


UN-AUDITED
HALF YEARLY REPORT
DECEMBER 31,
2023



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Company Information

Board of Directors

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

Chief Executive Officer

Mr. Nadeem Maqbool

Chief Financial Officer

Mr. Naeem Sheikh

Audit Committee

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

HR & R Committee

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

Risk Management Committee

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

Share Registrar

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

Auditors

Riaz Ahmad & Co.
Chartered Accountants

Company Secretary

Mr. Shahzad Nazir

Bankers

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

Registered Office

7-B-III, Aziz Avenue, Gulberg-V, Lahore
Ph: +92-423-5760379, 35760382
Fax: +92-423-5760376
Email: info@suraj.com
Web: www.suraj.com

Project Locations

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

Directors' Report

On behalf of the Board of Directors, I am pleased to present the operating and financial performance of the company for the half year ended 31 December 2023.

Overview

Despite the textile industry grappling with an uncertain outlook, our company has successfully navigated these challenges to post an improved performance for the period under review. The industry has been beset by rising costs, exacerbated by a depreciating currency and unprecedented high prices for its energy mix. Furthermore, inflationary pressures have squeezed operating margins. Particularly for our spinning business, the stringent monetary policy has led to a significant increase in our financial charges.

This period has been marked by a notable surge in profitability, with sales value soaring by nearly 87% to reach Rs. 15,711 billion, compared to the same period last year. This increase comes despite a rise in the cost of sales, fueled by higher raw material prices and operational costs.

This robust performance has culminated in a profit after tax of Rs. 611.74 million, and earnings per share of Rs. 12.53, a remarkable turnaround from the previous year's figure of Rs. (2.15). This achievement not only reflects our company's strong operational capabilities but also our unwavering commitment to navigating through challenging economic conditions.

The financial performance of your company for the half year ended December 31, 2023, as compared to that of last year is presented below:

Brief Income Statement	2023	2022	% Change
	(PKR in Million)		
Sales	15,711	8,398	87.08
Gross profit	1,334	249	435.74
Operating profit	1,187	177	570.62
Financial cost	(232)	(138)	68.11
Profit before taxation	954	39	2,346.15
Taxation	(342)	(144)	137.50
Net Profit	612	(105)	682.86
Earnings per Share (EPS)	12.53	(2.15)	

Future Outlook

Due to Government's initiatives, this year's cotton output reached approximately 8.5 million bales, marking a significant improvement over last year's production. Although this figure fell short of our targets, it has notably enhanced the availability of local raw cotton for the industry. Looking ahead to the next six months, we remain hopeful and confident in our ability to sustain our current operating results.

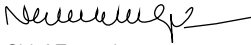
However, a critical challenge that persists is the escalating cost of energy. The government's ongoing strategy to hike utility prices, effectively shifting the burden of cross subsidies onto the industrial sector, poses a considerable obstacle. This situation demands urgent attention, as the industry is stretched thin and cannot continually absorb these rising costs. Moreover, the uncertainty surrounding the exchange rate of the Pakistani rupee and the central bank's measures to curb inflation adds another layer of complexity to our economic landscape.

In response to these challenges, our company is doubling down on leveraging its core competencies and managerial acumen to not only sustain our current performance but also enhance value for our stakeholders. We are actively exploring new opportunities to maximize returns, steadfast in our commitment to strategic growth and operational excellence.

Directors' Report

Acknowledgements

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



Chief Executive



Director

26th February 2023
Lahore

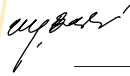
ڈائریکٹرز کی جائزہ رپورٹ

تاہم، ایک اہم مشکل جو برقرار ہے وہ توانائی کی بڑھتی ہوئی لاگت ہے۔ پمپنگ کی قیمتوں میں اضافہ کے لیے حکومت کی جاری حکمت عملی، صنعتی شعبہ پر کراس سبسڈی کا بوجھ موثر طریقے سے منتقل کرنا، ایک بڑی رکاوٹ ہے۔ یہ صورتحال فوری توجہ کی منتقاضی ہے، کیونکہ صنعت کمزور ہوگئی ہے اور مسلسل ان بڑھتی ہوئی لاگتوں کو برداشت نہیں کر سکتی ہے۔ مزید برآں، پاکستانی روپیہ کی شرح تبادلہ کے بارے میں غیر یقینی صورتحال اور افراط زر پر قابو پانے کے لئے مرکزی بینک کے اقدامات ہمارے معاشی منظر نامہ میں مزید پیچیدگی کا اضافہ کرتے ہیں۔

