



**Crescent  
Fibres**



**Annual Report  
2021**



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## COMPANY INFORMATION

<b>Board of Directors</b>	Nadeem Maqbool	(Chairman, Non-Executive Director)
	Imran Maqbool	(Chief Executive Officer, 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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<b>Chief Financial Officer</b>	Kamran Rasheed
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<b>Company Secretary</b>	Javaid Hussain
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<b>Audit Committee</b>	Jahanzeb Saeed Khan	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)

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<b>Human Resources &amp; Remuneration Committee</b>	S.M. Ali Asif	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)

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<b>Auditors</b>	BDO Ebrahim & Company Chartered Accountants
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<b>Legal Advisor</b>	Mohsin Tayebally & Sons
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<b>Share Registrar</b>	Corplink (Pvt) Limited Wings Arcade, 1-K, Commercial, Model Town, Lahore.
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<b>Registered Office</b>	104 Shadman 1, Lahore - 54000 Tel : (042) 35960871-4 Lines Fax : (042) 35960004
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<b>E-mail:</b>	lo@crescentfibres.com
<b>Website:</b>	www.crescentfibres.com

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## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 44<sup>th</sup> Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Thursday the 28<sup>th</sup> of October, 2021 at 9.30 a.m. at Registered Office of the Company 104-Shadman-1, Lahore to transact the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 30<sup>th</sup> June, 2021 together with Auditors and Directors reports thereon.
2. To approve, as recommended by the Board of Directors final cash Dividend @15% i.e. 1.50 per ordinary share for the year ended June 30, 2021.
3. To appoint Auditors and fix their remuneration. The retiring auditors M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

### SPECIAL BUSINESS

4. To approve the remuneration of Chief Executive Officer & Executive Director of the Company and if found appropriate, to pass with or without modification the resolution:

"RESOLVED THAT the Company hereby approves and authorizes the payment of remuneration to Mr. Imran Maqbool, Chief Executive Officer of the Company for a total sum not exceeding Rs. 7.03 million per annum and perquisites, retirement benefits admissible under the Company's Rules."

"FURTHER RESOLVED THAT the Company hereby approves and authorizes the payment of remuneration to Mr. Humayun Maqbool, Executive Director of the Company for a total sum not exceeding Rs. 7.03 million per annum and perquisites, retirement benefits admissible under the Company's Rules."

5. To ratify and approve transactions conducted with related parties for the year ended June 30, 2021 by passing the following resolution in respect of related party transactions in which the majority of Directors of the Company are interested in terms of Section 207 & 208 of the Companies Act, 2017.

"RESOLVED THAT the transactions conducted with related parties as disclosed in the note of the financial statement for the year ended June 30, 2021 and specified in the Statement of Material Information under section 134(3) be and are hereby ratified, approved and confirmed."

6. To authorize the Board of Directors of the Company to approve transactions with related parties for the financial year ending June 30, 2022 by passing the following special resolution with or without modification.

"RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case to case basis for the financial year ending June 30, 2022."

"RESOLVED FURTHER that these transactions by the Board shall be deemed to have been approved by the shareholders and shall be placed before the shareholders in the next Annual General Meeting for their formal ratification/approval."

### OTHER BUSINESS

7. To transact any other business of the Company with the permission of the Chair.

September 30, 2021  
REGISTERED OFFICE  
104-Shadman-1, Lahore,

By Order of the Board  
JAVAID HUSSAIN  
Company Secretary



## NOTICE OF ANNUAL GENERAL MEETING

### NOTES:

1. The Share Transfer Books will remain closed from 20<sup>th</sup> October, 2021 to 28<sup>th</sup> October, 2021 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Corplink (PVT.) Limited, Wings Arcade, 1-K, Commercial, Model Town Lahore at the closed business on Tuesday 19<sup>th</sup> October, 2021 will be considered in time for the determination of entitlement of shareholders to cash dividend and to attend the meeting.
2. A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be valid must be received by the company duly completed not less than 48 hours before the Meeting.
3. CDC shareholders are requested to bring with them their National Identity Cards alongwith participants' ID number and their account numbers at the time of Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/valid Power of Attorney with the specimen signature of the nominee be produced at the time of meeting.
4. Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting request.
5. In accordance with the provision of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its shareholders only through electronic mode directly credit into bank account designated by the entitled shareholders. Shareholders are requested to fill in Electronic Credit Mandate Form available on Company's website [www.crescentfibres.com](http://www.crescentfibres.com) and send duly signed alongwith a copy of CNIC to the Registrar of the Company in case of physical shares. In case of shares are held in CDC then Electronic Credit Mandate Form must be submitted directly to your Broker or CDC account services.
6. Under Section # 72 of the Companies Act, 2017, the shareholders who hold shares in physical form are required to replace their physical shares with book-entry form within the period to be notified by the SECP. Hence, the shareholders who hold shares in physical form are advised to convert their physical shares in electronic form at their earliest.

### STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

#### Agenda No. 4 of the notice—Approval of the remuneration of Chief Executive Officer and an Executive Director.

The approval is being sought for payment of remuneration to Mr. Imran Maqbool Chief Executive Officer and Mr. Humayun Maqbool, Executive Director of the Company in accordance with their terms and condition of services.

#### Agenda No. 5 of the notice- Ratification and approval of the related party transactions.

Transactions conducted with all related parties have to be approved by the Board of Directors duly recommended by the Audit Committee on quarterly basis pursuant to clause 15 of the Listed Companies (Code of Corporate Governance) Regulations, 2019. Certain related parties' transactions require Shareholders approval under Section 207 & 208(to the extent applicable) of the Companies Act, 2017 as a majority of Directors on the Company are interested in the transactions.

Relation with Company	Nature of Transaction	2021 Rupees	2020 Rupees
Associated Companies / undertakings	Sale of Yarn / Cotton	24,912,000	71,054,400
	Insurance premium	22,599,161	14,284,855
	Rent received	676,140	644,280
	Donation Paid	-	100,000
	Contribution to provident		
Retirement benefit plans	Fund	17,468,112	16,336,687
Directors/Director Close relatives	Rent paid	4,380,000	4,290,000
	Loan received	-	12,730,000
	Remuneration and		
	Other benefits (note 43)	45,160,533	39,463,537

Based on the aforesaid the Shareholders are requested to pass the Resolution with or without modification as stated in the Notice.

