - Company	
	2024	2023	2024	2023	2024	2023
------(Rupees in thousand)-----						
45.2 Reconciliation of reportable segment assets and liabilities						
Total assets for reportable segment	13,153,978	14,819,798	6,298,637	4,630,028	19,452,615	19,449,826
Unallocated assets:						
Investment properties					472,690	477,690
Long term investments					1,028,838	625,563
Short term investments					1,870,345	601,511
Non-current assets classified as held for sale					22,465	22,465
Total assets as per statement of financial position					22,846,953	21,177,055
Total liabilities for reportable segments	4,837,050	5,632,724	4,186,783	3,579,078	9,023,833	9,211,802
Unallocated liabilities:						
Unallocated:						
Deferred liabilities					1,253,030	918,687
Provision for taxation - net					427,765	241,839
Unclaimed dividend					7,313	7,313
Total liabilities as per statement of financial position					10,711,941	10,379,641
45.3 Geographical information						
The company's revenue from external customers by geographical locations is detailed below:						
Pakistan					29,221,176	18,436,083
Italy					28,118	46,153
Portugal					328,779	113,025
Turkey					32,711	-
Sri Lanka					1,999	4,623
Karachi Export Processing Zone					-	3,880
Bangladesh					-	158,795
Romania					15,452	-
Germany					69,002	-
China					47,053	97,776
					29,744,290	18,860,335

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

45.5 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 2024

		2024	2023
		(Figures in thousand)	
46.	PLANT CAPACITY AND ACTUAL PRODUCTION		
	Spinning		
	100 % plant capacity converted to 20s count based on 3 shifts per day.	Kgs. 58,577	55,216
	Actual production converted to 20s count based on 3 shifts per day.	Kgs. 49,803	29,354
	Weaving		
	100 % plant capacity at 50 picks based on 3 shifts per day.	Sq.Mtr. 189,873	130,654
	Actual production converted to 50 picks based on 3 shifts per day.	Sq.Mtr. 140,619	79,790

46.1 Reason for low production

Under utilization of available capacity for spinning and weaving is mainly due to low demand.

47. FINANCIAL RISK MANAGEMENT

47.1 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.

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 2024

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 short term borrowings. The Company's exposure to currency risk was as follows:

	2024	2023
Short term borrowings - USD	-	(1,330,743)
Net Exposure - USD	-	(1,330,743)
The following significant exchange rates were applied during the year:		
Rupees per US Dollar		
Average rate	278.15	253.08
Reporting date rate	278.34	287.10

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 Nil (2023: loss after taxation for the year would have been Rupees 19.103 million higher / lower) 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 2024

	Impact on profit before taxation	Impact on statement of other comprehensive income (fair value reserve on FVTOCI investments)
	2024	
	------(Rupees in thousand)-----	
PSX 100 (5% increase)	93,517	51,149
PSX 100 (5% decrease)	(93,517)	(51,149)
	Impact on profit before taxation	Impact on statement of other comprehensive income (fair value reserve on FVTOCI investments)
	2023	
	------(Rupees in thousand)-----	
PSX 100 (5% increase)	30,076	30,962
PSX 100 (5% decrease)	(30,076)	(30,962)

(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 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:

	2024	2023
	(Rupees in thousand)	
Fixed rate instruments		
Financial liabilities		
Long term financing	3,606,253	4,031,972
Short term borrowings	-	382,056
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	364,820	111,687
Financial liabilities		
Long term financing	18,201	21,974
Short term borrowings	977,007	844,202
Lease liability	-	566

Notes to the Financial Statements

For the year ended 30 June 2024

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 5.989 million lower / higher (2023: loss after taxation for the year would have been Rupees 7.551 million higher / lower) 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:

	2024	2023
	(Rupees in thousand)	
Long term investments	1,023,180	619,433
Long term deposits	19,067	19,737
Trade debts	2,756,220	3,046,691
Loans and advances	14,535	74,806
Short term deposits	285,261	225,945
Other receivables	24,079	54,677
Short term investments	1,870,345	601,511
Bank balances	377,757	140,826
	6,370,444	4,783,626