ان مشکلات کے جواب میں، ہماری کہنی زعفر اپنی موجودہ کارکردگی کو برقرار رکھنے بلکہ اپنے اسٹیٹک ہولڈرز کے لئے بھی قدر میں اضافہ کرنے کے لئے اپنی بنیادی صلاحیتوں اور انتظامی مہارت سے فائدہ اٹھانے کے لئے دو گنا محنت کر رہی ہے۔ ہم اسٹیٹجک نمو اور آپریشنل عموگی کے لئے اپنے عزم پر ثابت قدم رہتے ہوئے زیادہ سے زیادہ منافع حاصل کرنے کے لئے فعال طور پر نئے مواقع تلاش کر رہے ہیں۔

اظہار تشکر

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام شراکت داروں اور ملازمین کی مسلسل حمایت کا شکریہ ادا کرتے ہیں۔ میں بورڈ کی قابل قدر بصیرت اور ہنرمانی کے لئے ان کا بھی شکر گزار ہوں۔



ڈائریکٹر



چیف ایگزیکٹو

لاہور: 26 فروری 2024ء

ڈائریکٹرز کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے، میں 31 دسمبر 2023 کو ختم ہونے والی پہلی ششماہی کے لئے کمپنی کی آپریٹنگ اور مالی کارکردگی پیش کرتا ہوں۔

کارکردگی کا جائزہ

ٹیکسٹائل کی صنعت کو غیر یقینی نقطہ نظر سے دو چار ہونے کے باوجود، ہماری کمپنی نے زیر جائزہ مدت کے لئے بہتر کارکردگی کے بعد ان مشکلات پر کامیابی سے قابو پایا ہے۔ یہ صنعت زیادہ لاگت، کرنسی کی قدر میں کمی اور توانائی کی غیر معمولی زیادہ قیمتوں کی وجہ سے مشکلات کا شکار رہی ہے۔ مزید برآں، افراط زر کے دباؤ نے آپریٹنگ مارجن کو کم کر دیا ہے۔ خاص طور پر ہمارے اسپیننگ کے کاروبار کے لئے، سخت مانیٹری پالیسی نے ہمارے مالی چارجز میں نمایاں اضافہ کر دیا ہے۔

اس عرصہ میں منافع میں نمایاں اضافہ ہوا ہے اور فروخت کی مالیت گزشتہ سال کے اسی عرصہ کے مقابلے میں تقریباً 87 فیصد اضافے کے ساتھ 15.711 بلین روپے تک پہنچ گئی ہے۔ فروخت کی لاگت میں اضافے کے باوجود یہ اضافہ ہوا ہے، جس میں خام مال کی قیمتوں اور آپریٹنگ اخراجات میں اضافہ ہوا ہے۔

اس مضبوط کارکردگی کے نتیجے میں 611.74 بلین روپے کا بعد از ٹیکس منافع اور 12.53 روپے فی حصص آمدنی ہوئی ہے، جو گزشتہ سال کے منفی 2.15 روپے کے اعداد و شمار سے نمایاں تبدیلی ہے۔ یہ کامیابی نہ صرف ہماری کمپنی کی مضبوط آپریٹنگ صلاحیتوں کی عکاسی کرتی ہے بلکہ مشکل معاشی حالات سے گزرنے کے لئے ہمارے غیر متزلزل عزم کو بھی ظاہر کرتی ہے۔

31 دسمبر 2023 کو ختم ہونے والی ششماہی کے لیے آپ کی کمپنی کی مالیاتی کارکردگی کا گزشتہ سال سے موازنہ درج ذیل میں پیش کیا گیا ہے:

تفصیلی اکم ٹینٹ	دسمبر 2023	دسمبر 2022	فیصد تبدیلی
	پاکستانی روپے بلین میں		
فروخت	15,711	8,398	87.08
مجموعی منافع	1,334	129	435.74
آپریٹنگ منافع	1,187	177	570.62
مالی لاگت	(232)	(138)	68.11
قبل از ٹیکس منافع	954	39	2,346.15
ٹیکسیشن	(342)	(144)	137.50
خالص منافع	612	(105)	682.86
فی شیئر آمدنی (EPS)	12.53	(2.15)	

مستقبل کا نقطہ نظر

حکومتی اقدامات کی وجہ سے اس سال کپاس کی پیداوار تقریباً 8.5 بلین گانٹھوں تک پہنچ گئی جو گزشتہ سال کی پیداوار کے مقابلے میں نمایاں بہتری ہے۔ اگرچہ یہ اعداد و شمار ہمارے اہداف سے کم رہے ہیں، لیکن اس نے صنعت کے لئے مقامی خام کپاس کی دستیابی میں نمایاں اضافہ کیا ہے۔ اگلے چھ مہینوں کو دیکھتے ہوئے، ہم اپنے موجودہ آپریٹنگ نتائج کو برقرار رکھنے کی اپنی صلاحیت کے بارے میں پُر امید اور پُر اعتماد ہیں۔

Financial Statements

For the Half Year ended 31 December 2023

Independent Auditor's Review Report

To the members of Suraj Cotton Mills Limited

Report on review of Condensed Interim Financial Statements

Introduction

We have reviewed the accompanying condensed interim statement of financial position of SURAJ COTTON MILLS LIMITED as at 31 December 2023 and the related condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of changes in equity, and condensed interim statement of cash flows, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as the "condensed interim financial statements"). Management is responsible for the preparation and presentation of these condensed interim financial statements in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review. The figures of the condensed interim statement of profit or loss and condensed interim statement of comprehensive income for the quarters ended 31 December 2023 and 31 December 2022 have not been reviewed and we do not express a conclusion on them as we are required to review only the cumulative figures for the half year ended 31 December 2023.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements are not prepared, in all material respects, in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting.