#### Agenda No. 6 of the notice- Ratification and approval of the related party transactions

The Company shall be conducting transactions with related parties during the year ending June 30, 2022 on an arm's length basis. In some of these transactions, including rent, remuneration, sales and others, the majority of Directors have an interest and as such these must be approved by the shareholders under Section 207 & 208(to the extent applicable) of the Companies. The shareholders are being asked to authorize the Board to approve these transactions subject to them placed before the shareholders in the next AGM for their formal approval/ratification.



## MISSION STATEMENT

To achieve a leadership position in providing innovative and high-quality products in all sectors of operations.

To be recognized as an organization that delivers on its commitments with integrity and excellent value.

To foster an environment of growth, prosperity, and long term relationships, through dedication to the principles of openness, honesty, and professionalism.

To be an equal opportunity employer, and to motivate and empower every employee to strive for excellence in meeting the needs of our customers.

To be a responsible corporate citizen and contribute to our community by participating in social and environmental causes.

## CHAIRMAN'S REVIEW

I am pleased to present my review for the year ended June 30, 2021.

Despite the unprecedented global pandemic sweeping the globe the past year was a good one for Pakistan's textile industry with nearly all segments showing good profitability and revenue growth. Due to COVID-19 related order shifting and geo-political reasons, Pakistan's textile exports showed robust growth.

Our Company was also able to take advantage of new demand and reported revenue growth of 21%. After tax profit for the year ended June 2021 was Rs. 454.2 million, as compared to a profit of Rs. 108.8 million for the twelve months ended June 30, 2020. The earnings per share for the period under review was Rs. 36.58 as compared to Rs. 8.76 in the previous financial year. The Director's Report will elaborate on our financial results, operations and future outlook.

However, to maintain this trend, several domestic and global challenges need to be tackled.

The global economic recovery remains strong, helped by government and central bank support and by progress in vaccination. But although global GDP has now risen above its pre-pandemic level, the recovery remains uneven with countries emerging from the crisis facing different challenges. Large differences in vaccination rates between countries are adding to the unevenness of the recovery. Renewed outbreaks of the virus are forcing some countries to restrict activities, resulting in bottlenecks and pressures on supply chains. A rapid increase in demand as economies reopen has pushed up prices in key commodities such as oil and metals. Food prices are also rising boosting prices especially in emerging markets. Tensions along supply chains caused by the pandemic have added to cost pressures. At the same time, shipping costs have increased sharply. Policy makers need build on their good initial crisis management and ensure fiscal and monetary policies are focused on investing to sustain growth. The fortune of the textile industry is linked to a strong and stable recovery.

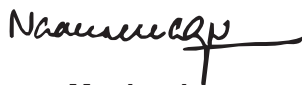
Pakistan's economy also faces several challenges including growing domestic and external indebtedness, circular debt, losses at state owned enterprises, low tax base, high fiscal and current account deficits, and inflation. Meaningful reforms are required to stabilise the exchange rate, ensure supply of energy at regionally competitive rates, boost competitiveness, reduce cost of doing business, address the shortfalls in cotton production and improve private sector liquidity through tax reforms and release of long delayed refunds.

I would like to extend my appreciation to the Management for showing strong profitability in a very difficult environment and would encourage them to continue to strive to protect the interest of all stake holders.

During the year, four meetings of the Board were held. The Board of Directors is responsible for overall governance and administration of the company. All Directors are aware of their duties and power. They review and approve the Company's financial Statements in addition to all significant plans and decisions. The Board has formed two sub-committees to review compliance and management of the business. The Audit Committee focusses on compliance with the best practices of corporate governance and relevant statutory requirements, changes in accounting policies and practices, compliance with applicable accounting standards and listing regulations. Other responsibilities include monitoring the internal and external audit functions, review of financial statements, and recommendation appointment of external auditors. During the year four meetings of the Audit Committee were held. The Human Resource and Remuneration Committee reviews human resource needs, compensation policies and plans, and executive compensation. During the year one meeting of the Human Resource and Remuneration Committee was held.

I would like to assure you that the Board continues to function effectively and is focussed on adopting the best practices of corporate governance to ensure future growth and profitability and to look after the interests of shareholders and all stakeholders.

Finally, on behalf of the Board I would like to extend our gratitude to all our employees, shareholders, bankers, suppliers and customers.



**Nadeem Maqbool,**  
**Chairman, Board of Directors**  
**September 30, 2021**



## DIRECTORS' REPORT

The Company reported after tax profit of Rs. 454.2 million for the year ended June 30, 2021 as compared to a profit of Rs. 108.8 million for the twelve months ended June 30, 2020. The earnings per share for the period under review was Rs. 36.58 as compared to Rs. 8.76 in the previous financial year.

### OPERATING RESULTS

#### Crescent Fibres Limited

##### Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-21		Year Ended 30-Jun-20	
	Rs.	% of Sales	Rs.	% of Sales
Sales	6,091.0	100.0%	5,023.6	100.0%
Cost of Sales	(5,246.9)	86.1%	(4,624.2)	92.0%
Gross Profit	844.1	13.9%	399.4	8.0%
Distribution Cost	(20.7)	0.3%	(18.4)	0.4%
Administrative Expenses	(137.8)	2.3%	(132.6)	2.6%
Other Income	82.1	1.3%	85.2	1.7%
Other Expenses	(59.6)	1.0%	(38.5)	0.8%
Profit from Operations	708.1	11.6%	295.0	5.9%
Financial Charges / Other	(117.0)	1.9%	(144.7)	2.9%
Profit before Taxation	591.0	9.7%	150.4	3.0%
Taxations	(136.9)	2.2%	(41.6)	0.8%
Profit/(Loss) After Taxes	454.2	7.5%	108.8	2.2%
Earnings per Share	36.58		8.76	

Overall, sales increased by 21.2% as compared to the year ending June 2020 primarily due to better capacity utilization and an increase in end product prices. The gross margin for the year was 13.9% as compared to 8.0% in the previous year. Distribution and administrative expenses at 2.6% were lower as compared to 3.0% in the previous period primarily attributable to increased production and sales. The operating margin in the period under review was at 11.6% as compared to 5.9% for the year ended June 30, 2020. The financial charges were also lower at 1.9% as compared to 2.9% for the corresponding period. This decrease is attributable to better cash flows and a decrease in total leverage. Overall, the net margin for the year was 7.5% as compared to 2.2% for the year ended June 30, 2020.