Notes to the Financial Statements

For the year ended 30 June 2024

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			2024	2023
	Short Term	Long term	Agency	(Rupees in thousand)	
Banks					
MCB Bank Limited	A1+	AAA	PACRA	46,746	4,962
National Bank of Pakistan	A1+	AAA	PACRA	594	638
United Bank Limited	A1+	AAA	VIS	898	158
Allied Bank Limited	A1+	AAA	PACRA	80,834	91,489
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	469	15,767
Habib Bank Limited	A1+	AAA	VIS	1,183	5,953
Bank AL Habib Limited	A1+	AAA	PACRA	18,409	3,463
Dubai Islamic Bank Pakistan Limited	A1+	AA	VIS	97	97
Finca Microfinance Bank Limited	A3	BBB+	PACRA	1,153	1,890
MCB Islamic Bank Limited	A1+	A+	PACRA	224,568	7,558
Samba Bank Limited	A1	AA	PACRA	-	440
Bank Alfalah Limited	A1+	AAA	PACRA	2,704	222
Meezan Bank Limited	A1+	AAA	VIS	102	8,189
				377,757	140,826
Investments					
Premier Insurance Limited	Unknown	A(ifs)	PACRA	7,664	6,495
The Crescent Textile Mills Limited	A-2	A-	VIS	27,530	26,582
Kot Addu Power Company Limited	A1	A+	VIS	17,383	10,920
Nishat Mills Limited	A1+	AA	PACRA	79,706	63,866
Pakistan State Oil Company Limited	A1+	AA+	VIS	32,969	22,020
Oil & Gas Development Company Limited	A1+	AAA	VIS	87,991	42,900
The Searle Company Limited	A1	AA-	VIS	18,452	9,440
D.G. Khan Cement Company Limited	A1+	AA-	PACRA	109,444	62,196
Fauji Fertilizer Company Limited	A1+	AA+	PACRA	53,099	31,993
Fatima Fertilizer Company Limited	A1+	AA+	PACRA	28,597	29,184
Engro Corporation Limited	A1+	AA+	PACRA	1,564	1,221
Engro Fertilizers Limited	A1+	AA	PACRA	265,952	156,807
Crescent Steel and Allied Products Limited	A2	A-	VIS	66,000	26,273
United Bank Limited	A1+	AAA	VIS	56,552	25,941
Kohinoor Textile Mills Limited	A1	A+	VIS	49,685	40,723
Attock Refinery Limited	A1+	AA	PACRA	43,949	21,454
MCB Bank Limited	A1+	AAA	PACRA	45,436	22,910
Habib Bank Limited	A1+	AAA	VIS	31,008	18,308

Notes to the Financial Statements

For the year ended 30 June 2024

	Rating			2024	2023
	Short Term	Long term	Agency	(Rupees in thousand)	
TCC Management Services (Private) Limited		Unknown		200	200
Samba Bank Limited	A1	AA	PACRA	19,266	12,921
Fauji Cement Company Limited	A1+	AA-	PACRA	38,661	19,845
GlaxoSmithKline Pakistan Limited		Unknown		11,464	6,007
Pakistan Telecommunication Company Limited	A1+	AAA	VIS	-	3,306
TPL Corp Limited	A1	A	PACRA	750	962
First Equity Modaraba		Unknown		4,976	7,392
Nishat Chunian Power Limited	A2	A+	VIS	23,960	13,360
TRG Pakistan Limited - Class 'A'		Unknown		6,205	9,213
Aisha Steel Mills Limited	A2	BBB+	VIS	6,289	4,614
Lucky Core Industries Limited	A1+	AA	VIS	9,295	6,041
Arif Habib Corporation Limited		Unknown		4,851	2,487
Power Cement Limited	A2	A-	VIS	11,000	8,200
Sui Northern Gas Pipelines Limited	A1+	AA+	VIS	6,347	3,937
Service Global Footwear Limited		Unknown		45,723	14,764
Hi-Tech Lubricants Limited	A2	A-	VIS	34,234	20,381
Azgard Nine Limited		Unknown		11,325	9,000
National Refinery Limited	A1	AA	PACRA	19,911	11,250
Netsol Technologies Limited		Unknown		17,649	9,728
Indus Motor Company Limited	A1+	AA+	VIS	-	9,432
Maple Leaf Cement Factory Limited	A1	A	VIS	11,400	8,499
The HUB Power Company Limited	A1+	AA+	PACRA	6,583	20,273
Bank Alfalah Limited	A1+	AAA	PACRA	50,497	9,132
Octopus Digital Limited		Unknown		-	1,184
Fast Cables Limited	A2	A-	VIS	42,520	-
Alfalah GHP Money Market Fund B Growth units		AA+(f)	PACRA	178,209	256,519
NBP Money Market Fund		AA(f)	PACRA	269,179	-
Atlas Money Market Fund		AA+(f)	PACRA	294,390	-
ABL Cash Fund		AA+(f)	PACRA	176,596	-
HBL Cash Fund		AA+(f)	VIS	176,926	133,062
UBL Liquidity Plus Fund		AA+(f)	VIS	3	2
MCB Cash Management Optimizer		AA+(f)	PACRA	181,323	-
Faysal Income & Growth Fund		A(f)	PACRA	210,813	-
				2,893,526	1,220,944
				3,271,283	1,361,770

