



**Crescent  
Fibres**



**Quarterly Report  
March 31, 2021**

## COMPANY INFORMATION

<b>Board of Directors</b>	Nadeem Maqbool	(Chairman, Non-Executive Director)
	Imran Maqbool	(Chief Executive, Executive Director)
	Humayun Maqbool	(Executive Director)
	Naila Humayun Maqbool	(Non-Executive Director)
	Mansoor Riaz	(Non-Executive Director)
	Jahanzeb Saeed Khan	(Independent, Non-Executive Director)
	S.M. Ali Asif	(Independent, Non-Executive Director)

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**Chief Financial Officer** Kamran Rasheed

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**Company Secretary** Javaid Hussain

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**Audit Committee**

Jahanzeb Saeed Khan	(Chairman)
Nadeem Maqbool	(Member)
Naila Humayun Maqbool	(Member)

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**Human Resources & Remuneration Committee**

S.M. Ali Asif	(Chairman)
Nadeem Maqbool	(Member)
Naila Humayun Maqbool	(Member)

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**Auditors** BDO Ebrahim & Company  
Chartered Accountants

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**Legal Advisor** Mohsin Tayebally & Sons

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**Share Registrar** Corplink (Pvt) Limited  
Wings Arcade, 1-K, Commercial,  
Model Town, Lahore.

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**Registered Office** 104 Shadman 1, Lahore - 54000  
Tel : (042) 35960871-4 Lines  
Fax : (042) 35960004

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**E-mail:** lo@crescentfibres.com

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**Website:** www.crescentfibres.com

## MANAGEMENT REVIEW

The Company made a profit of Rs. 138.19 million in the third quarter of the fiscal year, which when combined with a profit of Rs. 163.42 million in the first half, resulted in a net profit of Rs. 301.61 million for the nine months ended March 31, 2021. The earnings per share for the period under review was Rs. 24.29 as compared Rs. 7.00 for the period ended March 31, 2020.

Sales for the period under review were 5.3% higher than the corresponding period, due to improvement in end-product prices. In the period under review, the gross margin increased to 12.7% as compared to 8.7% in the corresponding period. Owing to cost controls, selling, administrative and other costs remained more or less unchanged as a percentage of sales. The operating margin for the period under review was 10.3% as compared 5.9% for the period ended March 31, 2020. Financial charges at Rs. 93.83 million were 2.1% of sales as compared to 2.4% in the corresponding period. This is attributable to lower short-term borrowing due to improved cash flows and the decrease in interest rates due to loosening of monetary policy by the State Bank. Overall, the net margin was 6.8% as compared 2.1% in the previous period.

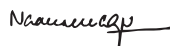
Despite the pandemic, the textile industry in Pakistan has enjoyed good demand for its products which had led to increased exports and supported yarn prices. However, the Pakistani textile industry faces several other challenges. These include continued shortfalls in cotton production, with this year's crop coming in at under 6 million bales, high cost of doing business, and high local taxes and surcharges. Recently, the Government has announced support to the textile industry in the form of competitively priced energy and this will make the textile industry more competitive if maintained. However, the Government must take immediate steps to improve cotton yields and production and also release long delayed income tax, sales tax and other rebates to improve liquidity to enable the industry to modernize and compete on the global stage.

The Management will continue to strive to maintain profitability through improved efficiency and productivity and sound, low risk decision-making.

The Management wishes to place on record its appreciation for the hard work and devotion of its workers and the invaluable advice and support of the Company's Directors, shareholders and bankers.



**IMRAN MAQBOOL**  
Chief Executive



**NADEEM MAQBOOL**  
Director

April 29, 2021

## کمپنی نظماًء (ڈائریکٹران) کی رپورٹ:

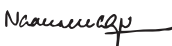
کمپنی کو مالی سال کی تیسری سہ ماہی میں 138.19 ملین روپے کا منافع ہوا جو کہ پہلی ششماہی کے منافع 163.42 ملین روپے کے ساتھ شامل کرنے کے نتیجے میں 31 مارچ 2021 کو 9 ماہ کے لئے 301.61 ملین روپے کا منافع ہوا۔ 31 مارچ 2020ء کی مدت کے لئے 7.00 روپے منافع کے مقابلے میں زیر جائزہ مدت کے لئے فی حصہ آمدنی 24.29 روپے تھی۔