#### DIVIDEND

The Company has posted strong financial results. However, in light of several challenges ahead and the need for reinvestment in the plant and machinery, the Management intends to follow a conservative financial strategy. Based on these factors, the Board of Director's is pleased to recommend a cash dividend @ 15% i.e. Rs. 1.50 per ordinary share.

#### PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information as on June 30, 2021 have been included in the annual report.



## MEETINGS

### **Board of Directors**

Four meeting of the Board were held during the financial year. Attendance by each Director is listed in parenthesis:

Nadeem Maqbool, Chairman, Non-Executive Director (4)  
 Imran Maqbool, Chief Executive Officer, Executive Director (4)  
 Humayun Maqbool, Executive Director (4)  
 Jahanzeb Saeed Khan, Independent, Non-Executive Director (4)  
 Naila Humayun Maqbool, Non-Executive Director (4) - Female  
 Mansoor Riaz, Non-Executive Director (4)  
 S.M. Ali Asif - Independent, Non-Executive Director (4)

The Board of Directors in compliance with the Code of Corporate Governance (CCG) has established an Audit Committee with the following members (attendance by each member is listed in parenthesis):

### **Audit Committee**

Jahanzeb Saeed Khan, Chairman, Independent, Non-Executive (4)  
 Nadeem Maqbool, Member, Non-Executive (4)  
 Naila Humayun Maqbool, Member, Non-Executive (4)

The Board has also established a Human Resource and Remuneration Committee with the following members (attendance by each member is listed in parenthesis):

### **Human Resource and Remuneration Committee**

S.M. Ali Asif, Independent, (Chairman, Non-Executive (1)  
 Naila Humayun Maqbool, Member, Non-Executive (1)  
 Nadeem Maqbool, Member, Non-Executive (1)

## DIRECTORS REMUNERATION

The remuneration of the Board Members is approved by the Board. However, in accordance with the Code of Corporate Governance, it is ensured that no Director takes part in deciding their own remuneration. The Company does not pay remuneration to Non-Executive Directors except fee for attending meetings. The Company's remuneration policies are structured in line with industry trends and business practices. For information on remuneration of Management, please refer to the notes to the Financial Statements.

## DIRECTOR'S TRAINING PROGRAM

All Directors have either completed the Director's Training Program or are exempt due to the requirements listed in the CCG.

## FUTURE OUTLOOK

The past year has been a good one for Pakistan's textile industry which has seen a strong demand for its products due to shifting of orders from countries facing a more severe impact from COVID-19 and other geo-political issues. According to the data released by Pakistan Bureau of Statistics (PBS), textile exports for the month of March 2021 saw growth of 30.4% year-on-year, and 9.8% month-on-month, to stand at \$1.35 billion. However, the industry faces several challenges, both domestic and global, to maintain this momentum and profitability.

According to the World Bank, the global economy is set to expand 5.6 percent in 2021—its strongest post-recession pace in 80 years. This recovery is uneven and largely reflects sharp rebounds in some major economies. In many emerging market and developing economies, obstacles to vaccination continue to weigh on activity. The global outlook remains subject to significant downside risks, including the possibility of additional COVID-19 waves and financial stress amid high debt levels. Policy makers will need to balance the need to support the recovery while safeguarding price stability and fiscal sustainability and to continue efforts toward promoting growth-enhancing reforms. A strong and stable recovery is crucial to the textile industry viability.



Pakistan has been showing signs of a fragile economic recovery with a gradual resumption of economic dynamism. However, the economy faces several challenges including growing domestic and external indebtedness, circular debt, losses at state owned enterprises, low tax base, high fiscal and current account deficits, and inflation. Despite improved exports and remittances, maintaining a stable exchange rate remains a problem. Without meaningful reforms that boost economic competitiveness, direct investment toward productive sectors that promote exports and a sustained effort to end the regulatory quagmire, Pakistan's economic recovery will falter.

Other than global and domestic economic issues, the textile industry faces other challenges including high cost of doing business, increased financial, exchange rate and commodity market volatility, low domestic cotton yield and quality and supply chain disruptions caused by COVID. The Government has promised supply of energy at regionally competitive rates, and this must be ensured to maintain viability. In addition, the Government must adopt an expansionary monetary policy, immediately suspend the sales tax regime, and improve liquidity by releasing long delayed income tax and other rebates.

We remain cautiously optimistic about future prospects and the Management will continue to rely on sound, low risk decision making to protect the interests of all stakeholders. In order to take advantage of new innovations, the Company has embarked on a BMR program at both its spinning units. The program includes upgradation to the latest technology and some expansion in capacity to help improve productivity, efficiency, and profitability.

### **CORPORATE GOVERNANCE & FINANCIAL REPORTING FRAMEWORK**

Under rules framed by the regulatory authorities, the Management is required to include the following statements relating to Corporate Governance and Financial Reporting Framework in the Director's Report:

- (a) The financial statements prepared by the Management presently fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- (b) Proper books of account have been maintained.
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- (d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereon has been disclosed.
- (e) The system of internal control adopted by the Management is sound in design and every effort is made to ensure its effective implementation.
- (f) There are no significant doubts with regard to the Company's ability to continue as a going concern.
- (g) Key financial and operating data for the last six years has been included elsewhere in the annual report.
- (h) There has been no significant departure from the best practices of corporate governance, as detailed in the listing regulations.
- (i) All details regarding taxes and levies are disclosed in the financial statements and notes annexed to the audited accounts.
- (j) The value of investments of the provident fund based on audited accounts for the Year Ended June 30, 2021 was Rs. 98,120,335.
- (k) During the year, no shares were traded by Directors, CEO, CFO, Company Secretary and their spouses and minor children.