The Company's exposure to credit risk and allowance for expected credit losses related to trade debts is disclosed in Note 22.

Notes to the Financial Statements

For the year ended 30 June 2024

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.

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 2024 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 2024 and 30 June 2023 was determined as follows:

At 30 June 2024

	Local Sales		
	Expected loss rate %	Trade debts (RUPEES IN THOUSAND)	Loss allowance
Not past due	0.00%	2,160,846	-
Up to 30 days	3.57%	459,377	16,417
31 to 60 days	8.38%	117,683	9,859
61 to 90 days	23.18%	29,770	6,901
91 to 180 days	43.67%	19,236	8,400
181 to 360 days	45.44%	19,949	9,064
360 days and above	100.00%	34,776	34,776
		2,841,637	85,417
Trade debts which are not subject to risk of default		-	-
Total		2,841,637	85,417

At 30 June 2023

Not past due	0.00%	2,293,632	-
Up to 30 days	11.24%	394,022	44,280
31 to 60 days	23.37%	15,890	3,713
61 to 90 days	57.92%	67,475	39,080
91 to 180 days	100.00%	16,105	16,105
181 to 360 days	69.16%	128,674	88,996
360 days and above	81.60%	52,749	43,045
		2,968,547	235,219
Trade debts which are not subject to risk of default		313,363	-
Total		3,281,910	235,219

Notes to the Financial Statements

For the year ended 30 June 2024

(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 2024, the Company had Rupees 4,880.186 million (2023: Rupees 4,765.019 million) available borrowing limits from financial institutions and Rupees 378.804 million (2023: Rupees 142.567 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 2024

	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	3,624,454	4,615,748	385,557	408,533	801,960	3,019,698
Trade and other payables	3,059,422	3,059,422	3,059,422	-	-	-
Accrued mark-up	58,277	58,277	58,277	-	-	-
Short term borrowings	977,007	995,381	995,381	-	-	-
Unclaimed dividend	7,313	7,313	7,313	-	-	-
	7,726,473	8,736,141	4,505,950	408,533	801,960	3,019,698

Contractual maturities of financial liabilities as at 30 June 2023

	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	4,053,946	5,330,644	350,935	357,983	783,376	3,838,350
Lease liability	566	601	355	246	-	-
Trade and other payables	2,747,552	2,747,552	2,747,552	-	-	-
Accrued mark-up	71,949	71,949	71,949	-	-	-
Short term borrowings	1,226,258	1,264,003	1,264,003	-	-	-
Unclaimed dividend	7,313	7,313	7,313	-	-	-
	8,107,584	9,422,062	4,442,107	358,229	783,376	3,838,350

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 6, note 7 and note 11 to these financial statements.