زیر جائزہ مدت کے لئے مالیت فروخت اسی عرصے سے 5.3 فیصد زیادہ تھی، جو کہ اختتامی مصنوعات کی قیمتوں میں بہتری کی وجہ سے ہوئی۔ زیر جائزہ مدت میں، مجموعی منافع اسی مدت میں 8.7 فیصد کے مقابلے میں بڑھ کر 12.7 فیصد ہو گیا۔ لاگت کی کنٹرولز، فروخت، انتظامی اور دیگر اخراجات کے سبب فروخت کی فیصد کے حساب سے کم و بیش کوئی تبدیلی نہیں ہوئی۔ زیر جائزہ مدت کے لئے آپریٹنگ منافع 10.3 فیصد تھا جو کہ 31 مارچ 2020ء کو ختم ہونے والی مدت میں 5.9 فیصد تھا۔ مالیاتی اخراجات 93.83 ملین روپے تھے جو اسی عرصے میں 2.4 فیصد کے مقابلے میں فروخت 2.1 فیصد رہے۔ اس کی وجہ قلیل مدتی قرضہ لینے سے نقد بہاؤ میں بہتری اور سیٹ بنک کی طرف سے مالیاتی پالیسی میں نرمی شامل ہے۔ مجموعی طور پر، پچھلے عرصے میں خالص منافع 2.1 فیصد کے مقابلے میں 6.8 فیصد تھا۔

وبائی امراض کے باوجود، پاکستان میں ٹیکسٹائل کی صنعت کو اپنی مصنوعات کی اچھی مانگ حاصل ہے جس کی وجہ سے برآمدات میں اضافہ ہوا اور دھماگے کی قیمتوں میں مدد ملی۔ اس کے علاوہ پاکستانی ٹیکسٹائل صنعت کو کئی دیگر چیلنج درپیش ہیں جس میں کمپاس کی پیداوار میں انہوں نے ناک حرکت کی، اس سال کی فصل 6 ملین گانٹھوں سے بھی کم رہی، کاروباری معاملات کے اخراجات میں اضافے کا رجحان اور غیر مناسب ٹیکسوں اور سرچارج کا بوجھ۔ اس پرستم یہ کہ حکومت ٹیکسٹائل سے مقابلہ کرنے والی صنعتوں کو رعایت اور ایکسپورٹ سہولیات فراہم کر رہی ہے۔ حال ہی میں حکومت نے ٹیکسٹائل انڈسٹری کو رعایتی قیمت پر توانائی کی فراہمی کا اعلان کیا ہے اور حقیقت میں یہ فیصلہ روپے کی شرح تبادلہ میں تبدیلی کی وجہ سے تاکہ ٹیکسٹائل انڈسٹری زیادہ مقابلہ کر سکے۔ تاہم حکومت کمپاس کی پیداوار کے ساتھ کو الٹی کو بہتر بنانے کے فوری اقدامات لازمی کرے اور عالمی سطح پر جدید مقابلہ کرنے اور صنعت کو چالو رکھنے کیلئے آکر ٹیکس اور سیٹ ٹیکس ریفینڈ میں طویل تاخیر ختم کرے اور دیگر رعایت کو بھی جاری رکھے۔

کمپنی انتظامیہ بہتر کارکردگی اور پیداوار کی بہتر کوالٹی اور لاگت میں کمی کے ذریعے منافع حاصل کرنے کی کوشش جاری رکھے گی۔

کمپنی کی انتظامیہ عملے کی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کمپنی ڈائریکٹرز، مینجمنٹ اور حصہ داران کا بھی مسلسل حمایت پر شکریہ ادا کرتی ہے۔

  
ندیم مقبول  
ڈائریکٹر

  
عمران مقبول  
چیف ایگزیکٹو  
تاریخ: 29 اپریل 2021ء

# CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	5	1,357,005,776	1,420,943,172
Capital work-in-progress		2,500,000	-
Investment property		1,736,101,561	1,736,101,561
Investment in equity accounted associate		232,313	254,212
Long term deposits		17,754,878	22,558,778
		<u>3,113,594,528</u>	<u>3,179,857,723</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	6	79,267,622	70,195,760
Stock in trade	7	814,138,294	780,383,651
Trade debts		1,316,854,915	1,312,377,711
Loans and advances		189,939,292	12,458,369
Trade deposits and short term prepayments		15,802,091	11,075,021
Other receivables		1,983,907	1,695,658
Short term investments	8	89,295,643	121,383,524
Tax refunds due from Government	9	11,451,959	11,451,959
Taxation - net		47,527,791	1,281,022
Cash and bank balances	10	173,923,058	152,371,268
		<u>2,740,184,572</u>	<u>2,474,673,943</u>
<b>TOTAL ASSETS</b>		<u><b>5,853,779,100</b></u>	<u><b>5,654,531,666</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorized share capital			
15,000,000 (June 30, 2020: 15,000,000) ordinary shares of Rs. 10/- each		<u>150,000,000</u>	<u>150,000,000</u>
Issued, subscribed and paid-up capital			
12,417,876 (June 30, 2020: 12,417,876) ordinary shares of Rs. 10/- each		124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment		1,993,825,768	1,993,825,768
Unrealised gain on investments at fair value through other comprehensive income		<u>57,215,379</u>	<u>53,077,963</u>
		2,051,041,147	2,046,903,731
Revenue reserves			
Unappropriated profit		<u>1,392,554,447</u>	<u>1,090,948,939</u>
		<u>3,567,774,354</u>	<u>3,262,031,430</u>
<b>NON CURRENT LIABILITIES</b>			
Long term financing	11	212,624,922	223,368,882
Lease liabilities	12	34,648,751	51,116,866
Deferred taxation		134,128,881	73,655,937
Deferred capital grant	13	10,698,629	-
GIDC payable	14	124,523,544	-
		<u>516,624,727</u>	<u>348,141,685</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	15	871,136,104	1,185,456,175
Unclaimed dividend		2,423,134	2,423,578
Mark-up accrued		18,399,058	32,886,010
Short term borrowings	16	673,751,797	769,463,132
Current portion of long term liabilities		201,118,375	54,129,656
Current portion of deferred capital grant	13	2,551,550	-
		<u>1,769,380,018</u>	<u>2,044,358,551</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><b>5,853,779,100</b></u>	<u><b>5,654,531,666</b></u>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	17		