### **AUDITORS**

The present auditors, BDO Ebrahim & Co. retire, and being eligible have offered themselves for re-appointment. The Audit Committee has recommended the reappointment of BDO Ebrahim & Co Chartered Accountants as auditors for next year.

### **APPRECIATION**

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 Officer

September 30, 2021



**NADEEM MAQBOOL**  
Director

Annual Report 2021

## کمپنی نظاماء (ڈائریکٹران) کی رپورٹ:

کمپنی نے ختم ہونے والے سال 30 جون 2021ء میں ٹیکس ادا کیگی کے بعد 454.2 ملین روپے منافع حاصل کیا ہے جس کے مقابلے میں گذشتہ ختم ہونے والے سال 30 جون 2020ء میں منافع 108.8 ملین روپے تھا۔ زیر جائزہ مدت کے لئے فی حصص آمدنی 36.58 روپے رہی جو کہ پچھلے سال اسی عرصہ میں 8.76 روپے تھی۔

کرڈینٹ فائبرز لمیٹڈ

خلاصہ مالیاتی نتائج:

روپے (ملین میں)		سال ختمہ		سال ختمہ	
		30 جون 2021		30 جون 2020	
	فیصد	روپے	فیصد	روپے	فیصد
فروخت	100%	6,091.0	100%	5,023.6	100%
لاگت فروخت	86.1%	(5,246.9)	92.0%	(4,624.2)	
کل منافع	13.9%	844.1	8.0%	399.4	
لاگت تقسیمی	0.3%	(20.7)	0.4%	(18.4)	
انتظامی اخراجات	2.3%	(137.8)	2.6%	(132.6)	
دیگر آمدنی	1.3%	82.1	1.7%	85.2	
دیگر اخراجات	1.0%	(59.6)	0.8%	(38.5)	
چلتے ہوئے کام سے منافع	11.6%	708.1	5.9%	295.0	
مالیاتی اخراجات/دیگر	1.9%	(117.0)	2.9%	(144.7)	
منافع قبل از ٹیکس	9.7%	591.0	3.0%	150.4	
ٹیکس	2.2%	(136.9)	0.8%	(41.6)	
منافع بعد از ٹیکس	7.5%	454.2	2.2%	108.8	
آمدنی فی حصہ		36.58		8.76	

مجموعی طور پر، فروخت میں 21.2 فیصد اضافہ ہوا جو جون 2020 کو ختم ہونے والے سال کے مقابلے میں بنیادی طور پر بہتر صلاحیت کے استعمال اور اختتامی مصنوعات کی قیمتوں میں اضافے کی وجہ سے ہے۔ اس سال کا مجموعی منافع 13.9 فیصد تھا جو کہ پچھلے سال 8.0 فیصد تھا۔ تقسیم کار اور انتظامی اخراجات 2.6 فیصد کم رہے جو کہ پچھلے سال اسی عرصہ میں 3.0 فیصد تھے جس کی بنیادی وجہ زیادہ پیداوار اور فروخت تھی۔ زیر جائزہ مدت میں آپریٹنگ مارجن 30 جون 2020 کو ختم ہونے والے سال کے 5.9 فیصد کے مقابلے میں 11.6 فیصد تھا۔ مالیاتی اخراجات بھی 1.9 فیصد کم رہے جو کہ پچھلے سال اسی عرصہ میں 2.9 فیصد تھے۔ یہ کمی بہتر نقد بہاؤ اور مجموعی فائدہ میں کمی کی وجہ سے ہے۔ مجموعی طور پر سال کا خالص منافع 7.5 فیصد تھا جبکہ 30 جون 2020 کو ختم ہونے والے سال کے لئے 2.2 فیصد تھا۔

منافع منقسمہ:

کمپنی نے مضبوط مالی نتائج شائع کیے ہیں۔ تاہم، آگے کی چیلنجوں اور پلانٹ اور مشینری میں دوبارہ سرمایہ کاری کی ضرورت کی روشنی میں، منجمنٹ ایک قدامت پسند مالی حکمت عملی پر عمل کرنے کا ارادہ رکھتی ہے۔ ان عوامل کی بنیاد پر، بورڈ آف ڈائریکٹرز نے کیش ڈیویڈنڈ @ 15 فیصد جو کہ 1.50 روپے فی حصص دینے کی سفارش کی ہے۔

حصص داران کی ترتیب:

30 جون 2021 تک حصص داران کی ترتیب اور اضافی معلومات کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اجلاس:

بورڈ آف ڈائریکٹرز:

مالی سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی طرف سے حاضری فہرست پر درج ہے۔

ندیم مقبول، چیئر مین، نان ایگزیکٹو ڈائریکٹر (4)

عمران مقبول، چیف ایگزیکٹو آفسر، ایگزیکٹو ڈائریکٹر (4)

ہمایوں مقبول، ایگزیکٹو ڈائریکٹر (4)

جہانزیب سعید خان، آزاد، نان ایگزیکٹو ڈائریکٹر (4)

ناسرہ ہمایوں مقبول، نان ایگزیکٹو ڈائریکٹر (4)۔ خاتون

منصور ریاض، نان ایگزیکٹو ڈائریکٹر (4)

ایس ایم علی آصف، آزاد، نان ایگزیکٹو ڈائریکٹر (4)



کوڈ آف کارپوریٹ گورننس (سی سی جی) کی قیام میں بورڈ آف ڈائریکٹرز نے مندرجہ ذیل اراکین کے ساتھ آڈٹ کمیٹی تشکیل دی ہے۔ (ہر رکن کی طرف سے حاضری فہرست میں درج ہے)

#### آڈٹ کمیٹی:

- (4) جہانزیب سعید خان، چیئرمین، آزاد، نان ایگزیکٹو  
(4) ندیم مقبول، رکن، نان ایگزیکٹو  
(4) نائلہ ہمایوں مقبول، رکن، نان ایگزیکٹو