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

RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: 26 February 2024

UDIN: RR202310132MhjV9m13q

Condensed Interim Statement of Financial Position


As At 31 December 2023

	Note	Un-Audited	Audited
		31 December 2023 (Rupees in thousand)	30 June 2023
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized share capital 100,000,000 (30 June 2023: 50,000,000)			
ordinary shares of Rupees 10 each		1,000,000	500,000
Issued, subscribed and paid up share capital			
48,809,515 (30 June 2023: 44,372,287)			
ordinary shares of Rupees 10 each		488,095	443,722
Reserves	4	11,106,516	10,353,692
TOTAL EQUITY		11,594,611	10,797,414
LIABILITIES			
Non-current liabilities			
Long term financing - secured	5	3,314,427	3,545,300
Lease liability		-	-
Deferred liabilities		990,132	918,687
		4,304,559	4,463,987
Current liabilities			
Trade and other payables		4,059,497	3,279,900
Accrued mark-up		77,476	71,949
Short term borrowings		1,198,595	1,226,258
Current portion of non-current liabilities		1,122,531	1,088,395
Provision for taxation - net		313,695	241,839
Unclaimed dividend		7,313	7,313
		6,779,107	5,915,654
TOTAL LIABILITIES		11,083,666	10,379,641
CONTINGENCIES AND COMMITMENTS	6		
TOTAL EQUITY AND LIABILITIES		22,678,277	21,177,055

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

		Un-Audited	Audited
		31 December 2023	30 June 2023
	Note	(Rupees in thousand)	
ASSETS			
Non-current assets			
Property, plant and equipment	7	8,729,915	9,118,461
Right-of-use asset		967	1,200
Investment properties		477,690	477,690
Long term investments	12	910,348	625,563
Long term deposits		32,727	19,737
		10,151,647	10,242,651
Current assets			
Stores, spare parts and loose tools		402,050	469,843
Stock-in-trade		6,088,040	5,819,052
Trade debts		3,511,899	3,046,691
Loans and advances		157,810	108,240
Short term deposits and prepayments		318,648	238,478
Other receivables		191,079	485,557
Short term investments	8	1,601,386	601,511
Cash and bank balances		233,253	142,567
		12,504,165	10,911,939
Non-current assets classified as held for sale		22,465	22,465
		12,526,630	10,934,404
TOTAL ASSETS		22,678,277	21,177,055


CHIEF EXECUTIVE OFFICER


DIRECTOR


CHIEF FINANCIAL OFFICER

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

For the half year ended 31 December 2023

	Note	Half year ended		Quarter ended	
		31 December	31 December	31 December	31 December
		2023	2022	2023	2022
		(Rupees in thousand)		(Rupees in thousand)	
Revenue from contracts with customers	9	15,711,292	8,398,047	8,037,580	3,370,889
Cost of Sales	10	(14,377,195)	(8,149,397)	(7,301,642)	(3,456,230)
Gross Profit / (Loss)		1,334,097	248,650	735,938	(85,341)
Distribution Cost		(152,676)	(104,281)	(73,728)	(36,917)
Administrative Expenses		(159,016)	(141,955)	(84,855)	(64,502)
Other Expenses		(82,799)	(69,022)	(54,325)	(43,351)
		(394,491)	(315,258)	(212,908)	(144,770)
		939,606	(66,608)	523,030	(230,111)
Other Income		247,248	243,416	178,597	142,196
Profit / (Loss) from Operations		1,186,854	176,808	701,627	(87,915)
Finance Cost		(232,136)	(137,824)	(113,555)	(70,647)
Profit / (Loss) Before Taxation		954,718	38,984	588,072	(158,562)
Taxation		(342,978)	(144,149)	(220,047)	(61,582)
Profit / (Loss) After Taxation		611,740	(105,165)	368,025	(220,144)
			(Restated)		(Restated)
Earnings per Share - Basic and diluted (Rupees)	11	12.53	(2.15)	7.54	(4.51)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Comprehensive Income (Un-Audited) For the half year ended 31 December 2023