Notes to the Financial Statements

For the year ended 30 June 2024

	FVTPL	Amortised cost	FVTOCI
	----- (Rupees in thousand) -----		
47.2 Financial instruments by categories			
As at 30 June 2024			
Assets as per statement of financial position			
Long term investments	-	-	1,023,180
Long term deposits	-	19,067	-
Trade debts	-	2,756,220	-
Loans and advances	-	14,535	-
Short term deposits	-	285,261	-
Other receivables	-	24,079	-
Short term investments	1,870,345	-	-
Cash and bank balances	-	378,804	-
	1,870,345	3,477,966	1,023,180
As at 30 June 2023			
Assets as per statement of financial position			
Long term investments	-	-	619,433
Long term deposits	-	19,737	-
Trade debts	-	3,046,691	-
Loans and advances	-	74,806	-
Short term deposits	-	225,945	-
Other receivables	-	54,677	-
Short term investments	601,511	-	-
Cash and bank balances	-	142,567	-
	601,511	3,564,423	619,433
		Financial liabilities at amortized cost	
		2024	2023
		(Rupees in thousand)	
Liabilities as per statement of financial position			
Long term financing		3,624,454	4,053,946
Lease liability		-	566
Trade and other payables		3,059,422	2,747,552
Accrued mark-up		58,277	71,949
Short term borrowings		977,007	1,226,258
Unclaimed dividend		7,313	7,313
		7,726,473	8,107,584

Notes to the Financial Statements

For the year ended 30 June 2024

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

	2024		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	(RUPEES IN THOUSAND)		
Assets			
Long term investments	1,023,180	5,658	1,028,838
Long term deposits	19,067	-	19,067
Trade debts	2,756,220	-	2,756,220
Loans and advances	14,535	154,753	169,288
Short term deposits and prepayments	285,261	17,522	302,783
Other receivables	24,079	722,536	746,615
Short term investments	1,870,345	-	1,870,345
Cash and bank balances	378,804	-	378,804
	6,371,491	900,469	7,271,960

	2024		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	(RUPEES IN THOUSAND)		
Liabilities			
Long term financing	3,624,454	-	3,624,454
Trade and other payables	3,059,422	728,942	3,788,364
Accrued mark-up	58,277	-	58,277
Short term borrowings	977,007	-	977,007
Unclaimed dividend	7,313	-	7,313
	7,726,473	728,942	8,455,415

Notes to the Financial Statements

For the year ended 30 June 2024

	2023		Assets as per statement of financial position
	Financial assets	Non-financial assets	
	(RUPEES IN THOUSAND)		
Assets			
Long term investments	619,433	6,130	625,563
Long term deposits	19,737	-	19,737
Trade debts	3,046,691	-	3,046,691
Loans and advances	74,806	33,434	108,240
Short term deposits and prepayments	225,945	12,533	238,478
Other receivables	54,677	430,880	485,557
Short term investments	601,511	-	601,511
Cash and bank balances	142,567	-	142,567
	4,785,367	482,977	5,268,344

	2023		Liabilities as per statement of financial position
	Financial liabilities	Non-financial liabilities	
	(RUPEES IN THOUSAND)		
Liabilities			
Long term financing	4,053,946	-	4,053,946
Lease Liability	566	-	566
Trade and other payables	2,747,552	532,348	3,279,900
Accrued mark-up	71,949	-	71,949
Short term borrowings	1,226,258	-	1,226,258
Unclaimed dividend	7,313	-	7,313
	8,107,584	532,348	8,639,932

47.4 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.

Notes to the Financial Statements

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47.5 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.

		2024	2023
		(Rupees in thousand)	
Borrowings	Rupees in thousand	4,601,461	5,280,204
Total equity	Rupees in thousand	12,135,012	10,797,414
Total capital employed	Rupees in thousand	16,736,473	16,077,618
Gearing ratio	Percentage	27.49	32.84

The decrease in the gearing ratio resulted from decrease in borrowings of the Company.

48. 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.

Notes to the Financial Statements

For the year ended 30 June 2024

Recurring fair value measurements At 30 June 2024	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
Financial assets				
Fair value through other comprehensive income	1,022,980	-	-	1,022,980
Fair value through profit or loss	1,870,345	-	-	1,870,345
Total financial assets	2,893,325	-	-	2,893,325

Recurring fair value measurements At 30 June 2023	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
Financial assets				
Fair value through other comprehensive income	619,233	-	-	619,233
Fair value through profit or loss	601,511	-	-	601,511
Total financial assets	1,220,744	-	-	1,220,744

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.