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

*Imran Maqbool*

**IMRAN MAQBOOL**  
Chief Executive

*Naadeem Maqbool*

**NADEEM MAQBOOL**  
Director

*Kamran Rasheed*

**KAMRAN RASHEED**  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT OR LOSS**  
**FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)**

Note	nine months ended		Quarter ended	
	March 31,	March 31,	March 31,	March 31,
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
Sales - net	4,441,027,496	4,218,832,263	1,579,811,401	1,291,826,277
Cost of sales	18 (3,876,920,719)	(3,852,827,728)	(1,326,277,763)	(1,204,287,629)
Gross profit	564,106,777	366,004,535	253,533,638	87,538,648
General and administrative expenses	(102,724,875)	(103,013,256)	(32,274,723)	(34,977,949)
Distribution cost	(15,704,771)	(14,248,491)	(5,450,792)	(4,658,869)
Other operating income	51,059,926	31,999,264	8,352,297	9,413,526
Other operating expenses	(40,828,383)	(30,153,877)	(15,089,185)	(1,613,518)
	(108,198,103)	(115,416,360)	(44,462,403)	(31,836,810)
Operating profit	455,908,674	250,588,175	209,071,235	55,701,838
Financial charges	(93,808,323)	(103,292,680)	(36,884,106)	(36,217,011)
Share of loss from associate	(21,900)	(195,300)	(6,600)	(30,066)
	(93,830,223)	(103,487,980)	(36,890,706)	(36,247,077)
Profit before taxation	362,078,451	147,100,195	172,180,529	19,454,761
Taxation	19 (60,472,943)	(60,158,883)	(33,990,745)	(19,965,540)
Profit for the period	301,605,508	86,941,312	138,189,784	(510,779)
Earnings per share - basic and diluted	20 24.29	7.00	11.13	(0.05)

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

*Imran Maqbool*

**IMRAN MAQBOOL**  
Chief Executive

*Naadeem Maqbool*

**NADEEM MAQBOOL**  
Director

*Kamran Rasheed*

**KAMRAN RASHEED**  
Chief Financial Officer

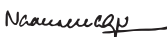
**CONDENSED INTERIM STATEMENT CASH FLOWS  
FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)**

	Note	March 31, 2021 Rupees	March 31, 2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	21	114,658,426	49,359,162
Financial charges paid		(108,295,276)	(92,926,872)
Taxes paid		(42,250,095)	(47,972,892)
Net cash generated from operating activities		(35,886,945)	(91,540,602)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(18,403,800)	(55,151,468)
Proceeds from disposal of operating fixed assets		57,085	63,500
Short term investments		36,339,037	-
Long term deposits		4,803,900	(6,567,400)
Net cash generated from / (used in) investing activities		22,796,222	(61,655,368)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of long term financing		(10,417,352)	(66,260,348)
Proceeds from long term financing		156,919,279	-
Principal paid on lease liabilities		(16,147,634)	(7,050,470)
Dividend paid		(444)	(85,780)
Short term borrowings - net		(95,711,335)	165,310,459
Net cash used in financing activities		34,642,514	91,913,861
Net increase in cash and cash equivalents		21,551,790	(61,282,109)
Cash and cash equivalents at the beginning of the period		152,371,268	132,762,450
Cash and cash equivalents at the end of the period		173,923,058	71,480,341

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

  
IMRAN MAQBOOL

Chief Executive

  
NADEEM MAQBOOL

Director

  
KAMRAN RASHEED

Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED) FOR THE PERIOD ENDED MARCH 31, 2021