بورڈ نے درج ذیل اراکین کے ساتھ انسانی وسائل اور معاوضہ کمیٹی بھی تشکیل دی ہے۔ (ہر رکن کی طرف سے حاضری فہرست میں درج ہے۔)

#### انسانی وسائل اور معاوضہ (R & HR) کمیٹی:

- (1) ایس ایم علی آصف، آزاد، چیئرمین، نان ایگزیکٹو  
(1) ندیم مقبول، رکن، نان ایگزیکٹو  
(1) نائلہ ہمایوں مقبول، رکن، نان ایگزیکٹو

#### ڈائریکٹرز کا معاوضہ:

بورڈ اراکین کے معاوضے کی منظوری بورڈ نے دی ہے، تاہم کارپوریٹ گورننس کے کوڈ کے مطابق اس بات کو یقینی بنایا جاتا ہے کہ کوئی بھی ڈائریکٹر اپنے معاوضے کا فیصلہ کرنے میں حصہ نہ لے۔ کمپنی اجلاسوں میں شرکت کیلئے اجلاس فیس کے علاوہ نان ایگزیکٹو ڈائریکٹرز کو معاوضہ ادا نہیں کرتی ہے۔ کمپنی کے معاوضے کی پالیسیاں صنعت کے رجحانات اور کاروباری طریقوں کے مطابق ہیں۔ انتظامیہ کے معاوضوں کی معلومات کیلئے مالی رپورٹ کے نوٹ کو ملاحظہ فرمائیں۔

#### ڈائریکٹرز ذمہ داری پروگرام:

تمام ڈائریکٹرز نے یا تو ڈائریکٹرز ذمہ داری پروگرام مکمل کر لیا ہے یا سی سی جی میں درج تقاضوں کی وجہ سے مستثنی ہیں۔

#### مستقبل کا منظر نامہ:

گذشتہ سال پاکستان کی ٹیکسٹائل انڈسٹری کے لئے ایک اچھا سال رہا ہے جس نے COVID-19 اور دیگر جغرافیائی سیاسی مسائل سے زیادہ شدید اثرات کا سامنے کرنے والے ممالک سے آرڈر کی منتقلی کی وجہ سے اپنی مصنوعات کی مضبوط مانگ دیکھی ہے۔ پاکستان یورو آف ٹیکسٹائل (پی بی ایس) کے جاری کردہ اعداد و شمار کے مطابق، مارچ 2021 کے مہینے کے لئے ٹیکسٹائل کی برآمدات میں سالانہ 30.4 فیصد اور ماہانہ 9.8 فیصد اضافہ ہوا ہے جو کہ 1.35 بلین ڈالر ہے۔ تاہم، اس رفتار اور منافع کو برقرار رکھنے کے لئے صنعت کو ملکی اور عالمی سطح پر کئی چیلنجز کا سامنا ہے۔

ورلڈ بینک کے مطابق، عالمی معیشت 2021 میں 5.6 فیصد تک بڑھنے کے لئے تیار ہے۔ یہ کساد بازاری کے بعد کی 80 سالوں کی مضبوط ترین رفتار ہے۔ یہ بحالی ناممکن ہے اور کچھ بڑی معیشتوں میں بڑی حد تک تیز رد و بدل کی عکاسی کرتی ہے۔ بہت سی ابھرتی ہوئی مارکیٹ اور ترقی پذیر معیشتوں میں، ڈیولپمنٹ کی راہ میں حائل رکاوٹیں سرگرمی پر وزن رکھتی ہیں۔ عالمی نقطہ نظر نمایاں منفی خطرات سے مشروط ہے، جن میں اضافی COVID-19 لہروں کے امکانات اور قرضوں کی بلند سطحوں کے درمیان مالی دباؤ شامل ہیں۔ پالیسی سازوں کو قیوتوں کے استحکام اور مالی استحکام کی حفاظت کرتے ہوئے بازاریابی میں مدد کی ضرورت کو متوازن کرنے کی ضرورت ہوگی اور ترقی کو بڑھانے والی اصلاحات کو فروغ دینے کے لئے کوشش جاری رکھنے کی ضرورت ہوگی۔ ایک مضبوط اور مستحکم بحالی ٹیکسٹائل انڈسٹری کے لئے اہم ہے۔

پاکستان معاشی نظریہ کی بتدریج بحالی کے ساتھ کمزور معاشی بحالی کے آثار دکھاتا رہا ہے۔ تاہم ہم معیشت کو کئی چیلنجز درپیش ہیں جن میں بڑھتی ہوئی ملکی اور بیرونی قرضہ جات، گردش قرض، سرکاری کاروباری اداروں کو نقصان، ٹیکس کی بنیاد، زیادہ مالیاتی اور کرنٹ اکاؤنٹ خسارہ اور افراط زر شامل ہیں۔ بہتر برآمدات اور ترسیلات زر کے باوجود، مستحکم زرمبادلہ کی شرح برقرار رکھنا ایک مسئلہ ہے۔ معاشی مسابقت کو بڑھانے والی یا معنی اصلاحات کے بغیر، برآمدات کو فروغ دینے والے پیداواری شعبوں کی طرف براہ راست سرمایہ کاری اور ریگولیٹری دلدل کو ختم کرنے کی مسلسل کوشش کے بغیر، پاکستان کی معاشی بحالی رک جائے گی۔

عالمی اور ملکی معاشی مسائل کے علاوہ، ٹیکسٹائل انڈسٹری کو دیگر چیلنجز کا سامنا ہے جن میں کاروبار کرنے کی زیادہ قیمت، معاشی اضافہ، زرمبادلہ کی شرح اور اجناس کی مارکیٹ میں اتار چڑھاؤ، کم ملکی کپاس کی پیداوار اور COVID-19 کی وجہ سے فراہمی کے سلسلے میں رکاوٹیں شامل ہیں۔ حکومت نے علاقائی مسابقتی شرجوں پر توانائی کی فراہمی کا وعدہ کیا ہے، اور اس کو قابل عمل بنانے کے لئے یقینی بنایا جانا چاہیے۔ اس کے علاوہ، حکومت کو ایک توسیعی مالیاتی پالیسی اپنانی چاہیے، سبزنیکس، نظام حکومت کو فوری طور پر معطل کرنا چاہیے اور طویل تاخیر سے آئٹیکس اور دیگر چھوٹ جاری کر کے لیکویڈیٹی کو بہتر بنانا چاہیے۔