Notes to the Financial Statements

For the year ended 30 June 2024

49. 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 2024	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
Investment properties	-	794,600	-	794,600
<hr/>				
At 30 June 2023	Level 1	Level 2	Level 3	Total
	----- (Rupees in thousand) -----			
Financial assets				
Investment properties	-	958,150	-	958,150

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 2024

	NOTE	2024 (RUPEES IN THOUSAND)	2023
50. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX			
Description			
Loan / advances obtained as per Islamic mode:			
Loans		197,523	209,363
Advances	9	90,903	73,938
Shariah compliant bank deposits / bank balances			
Bank balances	27	225,152	16,383
Profit earned from shariah compliant bank deposits / bank balances			
Profit on deposits with banks	34	33,789	13,956
Revenue earned from shariah compliant business	29	29,744,290	18,860,335
Gain or (loss) dividend earned from shariah complaint investments			
Dividend income	34	65,265	63,921
Unrealized loss on re-measurement of investments at FVTOCI		269,233	(111,687)
Unrealized loss on re-measurement of investments at FVTPL	34&33	94,940	(54,864)
Realized gain on investments at FVTOCI		39,393	169
Realized gain on investments at FVTPL	34	14,289	-
Exchange loss	33	3,264	18,097
Mark-up paid on Islamic mode of financing		76,792	22,146
Profits earned or interest paid on any conventional loan			
Interest on loans paid		325,189	241,170
Profit earned on deposits with banks		47,859	26,293

Relationship with shariah compliant banks

Name

Meezan Bank Limited
 MCB Islamic Bank Limited
 Dubai Islamic bank Limited
 National Bank of Pakistan

Relationship

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

Notes to the Financial Statements

For the year ended 30 June 2024

51. UNUTILIZED CREDIT FACILITIES

	Non-funded		Funded	
	2024	2023	2024	2023
------(RUPEES IN THOUSAND)-----				
Total facilities	2,899,278	3,470,000	10,183,650	11,512,410
Utilized at the end of the year	1,102,578	2,073,143	5,303,464	6,747,391
Unutilized at the end of the year	1,796,700	1,396,857	4,880,186	4,765,019

52. DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2024 by the Board of Directors of the Company.

53. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, except for reclassification as disclosed in note 2.3 to these financial statements, no significant rearrangements / reclassification have been made.

54. GENERAL

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


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

Gender pay gap statement under Circular No. 10 of 2024

Following is gender pay gap calculated for the year ended 30 June 2024

(i)	Mean Gender pay gap:	-176%
(ii)	Median Gender Pay gap:	-112%
(iii)	Any other data/ details as deemed relevant.	-

The Board is committed to formulate a gender diversity policy for recruitment, promotion, gender pay gap analysis, retention and development of female employees.



Chief Executive Officer on behalf of Board of Directors of the Company

Date: 30 September 2024

Notice of Annual General Meeting

Notice is hereby given that the 40th Annual General Meeting of the shareholders of Suraj Cotton Mills Limited will be held on Monday, October 28, 2024 at 10:00 A.M. at Registered Office of the Company i.e. Tricon Corporate Center, 8th Floor, 73-E, Main Jail Road, Gulberg II, 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, 2024.

As required under Section 223 of the Companies Act 2017 and in terms of S.R.O No. 389(I)/2023 dated March 21, 2023, the Annual Report including the Notice of Meeting and Financial Statements of the Company has been transmitted to the shareholders and uploaded on the website of the Company which can be viewed using the following link or QR enabled code:



<https://www.suraj.com/wp-content/uploads/2024/10/AnnualReport2024.pdf>

2. To approve as recommended by Directors, the payment of Final Cash Dividend @ 50% i.e. Rs. 5/- per share for the year ended June 30, 2024.
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 07, 2024

Company Secretary

BOOK CLOSURE:

The Members' Register will remain closed from October 22, 2024 to October 28, 2024 (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 21, 2024 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 27 October 2024. 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.