	Capital Reserves		Revenue Reserves	Total	
	Issued, subscribed and paid-up capital	Unrealised gain on investments at fair value through other comprehensive income	Surplus on revaluation of property, plant and equipment Unappropriated profit		
Balance as at July 1, 2019	124,178,760	50,296,215	1,993,825,768	982,179,728	3,150,480,471
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	86,941,312	86,941,312
Other comprehensive income					
Unrealised loss on revaluation of investments classified as 'fair value through other comprehensive income'	-	(11,475,468)	-	-	(11,475,468)
	-	(11,475,468)	-	86,941,312	75,465,844
Balance as at March 31, 2020	124,178,760	38,820,747	1,993,825,768	1,069,121,040	3,225,946,315
Balance as at July 1, 2020	124,178,760	53,077,963	1,993,825,768	1,090,948,939	3,262,031,430
<b>Total comprehensive income for the period</b>					
Profit for the period	-	-	-	301,605,508	301,605,508
other comprehensive income					
Unrealised gain on revaluation of investments classified as 'fair value through other comprehensive income'	-	4,137,416	-	-	4,137,416
	-	4,137,416	-	301,605,508	305,742,924
Balance as at March 31, 2021	124,178,760	57,215,379	1,993,825,768	1,392,554,447	3,567,774,354


The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

# CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	Rupees	Rupees	Rupees	Rupees
Profit for the period	301,605,508	86,941,312	138,189,784	(510,779)
Other comprehensive income				
Items that will not be reclassified to statement of profit or loss subsequently				
Unrealised gain / (loss) on revaluation of investments classified as 'fair value through other comprehensive income'	4,137,416	(11,475,468)	18,105,713	(105,683)
<b>Total comprehensive income for the period</b>	<b>305,742,924</b>	<b>75,465,844</b>	<b>156,295,497</b>	<b>(616,462)</b>

The annexed notes from 1 to 28 form an integral part of these condensed interim financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer



Quarterly Report



## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

### 1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company. The Company's shares are listed on the Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of yarn. The registered office of the Company is situated at 104 Shadman 1, Lahore. The Company's manufacturing facilities are located at Plot No. B/123, Road No. D-7, Industrial Area, Nooriabad, District Dadu, in the Province of Sindh and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhupura in the Province of Punjab.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These condensed interim financial statements are unaudited but subject to the limited scope review by auditors and is being submitted to the shareholders as required under section 237 of the Companies Act, 2017.

These condensed interim financial statements of the Company for the nine months ended March 31, 2021 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 Standard Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by The Institute of Chartered Accountants of Pakistan.

Where the provisions of and directives issued under the Companies Act, 2017 and IFAS-2 differ with the requirements of IAS 34, the provisions of and directives issued under the Companies Act, 2017 and IFAS-2 have been followed.

- 2.2 These condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the annual audited financial statements of the Company as at and for the year ended June 30, 2020, which have been prepared in accordance with accounting and reporting standards as applicable in Pakistan. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Company's financial position and performance since the last annual financial statements.

The comparative statement of financial position presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Company for the year ended June 30, 2020, whereas the comparative condensed interim statement of profit or loss, condensed interim statement of comprehensive income, condensed interim statement of cash flows and condensed interim statement of changes in equity are extracted from the un-audited condensed interim financial statements for the nine month ended March 31, 2020.

#### 2.3 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention unless stated otherwise.

These condensed interim financial statements are prepared following accrual basis of accounting except for cash flow information.

#### 2.4 Functional and presentation currency

These condensed interim financial statements have been presented in Pak Rupees, which is the functional and presentation currency of the Company.

### 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENTS AND CHANGES THEREIN

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are same as those for the annual financial statements for the year ended June 30, 2020.

There are certain standards, interpretations and amendments to approved accounting and reporting standards as applicable in Pakistan, effective for the first time in these condensed interim financial statements and are mandatory for the Company's accounting period beginning on or after July 01, 2020. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have a significant effect on these condensed interim financial statements.

### 4 ESTIMATES AND JUDGMENTS

The preparation of these condensed interim financial statements requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by management in applying the Company's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the financial statements for the year ended June 30, 2020.



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
**FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)**