	Half year ended		Quarter ended	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	(Rupees in thousand)		(Rupees in thousand)	
PROFIT / (LOSS) AFTER TAXATION	611,740	(105,165)	368,025	(220,144)
Other comprehensive income / (Loss):				
Items that will not be reclassified to profit or loss:				
Gain / (loss) arising on remeasurement of investments at fair value through other comprehensive income - net of tax	229,830	(113,757)	258,217	(64,896)
Items that may be reclassified subsequently to profit or loss	-	-	-	-
Other comprehensive income / (loss) for the period - net of tax	229,830	(113,757)	258,217	(64,896)
Total comprehensive income / (loss) for the period	841,570	(218,922)	626,242	(285,040)

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Changes in Equity (Un-Audited) For the half year ended 31 December 2023

	Reserves								Total Equity
	Capital Reserves				Revenue Reserves			Total	
	Share premium reserve	Fair value reserve on FVTOCI investments	Sub total	General Reserve	Unappropriated profit	Sub total			
------(Rupees in thousand)-----									
Balance as at 30 June 2022 - (audited)	443,722	29,000	(184,731)	(155,731)	3,714,000	7,458,442	11,172,442	11,016,711	11,460,433
Transactions with owners:									
Final dividend for the year ended 30 June 2022 @ Rupees 4.00 per share	-	-	-	-	-	(177,489)	(177,489)	(177,489)	(177,489)
Loss for the year	-	-	-	-	-	(105,165)	(105,165)	(105,165)	(105,165)
Other comprehensive loss for the period	-	-	(113,757)	(113,757)	-	-	-	(113,757)	(113,757)
Total comprehensive loss for the period	-	-	(113,757)	(113,757)	-	(105,165)	(105,165)	(218,922)	(218,922)
Balance as at 31 December 2022 - (un-audited)	443,722	29,000	(298,488)	(269,488)	3,714,000	7,175,788	10,889,788	10,620,300	11,064,022
Transfer of gain on disposal of FVTOCI investment to retained earnings	-	-	(169)	(169)	-	169	169	-	-
Loss for the period	-	-	-	-	-	(307,113)	(307,113)	(307,113)	(307,113)
Other comprehensive income for the period	-	-	40,505	40,505	-	-	-	40,505	40,505
Total comprehensive loss for the period	-	-	40,505	40,505	-	(307,113)	(307,113)	(266,608)	(266,608)
Balance as at 30 June 2023 - (audited)	443,722	29,000	(258,152)	(229,152)	3,714,000	6,868,844	10,582,844	10,353,692	10,797,414
Transactions with owners:									
Bonus shares issued for the year ended 30 June 2023 @ 10 %	44,373	-	-	-	-	(44,373)	(44,373)	(44,373)	-
Final dividend for the year ended 30 June 2023 @ Rupees 1.00 per share	-	-	-	-	-	(44,373)	(44,373)	(44,373)	(44,373)
Transfer of gain on disposal of FVTOCI investment to retained earnings	-	-	(7,682)	(7,682)	-	7,682	7,682	-	-
Profit for the period	-	-	-	-	-	611,740	611,740	611,740	611,740
Other comprehensive income for the period	-	-	229,830	229,830	-	-	-	229,830	229,830
Total comprehensive income for the period	-	-	229,830	229,830	-	611,740	611,740	841,570	841,570
Balance as at 31 December 2023 - (un-audited)	488,095	29,000	(36,004)	(7,004)	3,714,000	7,399,520	11,113,520	11,106,516	11,594,611

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Condensed Interim Statement of Cash Flows (Un-Audited) For the half year ended 31 December 2023

	Note	31 December 2023	31 December 2022
		(Rupees in thousand)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	12	1,621,149	863,659
Finance cost paid		(226,609)	(123,123)
Workers' profit participation fund paid		-	(199,731)
Workers' welfare fund paid		-	(11,524)
Income tax paid		(168,922)	(180,506)
Profit on bank deposits received		41,149	22,728
(Increase) / decrease in long term deposits		(12,990)	992
Net cash generated from operating activities		1,253,777	372,495
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		(14,861)	(1,886,015)
Proceeds from disposal of property, plant and equipment		6,420	7,880
Investments made		(1,530,262)	(2,702,589)
Proceeds from sale of investments		651,509	2,914,847
Dividends received		81,545	180,678
Net cash used in investing activities		(805,649)	(1,485,199)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing obtained		-	899,013
Repayment of long term financing		(285,048)	(183,667)
Repayment of lease liability		(358)	(304)
Short term borrowings - net		(27,663)	267,431
Dividend paid		(44,373)	(177,411)
Net cash (used in) / from financing activities		(357,442)	805,062
Net increase / (decrease) in cash and cash equivalents		90,686	(307,642)
Cash and cash equivalents at the beginning of the period		142,567	420,735
Cash and cash equivalents at the end of the period		233,253	113,093

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

1. THE COMPANY AND ITS ACTIVITIES

1.1 Suraj Cotton Mills Limited is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. Its registered office is situated at 7-B-III, Aziz Avenue, Gulberg-V, Lahore. The Company is engaged in manufacturing, sale and trading of yarn, cloth and processing of cloth.