ہم مستقبل کے امکانات کے بارے میں محتاط طور پر پرامید ہیں اور منجھٹ تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے درست، کم خطرے والے فیصلے پر انحصار کرتی رہے گی۔ نئی ایجادات سے فائدہ اٹھانے کے لئے، کمپنی نے اپنے دونوں اسپننگ یونٹوں میں بی ایم آر پروگرام شروع کیا ہے۔ اس پروگرام میں جدید ٹیکنالوجی کی اپ گریڈیشن اور پیداواری صلاحیت، کارکردگی اور منافع کو بہتر بنانے میں مدد کے لئے صلاحیت میں کچھ توسیع شامل ہے۔

کارپوریٹ اور فنانس رپورٹنگ فریم ورک:

تنظیمی اداروں کے بنائے گئے قوانین کے تحت کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک سے متعلق مینجمنٹ میں مندرجہ ذیل بیانات کوڈائزیکٹر رپورٹ میں شامل کرنے کی ضرورت ہے۔

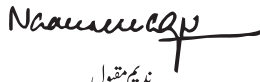
- a کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- b کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- c مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- d 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 کیا گیا ہے۔
- e اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- f کمپنی کے گونگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- g گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
- h وہاں کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بھی قابل ذکر دوامی اسٹنگ کے ضابطے میں تفصیلی طور پر کیا گیا ہے۔
- i ٹیکس، یوایس سے متعلق تمام تفصیل کو مالی حسابات اور ماحقہ ٹوٹس آڈٹ اکاؤنٹس میں ظاہر کر دیئے گئے ہیں۔
- j آڈٹ اکاؤنٹس کی بنیاد پر 30 جون 2021 کے سال مختتمہ کے لئے پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 98,120,335 روپے تھی۔
- k حصص میں کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری اور ان کے زوج اور نابالغ بچوں کی طرف سے اس سال کوئی خرید و فروخت نہیں کی گئی۔


محاسب کی تقرری:

موجودہ آڈیٹرز ”سمیر زبئی ڈی او ابراہیم اینڈ کمپنی“ کی خدمات کا عرصہ مکمل ہو چکا ہے اور دوبارہ تعیناتی کے لئے اپنی خدمات پیش کی ہیں۔ آڈٹ کمیٹی نے اگلے سال کیلئے بی ڈی او ابراہیم اینڈ کمپنی چارٹرڈ اکاؤنٹینٹ کو بطور آڈیٹر تقرری کی سفارش کی ہے۔

اعتراف:

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

  
ندیم مقبول  
ڈائریکٹر

  
عمران مقبول  
چیف ایگزیکٹو آفیسر  
کراچی: تاریخ 30 ستمبر 2021





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**INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CRESCENT FIBRES LIMITED 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 Crescent Fibres Limited (the Company) for the year ended June 30, 2021 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.

Based on our review, 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 June 30, 2021.

**KARACHI**

**DATED:** September 30, 2021

**CHARTERED ACCOUNTANTS**

Engagement Partner: Qasim E. Causer

**BDO Ebrahim & Co. Chartered Accountants**

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Annual Report 2021

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

**Name of Company :** Crescent Fibres Limited

**Year ended:** June 30, 2021

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

1. The total number of directors are seven as per the following:
  - a. Male 6
  - b. Female 1
2. The Composition of Board is as follows:

Category	Names
Independent Directors	Mr. Jahanzeb Saeed Khan Mr. S.M. Ali Asif
Non-Executive Directors	Mr. Nadeem Maqbool Mrs. Naila Humayun Maqbool Mr. Mansoor Riaz
Executive Directors	Mr. Imran Maqbool Mr. Humayun Maqbool
Female Director	Mrs. Naila Humayun Maqbool

3. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company.
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. Out of seven Directors, two Directors are exempt from training program as mentioned in regulation no. 19, sub-regulation 2 of the Regulations. Five Directors attended the Directors' training course earlier.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.



12. The Board has formed committees comprising of members given below:

Audit Committee	Mr. Jahanzeb Saeed Khan – Chairman Mr. Nadeem Maqbool – Member Mrs. Naila Humayun Maqbool – Member
HR and Remuneration Committee	Mr. Jahanzeb Saeed Khan – Chairman Mr. Nadeem Maqbool – Member Mrs. Naila Humayun Maqbool – 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 of the committee were as per following:

a)	Audit Committee	Four meetings
b)	HR and Remuneration Committee	One meeting

15. The Board has set up an effective internal audit function which is headed by a cost and management accountant who is suitably qualified and experienced for the purpose and is well 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, these 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 other requirements of Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On behalf of the Board of Director



**IMRAN MAQBOOL**  
Chief Executive Officer



**NADEEM MAQBOOL**  
Director



## SIX YEAR FINANCIAL SUMMARY

### OPERATING RESULTS:

	JUNE 2021	JUNE 2020	JUNE 2019	JUNE 2018	JUNE 2017	JUNE 2016
Net Sales	6,091,013,443	5,023,570,129	5,289,441,070	4,439,239,208	3,887,436,716	3,501,765,456
Cost of Sales	5,246,900,680	4,624,193,242	4,878,999,857	4,155,531,171	3,711,106,980	3,317,253,287
Distribution and admin. Expenses	158,459,456	151,073,375	138,922,268	125,788,730	111,142,947	112,580,214
Financial Charges	116,908,698	144,539,290	124,520,265	80,953,892	83,428,911	78,338,532
Other operating expenses	59,607,113	38,495,093	22,056,497	17,292,155	6,760,133	2,737,661
Other operating income - Net	82,073,537	85,218,721	37,788,978	33,427,705	63,501,918	38,857,822
Share of associate profit	(58,149)	(122,082)	(163,269)	(289,164)	(272,225)	(196,009)
Pre-Tax Profit/ (Loss)	591,152,884	150,365,768	162,567,892	92,811,801	38,227,438	29,517,575
Taxation	136,913,625	41,596,557	49,373,469	24,882,324	13,157,812	(661,680)
Extraordinary item						
Net Income	454,239,259	108,769,211	113,194,423	67,929,477	25,069,626	30,179,255