		March 31, 2021 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
<b>5 OPERATING FIXED ASSETS</b>	<b>Note</b>		
Fixed assets	5.1	1,284,241,715	1,332,919,322
Right-of-use assets	5.2	72,764,061	88,023,850
		<u>1,357,005,776</u>	<u>1,420,943,172</u>
<b>5.1 Fixed assets</b>			
Opening net book value (NBV)		1,332,919,322	1,380,745,602
Transfer (at cost) from capital work in progress during the period / year		-	39,167,932
Transfer (at NBV) from right-of-use assets during the period / year		9,360,000	-
Additions (at cost) during the period / year	5.1.1	15,903,800	16,822,858
		<u>1,358,183,122</u>	<u>1,436,736,393</u>
Disposals (at NBV) during the period / year		57,085	441,002
Depreciation charged during the period / year		73,884,322	103,376,069
		<u>73,941,407</u>	<u>103,817,071</u>
Closing net book value (NBV)		<u>1,284,241,715</u>	<u>1,332,919,322</u>
5.1.1 Details of additions (at cost) during the period / year are as follows:			
Owned			
Plant and machinery		14,395,900	16,578,058
Vehicles		1,507,900	244,800
		<u>15,903,800</u>	<u>16,822,858</u>
<b>5.2 Right-of-use assets</b>			
Opening net book value (NBV)		88,023,850	11,700,000
Transfer (at NBV) to fixed assets during the period / year		(9,360,000)	-
Additions (at cost) during the period / year		-	85,042,000
Depreciation charged during the period / year		(5,899,789)	(8,718,150)
		<u>72,764,061</u>	<u>88,023,850</u>
<b>6 STORES, SPARES AND LOOSE TOOLS</b>			
Stores		78,819,906	53,879,253
Spares		8,284,655	24,175,877
Loose tools		66,133	43,702
		<u>87,170,694</u>	<u>78,098,832</u>
Less: Provision for slow moving items		(7,903,072)	(7,903,072)
		<u>79,267,622</u>	<u>70,195,760</u>
<b>7 STOCK IN TRADE</b>			
Raw material in hand		689,530,471	595,937,986
Work-in-process		76,300,935	78,313,474
Finished goods		48,306,888	106,132,191
		<u>814,138,294</u>	<u>780,383,651</u>
<b>8 SHORT TERM INVESTMENTS</b>			
At fair value through profit or loss	8.1	-	36,225,297
At fair value through other comprehensive income	8.2	88,095,643	83,958,227
At amortised cost	8.3	1,200,000	1,200,000
		<u>89,295,643</u>	<u>121,383,524</u>
<b>8.1 Fair value through profit or loss - units of mutual fund</b>			
Cost		-	34,689,360
Unrealized gain on revaluation of investments		-	1,535,937
		<u>-</u>	<u>36,225,297</u>
<b>8.2 Fair value through other comprehensive income</b>			
Cost		43,529,179	43,529,179
Unrealized gain on revaluation of investments		57,215,379	53,077,963
Impairment loss		(12,648,915)	(12,648,915)
		<u>88,095,643</u>	<u>83,958,227</u>
<b>8.3 Amortised cost</b>			
Term deposit certificates	8.3.1	1,200,000	1,200,000
8.3.1 These term deposit certificates carry mark-up at rates ranging from 6.50% to 10.25% per annum (June 30, 2020: 6.50% to 10.25% per annum).			
<b>9 TAX REFUNDS DUE FROM GOVERNMENT</b>			
Income tax refundable		11,451,959	11,451,959

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	Note	March 31, 2021 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		1,461,223	995,690
Cash with banks			
In current accounts		47,935,175	48,999,221
In savings accounts	10.1	124,526,660	102,376,357
		<u>172,461,835</u>	<u>151,375,578</u>
		<u>173,923,058</u>	<u>152,371,268</u>
10.1	The balance in savings accounts carry mark-up at the rates ranging from 6.5% to 10.25% per annum (June 30, 2020: 6.5% to 10.25% per annum).		
<b>11 LONG TERM FINANCING</b>			
From banking companies - secured			
Conventional mode			
United Bank Limited - Term finance - 1		81,833,199	81,833,199
MCB Bank Limited - Term finance - 2		3,659,700	3,659,700
MCB Bank Limited - Term finance - 3		13,190,892	19,786,336
United Bank Limited - Term finance - 4		15,666,668	15,666,668
MCB Bank Limited - Term finance - 5		28,738,000	30,949,000
MCB Bank Limited - Term finance - 6		16,676,000	16,676,000
MCB Bank Limited - Term finance - 7		15,365,778	15,365,778
MCB Bank Limited - Term finance - 8		48,000,000	48,000,000
MCB Bank Limited - Term finance - 9		27,000,000	27,000,000
Bank Of Punjab - Term finance - 10	11.1	146,341,630	-
		<u>396,471,867</u>	<u>258,936,681</u>
Islamic mode			
Orix Modaraba - Term finance - 11		728,703	1,457,404
Orix Modaraba - Term finance - 12		287,416	574,849
Orix Modaraba - Term finance - 13		859,120	1,453,894
		<u>1,875,239</u>	<u>3,486,147</u>
		<u>398,347,106</u>	<u>262,422,828</u>
Less: Current portion shown under current liabilities		<u>(185,722,184)</u>	<u>(39,053,946)</u>
		<u>212,624,922</u>	<u>223,368,882</u>
11.1	This term finance facility is obtained from Bank of Punjab for payment of wages and salaries to the workers and employees of business concerns' introduced by the State Bank of Pakistan and is payable quarterly over a period of 2 years, after a grace period of 6 months. The rate of mark-up is 2% per annum ( June 30, 2020: nil ). This term finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company and current assets aggregating to Rs. 213.334 million. The sanctioned limit of the facility is Rs. 160 million (June 30, 2020: nil).		
<b>12 LEASE LIABILITIES</b>	Note	March 31, 2021 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
Lease liabilities		50,044,942	66,192,576
Less: Current portion		<u>(15,396,191)</u>	<u>(15,075,710)</u>
		<u>34,648,751</u>	<u>51,116,866</u>
Maturity analysis-contractual discounted cashflow:			
Less than one year		15,396,191	15,075,710
One to five years		<u>34,648,751</u>	<u>51,116,866</u>
Total discounted lease liability		<u>50,044,942</u>	<u>66,192,576</u>
12.1	When measuring the lease liabilities, the Company discounted the lease payments using financing rates ranging from 9.03% to 13.92% per annum (June 30, 2020: 13.19% to 21.77% per annum).		
<b>13 DEFERRED CAPITAL GRANT</b>			
Capital grant		13,250,179	-
Current portion shown under current liability		<u>(2,551,550)</u>	<u>-</u>
		<u>10,698,629</u>	<u>-</u>
13.1	Following is the movement in government grant during the period / year:		
Opening balance		-	-
Addition during the period		14,574,319	-
Amortized during the period		<u>(1,324,140)</u>	<u>-</u>
Closing balance		<u>13,250,179</u>	<u>-</u>
<b>14 GAS INFRASTRUCTURE DEVELOPMENT CESS (GIDC) PAYABLE</b>			
GIDC payable	15.2	<u>124,523,544</u>	<u>-</u>
<b>15 TRADE AND OTHER PAYABLES</b>			
Creditors	15.1	275,046,045	452,948,947
Accrued liabilities	15.2	487,771,863	651,532,746
Sales Tax Payable		11,341,796	25,101,621
Advance from customers		19,588,206	9,142,642
Payable to Provident Fund		14,577,670	1,991,016
Workers' Profit Participation Fund		19,445,674	8,084,181