2. BASIS OF PREPARATION

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

- International Accounting Standard (IAS) 34, Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.
- Where the provisions of and directives issued under the Companies Act, 2017 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 These condensed interim financial statements do not include all the information and disclosures required in annual financial statements and should be read in conjunction with the annual audited financial statements of the Company for the year ended 30 June 2023. These condensed interim financial statements are un-audited, however, have been subjected to limited scope review by the auditors and are being submitted to the shareholders as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019 and Section 237 of the Companies Act, 2017.

3. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information and methods of computations adopted for the preparation of these condensed interim financial statements are the same as applied in the preparation of the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

3.1 Critical Accounting Estimates and Judgements

The preparation of these condensed interim financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

During preparation of these condensed interim financial statements, the significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied in the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For the half year ended 31 December 2023

	Un-Audited 31 December 2023	Audited 30 June 2023
	(Rupees in thousand)	
4. RESERVES		
Capital reserves:		
Share premium reserve	29,000	29,000
Fair value reserve on FVTOCI investments - net of deferred income tax	(36,004)	(258,152)
	(7,004)	(229,152)
Revenue reserves:		
General reserve	3,714,000	3,714,000
Unappropriated profit	7,399,520	6,868,844
	11,113,520	10,582,844
	11,106,516	10,353,692
5. LONG TERM FINANCING - secured		
From banking companies		
Opening balance	4,053,946	3,849,419
Add: Obtained during the period / year	-	899,014
Less: Repaid during the period / year	(285,048)	(380,228)
Add / (less): Deferred income - Government grant	88,104	(314,259)
	3,857,002	4,053,946
Less: Deferred Income Government Grant	(542,575)	(508,646)
	3,314,427	3,545,300
6. CONTINGENCIES AND COMMITMENTS		
6.1 Contingencies		
i) There is no significant change in the status of contingencies as disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2023 except as follows:		
ii) Guarantees of Rupees 493.978 million (30 June 2023: Rupees 463.976 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited against gas connections, Director Excise and Taxation, Karachi against infrastructure cess and others.		
6.2 Commitments		
i) Contracts for capital expenditure are approximately of Rupees 84.175 million (30 June 2023: Rupees 753.725 million).		
ii) Letters of credit other than for capital expenditure are of Rupees Nil (30 June 2023: Rupees 1,383.491 million).		

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

	Note	Un-Audited 31 December 2023 (Rupees in thousand)	Audited June 30, 2023
7. PROPERTY, PLANT AND EQUIPMENT			
Operating fixed assets - tangible	7.1	8,692,683	7,051,705
Capital work-in-progress	7.2	37,232	2,066,756
		8,729,915	9,118,461
7.1 Operating fixed assets			
Opening book value		7,051,705	7,735,315
Add: Cost of additions during the period / year	7.1.1	2,044,385	14,328
		9,096,090	7,749,643
Less: Book value of deletions during the period / year	7.1.2	(2,626)	(31,120)
Less: Depreciation charged during the period / year		(400,781)	(666,818)
		8,692,683	7,051,705
7.1.1 Cost of additions			
Buildings on freehold land		101,938	-
Plant and machinery		1,805,388	-
Electric installations		111,128	-
Vehicles		25,931	14,328
		2,044,385	14,328
7.1.2 Book value of deletions			
Plant and machinery		1,410	28,304
Vehicles		1,216	2,816
		2,626	31,120
7.2 Capital Work in Progress			
Buildings on freehold land		37,232	190,251
Plant and machinery		-	1,806,394
Electric installations		-	70,111
		37,232	2,066,756
8. SHORT TERM INVESTMENTS			
At fair value through profit or loss:			
Equity investments		287,361	211,928
Mutual funds		1,314,025	389,583
		1,601,386	601,511