### PER SHARE RESULTS AND RETURN:

Share Price	62.00	37.29	37.95	25.51	30.90	39.90
Earning Per Share	36.58	8.76	9.12	5.47	2.02	2.43
Dividend Per Share (Rupees)	1.50	-	-	-	-	1.00
Net Income Sales Percent	7.46%	2.17%	2.14%	1.53%	0.64%	0.86%
Return on Average Assets Percent	8.03%	2.01%	2.26%	1.80%	1.00%	1.34%
Return on Average Equity Percent	13.00%	3.39%	3.64%	3.30%	2.52%	3.25%

### FINANCIAL POSITION:

Current Assets	2,307,888,352	2,474,673,943	2,006,090,259	1,712,461,451	1,423,212,999	1,079,631,770
Current Liabilities	1,299,076,293	2,044,358,551	1,662,218,227	1,415,648,999	1,096,423,305	838,581,419
Operating Fixed Assets	1,358,022,110	1,420,943,172	1,392,445,602	1,401,920,366	1,217,342,358	1,245,262,713
Total Assets	5,453,011,523	5,654,531,666	5,150,476,597	4,873,346,695	2,678,336,858	2,345,597,530
Long Term Debt	164,035,855	223,368,882	226,628,927	252,406,925	375,593,904	409,598,099
Shareholders Equity	3,723,848,125	3,262,031,430	3,150,480,471	3,068,059,569	1,055,124,219	935,209,375
Break-up Value Per Share	299.88	262.69	253.71	247.07	84.97	75.31

### FINANCIAL RATIOS:

P/E Ratio	1.69	4.26	4.16	4.66	15.31	16.42
Current Ratio	1.78	1.21	1.21	1.21	1.30	1.29
Total Debt to Total Assets Percent	34.14%	42.31%	38.83%	37.04%	60.61%	60.13%
Interest Charges Cover (Times)	6.057	2.040	2.306	2.146	1.458	1.377
Inventory Turnover (Times)	8.377	7.383	7.790	7.772	10.041	13.161
Fixed Assets Turnover (Times)	4.485	3.535	3.799	3.167	3.193	2.812
Total Assets Turnover (Times)	1.077	0.888	1.027	0.911	1.451	1.493

### OTHER DATA:

Depreciation and Amortization	106,769,633	112,094,218	108,046,640	115,650,909	117,930,489	123,123,436
Capital Expenditure	38,766,849	141,032,790	89,787,113	32,990,558	122,013,976	186,156,001

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CRESCENT FIBRES LIMITED

### Report on the Audit of the Financial Statements

#### Opinion

We have audited the annexed financial statements of **CRESCENT FIBRES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity 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 June 30, 2021 and of the profit and other comprehensive income, its cash flows and the changes in equity 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:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<b>Control environment relating to the financial reporting process and related IT systems</b> The IT control environment relating to the financial reporting process and the application controls of individual IT systems have an impact on the selected audit approach.	Our audit procedures included evaluation of the financial reporting process and related control environment, as well as testing of the effectiveness of controls including general IT controls. Our audit procedures focused on testing the reconciliation and approval controls as well as on evaluating the administration of access rights.

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S. No	Key audit matters	How the matter was addressed in our audit
	As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.	Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the statement of profit or loss and statement of financial position.
2.	<p><b>Valuation of stock in trade</b></p> <p>Stock in trade has been valued following an accounting policy as stated in note 5.6. As at reporting date value of stock in trade as disclosed in note 12 to the financial statements amounted to Rs. 349.327 million.</p> <p>Stock in trade represented significant portion of the Company's total assets.</p> <p>The cost included in the valuation of stock in trade has different components, which involves judgment in relation to the allocation of overheads costs and in determining the net realizable value (estimated selling price in ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy.</p> <p>Due to above factor, we have considered the valuation of stock in trade as key audit matter.</p>	<p>Our audit procedures in respect of valuation of stock in trade, amongst others, included the following:</p> <ul style="list-style-type: none"> <li>• understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness;</li> <li>• testing, on sample basis, the purchases with supporting documentation and contracts if any;</li> <li>• compared calculations of the allocation of directly attributable costs with the underlying supporting documents;</li> <li>• verified on test basis, the weighted average calculations of raw material stock as per accounting policy;</li> <li>• tested the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process;</li> <li>• obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in process and costs necessary to make the sale and their basis; and;</li> <li>• Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.</li> </ul>



S. No	Key audit matters	How the matter was addressed in our audit
3.	<b>Trade debts</b>  <p>As disclosed in note 13 to the accompanying financial statements of the Company for the year ended June 30, 2021, the Company has a trade debt balance amounting to Rs. 1,514.689 million, which represents a significant element of statement of financial position.</p> <p>A discrepancy in the valuation or existence of trade debt could cause the assets to be materially misstated, which would impact the Company's reported financial position as the valuation of aforesaid head is one of the main drivers of movements in the assets of the Company.</p> <p>Management estimates the collectible amount of debts. An allowance for Expected Credit Loss (ECL) is made against trade debts on the basis of lifetime ECL model as explained in note 5.1.1 whereas debts considered irrecoverable are written off.</p> <p>In view of the significance of trade debts in relation to the total assets of the Company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the allowance for ECL and that the existence and carrying value of trade receivables could be material to the performance of the Company.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> <li>• We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards;</li> <li>• We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle.</li> <li>• We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components.</li> <li>• We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment.</li> <li>• We examined on a sample basis, evidence related to post year-end cash receipts.</li> <li>• We reviewed the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</li> </ul>

#### 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.

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## **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 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.