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

## FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

		March 31, 2021 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
	Note		
Due to related party	15.3	23,679,715	23,689,715
Withholding tax payable		1,609,663	1,598,916
Workers' Welfare Fund		16,495,448	9,181,092
Other liabilities		1,580,024	2,185,299
		<u>871,136,104</u>	<u>1,185,456,175</u>

15.1 This includes balance amounting to Rs. 6.869 million (June 30, 2020: Rs. 10.273 million) due to an associated company.

15.2 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company is paying GIDC installments as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL), however, the matter with respect to GIDC billing by Sui Southern Gas Company (SSGC) is under litigation in High Court of Sindh. The liability is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

15.3 This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 5.170 million ( June 30, 2020: Rs. 5.170 ), Rs. 1.210 million (June 30, 2020: Rs.1.220 million) and Rs. 17.30 million (June 30, 2020: Rs.17.300 million) respectively. These balances do not carry any interest and are repayable on demand.

### 16 SHORT TERM BORROWINGS

From banking companies - secured

Running / cash finance

Islamic mode

Conventional mode

-	205,545,535
673,751,797	563,917,597
<u>673,751,797</u>	<u>769,463,132</u>

### 17 CONTINGENCIES AND COMMITMENTS

#### 17.1 Contingencies

- There is a contingent liability in respect of bank guarantees issued by the Company's bankers in the ordinary course of business aggregating to Rs. 92.888 million (June 30, 2020 : Rs. 92.888 million).
- Crescent Cotton Mills Limited has filed a case against Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has recorded a liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company, management is confident that the balance amount shall not be payable.
- Finance Act, 2017 introduced a new section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which, for tax year 2017 and onward, a tax shall be imposed at the rate of 7.5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that derives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

Further, Finance Act, 2018 amended the section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which, for tax year 2018 and onward, a tax shall be imposed at the rate of 5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that drives profit for a tax year but does not distribute at least 20% of its after tax profits within six months of the end of the tax year through cash.

The Company has reported profit after tax for Tax Year 2017 and 2018 and the requisite dividend has not been distributed by the year end, therefore, the Company shall be obligated to tax if the Company has not distributed requisite dividend within the prescribed time frame. However, if the Company doesn't distribute the cash dividend within the prescribed time, the Company will have to pay tax at the rate of five percent of its accounting profit before tax.

Further, the Company has filed a Constitutional Petition No. D-8409 against Finance Act, 2017 Section 5A with Honourable High Court of Sindh. On September 05, 2017, the Honourable High Court of Sindh granted stay to all petitioners including the Company in respect of this matter by virtue of which Tax Authorities have been restrained from taking any coercive actions against the Company in respect of section 5A of the Income Tax Ordinance, 2001. Accordingly, no provision is recognized in this respect. The said provision has been withdrawn in Finance Act, 2019.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

- d) The Company has filed a Constitutional Petition No. D-8408 along with other companies, dated December 12, 2017, in the High Court of Sindh challenging the levy of the Infrastructure Cess introduced through Sindh Finance Act 1994 and various amendments introduced through Sindh Finance (Amendment) Act 2008, Sindh Finance (Amendment) Act 2009, inter alia, seeking declaration that Sindh Development and Maintenance of Infrastructure Cess Act 2017 and the rule made thereunder through which a customs duty in the guise of infrastructure fee / cess has been imposed is unconstitutional. Based on legal advice dated September 17, 2020 on aforementioned litigation, the Company has good arguable grounds and there is no likelihood of unfavorable outcome against the company.