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

9. REVENUE FROM CONTRACTS WITH CUSTOMERS

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

	Spinning						Weaving						Total - Company	
	Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended		Quarter ended		Half year ended	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
(RUPEES IN THOUSAND)														
Primary geographical markets														
Pakistan	8,238,635	4,314,900	3,909,092	1,461,609	3,775,965	4,019,443	1,808,558	15,353,915	8,090,865	7,928,535	3,270,167	-	-	-
China	-	-	-	-	34,102	-	-	34,102	-	-	-	-	-	-
Hong Kong	-	-	-	-	32,003	-	31,633	-	32,003	-	-	-	-	31,633
Italy	-	-	-	-	28,499	-	-	28,118	28,499	-	-	-	-	-
Portugal	-	-	-	-	214,511	109,045	143	214,511	83,996	109,045	143	-	-	-
Bangladesh	-	-	-	-	158,662	-	65,727	-	158,662	-	-	-	-	65,727
Turkey	-	-	-	-	32,711	-	-	32,711	-	-	-	-	-	-
Romania	-	-	-	-	-	-	-	15,452	-	-	-	-	-	-
Germany	-	-	-	-	-	-	-	32,483	-	-	-	-	-	-
Sri Lanka	-	4,022	-	-	-	-	-	-	-	-	-	4,022	-	3,219
	8,286,570	4,318,922	3,909,092	1,464,828	7,424,722	4,079,125	4,128,488	15,711,292	8,398,047	8,037,580	3,370,889	-	-	-
Major products lines														
Yarn	8,286,570	4,318,922	3,909,092	1,464,828	-	-	-	8,286,570	4,318,922	3,909,092	1,464,828	-	-	-
Greige fabric	-	-	-	-	7,424,722	4,079,125	4,128,488	7,424,722	4,079,125	4,128,488	1,906,061	-	-	-
	8,286,570	4,318,922	3,909,092	1,464,828	7,424,722	4,079,125	4,128,488	15,711,292	8,398,047	8,037,580	3,370,889	-	-	-
Timing of revenue recognition														
Products transferred at a point in time	8,286,570	4,318,922	3,909,092	1,464,828	7,424,722	4,079,125	4,128,488	15,711,292	8,398,047	8,037,580	3,370,889	-	-	-
Products transferred over time	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	8,286,570	4,318,922	3,909,092	1,464,828	7,424,722	4,079,125	4,128,488	15,711,292	8,398,047	8,037,580	3,370,889	-	-	-
External revenue as reported														
	8,286,570	4,318,922	3,909,092	1,464,828	7,424,722	4,079,125	4,128,488	15,711,292	8,398,047	8,037,580	3,370,889	-	-	-

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

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

	Un-Audited			
	Half year ended 31 December 2023	Half year ended 31 December 2022	Quarter ended 31 December 2023	Quarter ended 31 December 2022
	----- (Rupees in Thousand) -----			
10. COST OF SALES				
Raw materials consumed	10,275,366	6,667,210	5,319,163	2,870,420
Sizing expenses	70,716	60,574	36,510	30,780
Stores, spare parts and loose tools consumed	160,252	117,496	74,178	48,879
Packing materials consumed	111,590	62,465	58,245	25,624
Salaries, wages and other benefits	802,682	552,966	419,168	246,635
Fuel and power	1,953,448	801,720	1,047,875	324,274
Repair and maintenance	97,276	38,805	49,520	26,594
Insurance	25,628	20,718	12,688	10,297
Other factory overheads	20,725	16,350	10,692	7,942
Depreciation	385,492	317,844	191,857	158,922
	13,903,175	8,656,148	7,219,896	3,750,367
Work-in-process:				
Opening stock	346,703	350,705	432,614	254,697
Closing stock	(389,946)	(192,453)	(389,946)	(192,453)
	(43,243)	158,252	42,668	62,244
Cost of goods manufactured	13,859,932	8,814,400	7,262,564	3,812,611
Finished goods:				
Opening stock	2,624,521	3,684,611	2,146,336	3,993,233
Closing stock	(2,107,258)	(4,349,614)	(2,107,258)	(4,349,614)
	517,263	(665,003)	39,078	(356,381)
	14,377,195	8,149,397	7,301,642	3,456,230

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
 For the half year ended 31 December 2023

		Un-Audited Half year ended	
		31 December 2023	31 December 2022
11.	EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED		
	There is no dilutive effect on the basic earnings / (loss) per share which is based on:		
	Profit / (loss) attributable to ordinary shareholders (Rupees in thousand)	611,740	(105,165)
			(Restated)
	Weighted average number of ordinary shares (Numbers)	48,809,515	48,809,515
			(Restated)
	Earnings / (loss) per share - Basic and diluted (Rupees)	12.53	(2.15)

		Un-Audited Half year ended	
		31 December 2023	31 December 2022
		(Rupees in thousand)	
	Note		
12.	CASH GENERATED FROM OPERATIONS		
	Profit before taxation	954,718	38,984
	Adjustments for non-cash charges and other items:		
	Depreciation on property, plant and equipment	400,782	333,594
	Depreciation on right-of-use asset	233	233
	Gain on sale on investments at fair value through profit or loss	(22,822)	(29,742)
	Exchange (gain) / loss - net	(3,173)	18,937
	Allowance for expected credit loss	3,501	-
	Dividend income	(81,545)	(180,678)
	Gain on disposal of property, plant and equipment	(3,794)	(5,768)
	Provision for slow moving, obsolete and damaged store items	1,488	-
	Provision for workers' profit participation fund	51,274	2,094
	Provision for workers' welfare fund	19,484	796
	Finance cost	232,136	137,824
	Unrealized gain / (loss) on re-measurement of investments at fair value through profit or loss	(95,321)	42,736
	Profit on bank deposits	(41,149)	(22,728)
	Working capital changes 12.1	205,337	527,377
		1,621,149	863,659