Notice of Annual General Meeting

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 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, 2024

It is hereby informed that pursuant to the Finance Act, 2024, 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 2024 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

ای ڈیویڈنڈ ادا نیگی 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 ڈیٹنگ اور کمپنی کو بھیجنے کے لئے سی ڈی ایس پائے سٹینٹس کو فراہم کی جانی چاہئیں۔ جمع نہ ہونے کی صورت میں، آئندہ تمام ڈیویڈنڈ ادا نیگیوں کو روکی جاسکتی ہیں۔

زکوٰۃ ڈیکلیریشن:

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

ڈیویڈنڈ انکم پر ٹیکس کی کٹوتی - فنانس ایکٹ 2024

مطلع کیا جاتا ہے کہ فنانس ایکٹ 2024 کی پیروی میں، ڈیویڈنڈ انکم پر انکم ٹیکس آرڈیننس 2001 کی دفعہ 150 کے تحت ود ہولڈنگ ٹیکس کی شرح درج ذیل کے مطابق الگ الگ رکھی گئی ہے:

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

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

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

وڈیو کانفرنس سہولت

کمپنیز ایکٹ 2017 کی پرویزن 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 شیئرز 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 پلیسمنٹ

کمپنی 30 جون 2024ء مختتمہ سال کیلئے AGM نوٹس کی کاپی، سالانہ 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 شیئرز رجسٹرار، میسرز کارپ ٹیک ایسوسی ایٹس (پرائیویٹ) لمیٹڈ - E-503، 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 کاشن لمیٹڈ کے حصص داران 406 واں سالانہ اجلاس عام کمپنی کے رجسٹرڈ دفتر، یعنی ٹرائی کون کارپوریٹ سنٹر، 8th فلور، E-73، مین جیل روڈ، گلبرگ II، لاہور پر بروز سوموار 28 اکتوبر 2024ء کو صبح 10:00 بجے درج ذیل امور کی انجام دہی کیلئے منعقد ہوگا۔

عام امور:

1- 30 جون 2024ء کو مختتمہ سال کیلئے کمپنی کے نظر ثانی شدہ مالی حسابات معائنہ پریذائریٹ کیٹرز اور آڈیٹرز کی رپورٹس کی وصولی، غور و خوض اور منظور کرنا۔

کمپنیز ایکٹ 2017 کے سیکشن 223 کے تحت اور S.R.O No. 389(I)/2023 بتاریخ 21 مارچ 2023 کے مطابق کمپنی کے نوٹس اجلاس اور مالی گوشواروں سمیت سالانہ رپورٹ شیئر ہولڈرز کو ترسیل کر دی گئی ہے اور کمپنی کی ویب سائٹ پر بھی اپ لوڈ کی گئی ہے جسے درج ذیل لنک یا کیو آر فعال کوڈ کا استعمال کرتے ہوئے ملاحظہ کیا جاسکتا ہے:

2- 30 جون 2024ء کو مختتمہ سال کیلئے ڈائریکٹرز کی سفارشات کے مطابق حتیٰ نقد منافع منقسمہ بشرح 50 فیصد یعنی 51 روپے فی شیئر کی ادائیگی کی منظوری دینا۔

3- اگلے سالانہ اجلاس عام کے اختتام تک عہدہ پرفائزر رہنے کے لئے آڈیٹرز کا تقرر اور ان کے صلہ خدمت کا تعین کرنا۔

4- صاحب صدر کی اجازت سے کوئی دیگر امور سرانجام دینا۔

بحکم بورڈ

لاہور

کمپنی سیکرٹری

مورخہ: 07 اکتوبر 2024

کتابوں کی بندش:

ارکان کار جسٹ 22 اکتوبر 2024ء تا 28 اکتوبر 2024ء (بشمول ہر دو ایام) بند رہے گا۔

نوٹ:

1- کمپنی کے شیئر رجسٹر اور دفتر، میسرز کارپ ایک ایسوسی ایٹس پرائیویٹ لمیٹڈ E-503، جوہر ٹاؤن، لاہور میں 21 اکتوبر 2024ء کو کاروبار کے اختتام تک موصولہ منتقلیاں بروقت تصور ہوگی۔