### 17.2 Commitments

The Company was committed as at the reporting date as follows:

- a) The Company is committed as at the reporting date in respect of letters of credit against import of raw cotton amounting to Rs. 161.522 million (June 30, 2020: Rs. 2.843 million) and against import of spare parts amounting to Rs. 51.135 million (June 30, 2020: Rs nil).

### 18 COST OF SALES

	nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	Rupees			
Materials consumed	2,700,135,379	2,735,970,775	983,190,540	863,819,809
Stores, spares and loose tools consumed	81,810,927	75,166,571	28,961,302	28,374,858
Packing material consumed	57,241,477	49,628,315	19,580,024	16,186,381
Salaries, wages and other benefits	334,113,817	324,405,972	109,624,578	106,827,645
Fuel and power	409,115,197	478,212,622	130,263,784	157,831,237
Insurance	9,000,992	9,425,698	3,000,000	3,000,000
Repairs and maintenance	5,850,406	5,607,431	1,484,638	2,529,877
Depreciation	73,793,836	76,098,662	24,803,739	26,103,237
Provision for slow moving stores, spares and loose tools	-	943,189	-	-
Other manufacturing overheads	19,490,665	21,645,410	6,041,785	5,749,073
	3,690,552,696	3,777,104,645	1,306,950,390	1,210,422,117
Opening work in process	78,313,474	83,313,557	70,649,780	96,757,723
Closing work in process	(76,300,935)	(91,094,053)	(76,300,935)	(91,094,053)
	2,012,539	(7,780,496)	(5,651,155)	5,663,670
Cost of goods manufactured	3,692,565,235	3,769,324,149	1,301,299,235	1,216,085,787
Cost of goods purchased for trading	126,530,182	133,821,944	8,635,000	-
Opening stock of finished goods	106,132,191	31,331,103	64,650,416	69,851,310
Closing stock of finished goods	(48,306,888)	(81,649,468)	(48,306,888)	(81,649,468)
	57,825,303	(50,318,365)	16,343,528	(11,798,158)
	3,876,920,719	3,852,827,728	1,326,277,763	1,204,287,629
			March 31, 2021	March 31, 2020
			(Un-audited)	(Un-audited)
			Rupees	Rupees

### 19 TAXATION

Current	-	61,952,661
Deferred	60,472,943	(1,793,778)
	60,472,943	60,158,883

### 20 EARNINGS PER SHARE - BASIC AND DILUTED

There is no dilutive effect on the basic earnings per share of the Company, which is based on:

	nine months ended		Quarter ended	
	March 31, 2021	March 31, 2020	March 31, 2021	March 31, 2020
	(Un-audited)			
	Rupees			
Profit for the period (Rupees)	301,605,508	86,941,312	138,189,784	(510,779)
Weighted average number of ordinary shares	12,417,876	12,417,876	12,417,876	12,417,876
Earnings per share - basic and diluted (Rupees)	24.29	7.00	11.13	(0.05)

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	March 31, 2021 (Un-audited) Rupees	March 31, 2020 (Un-audited) Rupees
<b>21 CASH GENERATED FROM OPERATIONS</b>		
Profit before taxation	362,078,451	147,100,195
Adjustment for non-cash charges and other items:		
Depreciation	79,784,111	83,506,742
Deferred income	(1,324,140)	-
Gain on disposal of operating fixed assets	-	(31,214)
Gain on sale and lease back	-	(134,583)
Unrealised gain on revaluation of investments classified as 'fair value through profit or loss'	(113,740)	(4,429,714)
Share of loss from associate	21,900	195,300
Financial charges	93,808,323	103,292,680
Allowance for expected credit loss	12,565,854	18,342,240
Provision for slow moving items	-	943,189
	<u>184,742,308</u>	<u>201,684,640</u>
Profit before working capital changes	546,820,758	348,784,835
Working capital changes	21.1 (432,162,332)	(299,425,673)
	<u>114,658,426</u>	<u>49,359,162</u>

## 21.1 Working capital changes

Decrease / (increase) in current assets:

Stores, spares and loose tools	(9,071,862)	(6,547,570)
Stock in trade	(33,754,643)	(144,427,499)
Trade debts	(17,043,058)	(344,840,850)
Loans and advances	(177,480,923)	(28,973,436)
Trade deposits and short term prepayments	(4,727,070)	(787,851)
Other receivables	(288,249)	2,013,364
Tax refunds due from the Government	-	73,104,504
	<u>(242,365,805)</u>	<u>(450,459,338)</u>

(Decrease) / increase in current liabilities

Trade and other payables	(189,796,527)	151,033,665
	<u>(432,162,332)</u>	<u>(299,425,673)</u>

## 22 TRANSACTIONS WITH RELATED PARTIES

The related parties and associated undertakings comprise of group companies, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated undertakings are as under:

Relation with the company	Nature of transaction	Name of the related party	nine months ended		Quarter ended	
			March 31,	March 31,	March 31,	March 31,
			2021	2020	2021	2020
			(Un-audited)			
-----Rupees-----						
Associated companies	Sales of goods and services	Suraj Cotton Mills Limited	23,883,000	63,100,600	9,286,200	19,920,300
	Insurance premium	Premier Insurance Limited	20,233,978	19,980,939	58,061	389,590
	Donation paid	Maqbool Trust	-	90,000	-	-
	Rent received	Amil Exports (Private) Limited	507,105	483,210	169,035	161,070
Retirement benefit plans	Contribution to staff retirement benefit plans	Provident Fund	13,027,422	11,930,905	516,981	154,212
Director	Rent paid	Mr. Imran Maqbool	675,000	630,000	225,000	225,000
	Rent paid	Mr. Humayun Maqbool	675,000	630,000	225,000	225,000
Others	Rent paid	Ms. Khawar Maqbool	1,935,000	1,935,000	645,000	645,000
Chief executive	Loan received	Mr. Imran Maqbool	-	5,170,000	-	-
Others	Loan received	Ms. Khawar Maqbool	-	7,560,000	-	-
Chief executive	Remuneration and benefits	Mr. Imran Maqbool	7,912,937	7,272,828	2,637,646	2,424,276
Director	Remuneration and benefits	Mr. Humayun Maqbool	7,890,569	7,199,684	2,630,190	2,399,895
Key management personnel	Remuneration and benefits	Key management personnel	17,787,857	13,530,988	6,027,383	4,510,329

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

	March 31, 2021 (Un-audited) Rupees	June 30, 2020 (Audited) Rupees
<b>22.1 Period / year end balances</b>		
Receivable from associated company - Suraj Cotton Mills Limited	65,204	6,085,404
Payable to associated company - Premier Insurance Limited	6,869,261	10,273,030
Payable to provident fund	11,365,441	1,991,014
Due to Chief Executive and Directors	23,679,715	23,689,715

22.2 There are no transactions with key management personnel other than under their terms of employment.

### 23 FAIR VALUE MEASUREMENT - FINANCIAL INSTRUMENTS

The carrying values of all financial assets and liabilities reflected in this condensed interim financial information approximate their fair values. Fair value is the price that would be received to sell an assets or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

As at March 31, 2021, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<b>At fair value through profit or loss</b>				
Short term investments	-	-	-	-
<b>At fair value through other comprehensive income</b>				
Short term investments	88,036,943	-	58,700	88,095,643

As at June 30, 2020, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<b>At fair value through profit or loss</b>				
Short term investments	36,225,297	-	-	36,225,297
<b>At fair value through other comprehensive income</b>				
Short term investments	83,899,527	-	58,700	83,958,227

#### Valuation techniques

For Level 3 fair value through other comprehensive income investments, the Company values the investment at lower of carrying value and breakup value.

Transfers between the levels of fair value hierarchy are recognized at the end of the reporting period during which the changes have occurred.

There were no transfers between Level 1, Level 2 & Level 3 fair value measurements during the period.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE PERIOD ENDED MARCH 31, 2021 (UN-AUDITED)

### 24 NUMBER OF EMPLOYEES

	March 31, 2021 (Un-audited)	June 30, 2020 (Audited)
a) Number of employees as at	1050	1039
a) Average number of employees	1061	1056

### 25 DATE OF AUTHORIZATION FOR ISSUE

This condensed interim financial information was authorized for issue on April 29, 2021 by the Board of Directors of the Company.

### 26 IMPACT OF COVID-19

In March 2020, the World Health Organization ("WHO") declared the outbreak of the novel coronavirus (known as COVID-19) as a global pandemic. The rapid spread of the virus has caused governments around the world to implement stringent measures to help control its spread, including, without limitation, quarantines, "stay-at-home" or "shelter-in-place" orders, social distancing mandates, travel restrictions, and closures or reduced operations for businesses, governmental agencies, schools and other institutions. The industry, along with global economic conditions generally, has been significantly disrupted by the pandemic.

The COVID-19 pandemic and associated impacts on economic activity had certain effect on the operational and financial condition of the Company for the year ended June 30, 2020 due to overall slowdown in economic activity and continuity of business operations. However, to reduce the impact on the performance of the Company, government have introduced a host of measures on both the fiscal and economic fronts by issuing certain circulars and notifications from time to time.

The management of the Company is closely monitoring the situation, and in response to the developments, taking all possible precaution and measures to safeguard health and safety of employees and other stakeholders. The management has evaluated and concluded that there is no material implication of COVID-19 on assets, liabilities, income and expenses of the Company.

### 27 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and better presentation.

### 28 GENERAL

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



**IMRAN MAQBOOL**  
Chief Executive



**NADEEM MAQBOOL**  
Director



**KAMRAN RASHEED**  
Chief Financial Officer



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