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

	Note	Un-Audited	
		Half year ended	
		31 December 2023	31 December 2022
(Rupees in thousand)			
12.1 Working capital changes			
(Increase) / decrease in current assets:			
Stores, spare parts and loose tools		66,305	(60,942)
Stock-in-trade		(268,988)	(550,605)
Trade debts		(465,536)	1,263,833
Loans and advances		(49,570)	(6,392)
Trade deposits and short term prepayments		(80,170)	(72,607)
Other receivables		294,478	(234,551)
		(503,481)	338,736
Increase in trade and other payables		708,818	188,641
		205,337	527,377

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For the half year ended 31 December 2023

13 OPERATING SEGMENT INFORMATION

13.1 The Company has two reportable segments. The following summary describes the operation in each of the Company's reportable segments:

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

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

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

	(UN-AUDITED)									
	Spinning		Weaving		Un-Audited		Elimination of Inter-segment transactions		Total-Company	
	Half year ended 31 Dec, 2023	Half year ended 31 Dec, 2022	Half year ended 31 Dec, 2023	Half year ended 31 Dec, 2022	Half year ended 31 Dec, 2023	Half year ended 31 Dec, 2022	Half year ended 31 Dec, 2023	Half year ended 31 Dec, 2022	Half year ended 31 Dec, 2023	Half year ended 31 Dec, 2022
	----- (Rupees in thousand) -----									
Revenue from contracts with customers	8,286,570	4,318,922	7,424,722	4,079,125	-	-	-	-	15,711,292	8,398,047
External Inter-segment	3,720,808	1,436,758	-	-	(3,720,808)	(1,436,758)	-	-	-	-
	12,007,378	5,755,680	7,424,722	4,079,125	(3,720,808)	(1,436,758)	-	-	15,711,292	8,398,047
Cost of sales	(7,341,346)	(4,052,590)	(7,035,849)	(4,096,807)	-	-	-	-	(14,377,195)	(8,149,397)
External Inter-segment	(11,062,154)	(5,489,348)	(7,035,849)	(4,096,807)	3,720,808	1,436,758	-	-	(14,377,195)	(8,149,397)
	945,224	266,332	388,873	(17,682)	-	-	-	-	1,334,097	248,650
Gross profit / (loss)	(75,021)	(50,441)	(77,655)	(53,840)	-	-	-	-	(152,676)	(104,281)
Distribution cost	(112,330)	(89,398)	(46,686)	(42,557)	-	-	-	-	(159,016)	(141,955)
Administrative expenses	(187,351)	(149,839)	(124,341)	(96,397)	-	-	-	-	(311,692)	(246,236)
Profit / (loss) before taxation and unallocated expenses	757,873	116,493	264,532	(114,079)	-	-	-	-	1,022,406	2,414
Unallocated income and expenses:										
Other expenses									(82,799)	(69,022)
Other income									247,248	243,416
Finance cost									(232,136)	(137,824)
Taxation									(342,978)	(144,149)
Profit / (loss) after taxation									611,740	(105,165)

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

13.3 Reconciliation of Reportable Segment Assets and Liabilities

	Spinning		Weaving		Total-Company	
	Un-Audited 31 Dec, 2023	Audited 30 June, 2023	Un-Audited 31 Dec, 2023	Audited 30 June, 2023	Un-Audited 31 Dec, 2023	Audited 30 June, 2023
Total assets for reportable segment	15,314,829	14,819,798	4,351,559	4,630,028	19,666,388	19,449,826
Unallocated assets:						
Investment properties			477,690		477,690	477,690
Long term investments			910,348		910,348	625,563
Short term investments			1,601,386		1,601,386	601,511
Non-current assets classified as held for sale			22,465		22,465	22,465
Total assets as per condensed interim statement of financial position			22,678,277		22,678,277	21,177,055
Total liabilities for reportable segments	7,264,998	5,632,724	2,507,528	3,579,078	9,772,526	9,211,802
Unallocated liabilities:						
Deferred liabilities					990,132	918,687
Provision for taxation - net					313,695	241,839
Unclaimed dividend					7,313	7,313
Total liabilities as per condensed interim statement of financial position			11,083,666		11,083,666	10,379,641

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

14. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Judgements and estimates are made in determining the fair values of the financial instruments that are recognised and measured at fair value in these condensed interim financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the following three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements at 31 December 2023 - Un-audited	Level 1	Level 2	Level 3	Total
(Rupees in Thousand)				
Financial assets				
Fair value through other comprehensive income	904,018	-	-	904,018
Fair value through profit or loss	1,601,386	-	-	1,601,386
	2,505,404	-	-	2,505,404
Recurring fair value measurements at 30 June 2023 - Audited	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 other comprehensive income	601,511	-	-	601,511
	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.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

There were no transfers between levels 1 and 2 for recurring fair value measurements during the half year ended 31 December 2023. Further there was no transfer in and out of level 3 measurements.