2- اجلاس میں وڈیولنک کے ذریعے شرکت میں دلچسپی رکھنے والے حصص داران سے درخواست ہے کہ اپنے نام، فونو نمبر، موبائل نمبر اور ان کے نام میں ملکیتی حصص کی تعداد بمعہ کمپیوٹرائزڈ قومی شناختی کارڈ (CNIC) کی دونوں اطراف کی موثر کاپی 27 اکتوبر 2024ء تک naeem.sheikh@suraj.com پر ای میل کریں۔ وڈیولنک اور لاگ ان کرینشلز صرف ان ممبران انا مزہدہ پراسیز کے ساتھ شیئر کی جائیں گی جنہوں نے ای میل، بشمول تمام مطلوبہ پارٹیکلر ز 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 پر کسی مقرر کرنے کا مستحق ہوگا/ہوگی۔ پراسیز یا تانکہ موثر ہو سکیں کمپنی کے رجسٹرڈ دفتر میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل لازماً موصول ہو جانی چاہئیں۔ پراسیز فارم پر دو افراد کی گواہی ہوگی، جن کے نام، پتے اور CNIC نمبرز فارم پر درج ہو گئے۔ پراسیز لازماً کمپنی کارکن ہونا چاہئے۔ پراسیز فارم ارکان کو ارسال کئے گئے نوٹس کے ہمراہ لف ہے۔ کارپوریٹ ایٹلٹی کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد اختیار نامہ معہ نامزدہ کے مخصوص دستخط نمائندہ 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 2017 سے شروع ہونے والی زیادہ سے زیادہ چار سال کی مدت کے اندر تبدیل کرے گی۔ فزیکل شکل میں حصص رکھنے والے شیئر 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 سی سب اکاؤنٹ یا براہ راست سی سی سی کے ہاں انویسٹر اکاؤنٹ کھول سکتے ہیں۔ یہ انہیں کسی 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۔

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 07, 2024

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.	
<hr/> Signature of Shareholders	

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Corptec Associates (Pvt) Ltd.

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

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Suraj Cotton Mills Limited

Notice to the Shareholders in terms of section 244 of the Companies Act 2017, to files 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

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Corptec Associates (Pvt) Ltd.

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

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Form of Proxy

Fortieth 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 **40th Annual General Meeting** of the Company to be held on Monday, October 28, 2024 at 10:00 a.m. at Registered Office, Tricon Corporate Center, 8th Floor, 73-E, Main Jail Road, Gulberg II, Lahore, and at any adjournment thereof.

Dated this _____ day of _____, (Year) _____

Witness 1:

Signature: _____

Name: _____

Address: _____

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of Rs. 5/-

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 Tricon Corporate Center, 8th Floor, 73-E, Main Jail Road, Gulberg II, 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.

پراکسی فارم (مختار نامہ)

میں / ہم

ساکن

حصص برطابق رجسٹرڈ فولیو نمبر

بحیثیت رکن سورج کاٹن ملز لمیٹڈ اور مالک

سی ڈی سی فہرست کے مطابق بینفٹل مالکان کے لئے

سی ڈی سی پارٹیسپنٹ آئی ڈی نمبر

سب اکاؤنٹ نمبر

یا پاسپورٹ نمبر

بذریعہ ہذا

محترم / محترمہ

فولیو نمبر

ساکن

برطابق رجسٹرڈ فولیو نمبر

ساکن

یا کسی غیر موجودگی میں

جو مذکورہ کمپنی کا حصص دار بھی ہے

کو اپنے / ہمارے ایما پر: مورخہ 28 اکتوبر 2024ء، بروز سوموار صبح 10:00 بجے، رجسٹرڈ دفتر، ٹرائی کون کارپوریٹ سنٹر، 8th فلور، E-73، مین جیل روڈ، گلبرگ II، لاہور میں منعقد ہونے والے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز بتاریخ 2024ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1-

دستخط:

نام:

پتہ:

2-

دستخط:

نام:

پتہ:

51 روپے کارسیدی ٹکٹ
چسپاں کریں

رکن کے دستخط

اہم نوٹ:

1- پراکسیز موثر ہونے کے لئے، کمپنی کے رجسٹرڈ دفتر، ٹرائی کون کارپوریٹ سنٹر، 8th فلور، E-73، مین جیل روڈ، گلبرگ II، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل لازماً وصول ہو جانے چاہئیں۔

2- سی ڈی سی شیئر ہولڈرز اور ان کے پراکسیز ہر ایک سے درخواست ہے کہ کمپنی کو جمع کرانے سے قبل پراکسی فارم کے ہمراہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی لف کریں۔

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The Company Secretary
Suraj Cotton Mills Limited
Tricon Corporate Center, 8th Floor, 73-E,
Main Jail Road, Gulberg II, Lahore

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*Mobile apps are also available for download for android and ios devices



info@suraj.com



سورج

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PABX: +92 42 35760381

Fax:+92 42 35760376