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

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

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

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

(ii) Valuation techniques used to determine level 1 fair values

Specific valuation technique used to value financial instruments was use of quoted market prices on dealer quotes for similar investments.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

15. TRANSACTIONS WITH RELATED PARTIES

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

		Un-audited			
		Half year ended		Quarter ended	
		31 December 2023	31 December 2022	31 December 2023	31 December 2022
		(Rupees in thousand)		(Rupees in thousand)	
i)	Transactions				
	Associated companies				
	Purchase of electricity	-	5,764	-	-
	Sale of goods	66,168	122,328	20,392	57,399
	Purchase of goods	97,133	121,823	55,684	37,715
	Insurance expense	65,351	61,833	4,681	6,260
	Dividend paid	21,089	84,357	21,089	84,357
	Key management personnel				
	Remuneration paid to Chief Executive Officer, Director	32,415	29,440	16,198	14,719
	Dividend paid	8,421	51,933	8,421	51,933
	Other related parties				
	Company's contribution to provident fund trust	19,462	16,289	11,665	8,810
	Associated companies				
	Bonus shares issued	2,108,914	-	2,108,914	-
	Key management personnel				
	Bonus shares issued	842,192	-	842,192	-

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

ii) Period end balances

	As At 31 December 2023 (Un-Audited)		
	Associated Companies	Other Related Parties	Total
	(Rupees in Thousand)		
Trade debts	27,255	-	27,255
Trade and other payables	12,366	-	12,366
Other receivables	18,832	-	18,832
Loans and advances	68,443	-	68,443
	As At 30 June 2023 (Audited)		
	Associated Companies	Other Related Parties	Total
	(Rupees in Thousand)		
Trade debts	375	-	375
Trade and other payables	58,333	-	58,333
Other receivables	24,504	-	24,504
Loans and advances	68,342	-	68,342

16. FINANCIAL RISK MANAGEMENT

The Company's financial risk management objectives and policies are consistent with those disclosed in the preceding audited annual published financial statements of the Company for the year ended 30 June 2023.

Selected Notes to the Condensed Interim Financial Statements (Un-Audited)
For the half year ended 31 December 2023

	Un-Audited 31 December 2023 (Rupees in thousand)	Audited 30 June 2023
17. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX		
Loan / advances obtained as per Islamic mode:		
Loans	120,310	209,363
Advances	72,740	73,938
Shariah compliant bank deposits / bank balances		
Bank balances	675	16,383
	Un-Audited	
	Half year ended	
	31 December 2023	31 December 2022
	(Rupees in thousand)	
PROFIT EARNED FROM SHARIAH COMPLIANT BANK DEPOSITS / BANK BALANCES		
Profit on deposits with banks	22,980	5,479
Revenue earned from shariah compliant business	15,711,292	8,398,047
Gain / (loss) or dividend earned from shariah compliant investments		
Dividend income	36,369	24,241
Unrealized gain / (loss) on re-measurement of invest- ments at FVTOCI	202,746	(90,454)
Unrealized gain / (loss) on re-measurement of invest- ments at FVTPL	8,493	(37,572)
Realized gain on investments at FVTPL	12,053	-
Realized gain on investments at FVTOCI	7,682	-
Exchange gain / (loss)	3,173	(18,937)
Mark-up paid on Islamic mode of financing	34,948	2,745
Profits Earned or Interest Paid on any conventional Loans / Advance		
Interest paid on loans	180,668	111,423
Profit earned on deposits with banks	18,169	17,249

Selected Notes to the Condensed Interim Financial Statements (Un-Audited) For the half year ended 31 December 2023

Relationship with shariah compliant banks

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

18. DATE OF AUTHORIZATION

These condensed interim financial statements were approved by the Board of Directors and authorized for issue on 26th February 2023.

19. CORRESPONDING FIGURES

In order to comply with the requirements of International Accounting Standard (IAS) 34 "Interim Financial Reporting", the condensed interim statement of financial position and condensed interim statement of changes in equity have been compared with the balances of annual audited financial statements of preceding financial year, whereas, the condensed interim statement of profit or loss, condensed interim statement of comprehensive income and condensed interim statement of cash flows have been compared with the balances of comparable period of immediately preceding financial year.

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

20. GENERAL

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



CHIEF EXECUTIVE OFFICER



DIRECTOR



CHIEF FINANCIAL OFFICER

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