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### **BDO Ebrahim & Co. Chartered Accountants**

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- 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 cash flows and the statement of changes in equity 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) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Qasim E. Causer.

KARACHI

DATED: September 30, 2021

BDO EBRAHIM & CO.  
CHARTERED ACCOUNTANTS

# STATEMENT OF FINANCIAL POSITION

## AS AT JUNE 30, 2021

ASSETS	Note	2021 Rupees	2020 Rupees
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment			
Operating fixed assets	6	1,349,149,824	1,420,943,172
Capital work-in-progress	7	8,872,286	-
		<u>1,358,022,110</u>	<u>1,420,943,172</u>
Investment property	8	1,752,738,250	1,736,101,561
Investment in equity accounted associate	9	196,063	254,212
Advances and deposits	10	34,166,748	22,558,778
		<u>3,145,123,171</u>	<u>3,179,857,723</u>
<b>CURRENT ASSETS</b>			
Stores, spares and loose tools	11	82,525,721	70,195,760
Stock-in-trade	12	349,327,257	780,383,651
Trade debts	13	1,514,688,864	1,312,377,711
Loans and advances	14	17,081,881	12,458,369
Deposits and prepayments	15	10,661,068	11,075,021
Other receivables		2,539,638	1,695,658
Short term investments	16	94,939,218	121,383,524
Tax refunds due from Government	17	8,026,640	11,451,959
Taxation - net	28	6,674,826	1,281,022
Cash and bank balances	18	221,423,239	152,371,268
		<u>2,307,888,352</u>	<u>2,474,673,943</u>
<b>TOTAL ASSETS</b>		<u>5,453,011,523</u>	<u>5,654,531,666</u>
<b>EQUITY AND LIABILITIES</b>			
<b>SHARE CAPITAL AND RESERVES</b>			
Authorised share capital			
15,000,000 (2020: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	19	124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment	20	1,996,280,568	1,993,825,768
Unrealized gain on investment classified as fair value through other comprehensive income	20	58,200,599	53,077,963
		<u>2,054,481,167</u>	<u>2,046,903,731</u>
Revenue reserves			
Unappropriated profit	20	1,545,188,198	1,090,948,939
		<u>3,723,848,125</u>	<u>3,262,031,430</u>
<b>NON-CURRENT LIABILITIES</b>			
Long term financing	21	164,035,855	223,368,882
Lease liabilities	22	32,952,510	51,116,866
Deferred Capital Grant		1,034,419	-
GIDC payable		88,395,561	-
Deferred taxation	23	143,668,760	73,655,937
		<u>430,087,105</u>	<u>348,141,685</u>
<b>CURRENT LIABILITIES</b>			
Trade and other payables	24	885,225,484	1,185,456,175
Unclaimed dividend	25	2,423,134	2,423,578
Interest and mark-up accrued	26	8,214,710	32,886,010
Short-term borrowings	27	206,910,135	769,463,132
Current portion of long term liabilities	29	196,302,830	54,129,656
		<u>1,299,076,293</u>	<u>2,044,358,551</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>5,453,011,523</u>	<u>5,654,531,666</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	30		

The annexed notes from 1 to 54 form an integral part of these financial statements.

*Imran Maqbool*

**IMRAN MAQBOOL**  
Chief Executive Officer

*Nadeem Maqbool*

**NADEEM MAQBOOL**  
Director

*Kamran Rasheed*


**KAMRAN RASHEED**  
Chief Financial Officer

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Sales - net	31	6,091,013,443	5,023,570,129
Cost of sales	32	(5,246,900,680)	(4,624,193,242)
Gross profit		844,112,763	399,376,887
General and administrative expenses	33	(137,780,088)	(132,631,369)
Distribution cost	34	(20,679,368)	(18,442,006)
Allowance for expected credit loss	13.2	(14,894,493)	(26,342,240)
Other operating income	35	82,073,537	85,218,721
Other operating expenses	36	(44,712,620)	(12,152,853)
		(135,993,032)	(104,349,747)
Operating profit		708,119,731	295,027,140
Financial charges	37	(116,908,698)	(144,539,290)
Share of loss from equity accounted associate	9.1	(58,149)	(122,082)
		(116,966,847)	(144,661,372)
Profit before taxation		591,152,884	150,365,768
Taxation	38	(136,913,625)	(41,596,557)
Profit for the year		454,239,259	108,769,211
Earnings per share - basic and diluted	39	36.58	8.76

The annexed notes from 1 to 54 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer





## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
Profit for the year	454,239,259	108,769,211
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Surplus on revaluation of property, plant and equipment	2,454,800	-
Unrealized gain on revaluation of investments classified as fair value through other comprehensive income	5,122,636	2,781,748
Total comprehensive income for the year	<u>461,816,695</u>	<u>111,550,959</u>

The annexed notes from 1 to 54 form an integral part of these financial statements.

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**IMRAN MAQBOOL**  
Chief Executive Officer



**NADEEM MAQBOOL**  
Director



**KAMRAN RASHEED**  
Chief Financial Officer




# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash generated from operations	41	788,386,814	190,848,446
Finance cost paid		(141,579,998)	(153,285,438)
Taxes paid		(72,294,606)	(86,404,262)
Net cash generated from / (used in) operating activities		574,512,210	(48,841,254)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(38,766,849)	(141,032,790)
Long term deposits		(11,607,970)	(4,082,013)
Short term investments - net		36,247,367	353,664
Proceeds from disposal of operating fixed assets		1,792,000	3,988,499
Net cash generated from / (used in) investing activities		(12,335,452)	(140,772,640)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long term financing	42	156,919,279	85,042,000
Repayments of long term financing	42	(67,591,629)	(72,617,702)
Deferred gain on sale and lease back		-	(209,349)
Dividend paid		(444)	(85,781)
Payments of lease liabilities		(19,898,996)	(29,297,170)
Short term borrowings - net		(562,552,997)	226,390,714
Net cash (used in) / generated from financing activities		(493,124,787)	209,222,712
Net increase in cash and cash equivalents		69,051,971	19,608,818
Cash and cash equivalent at the beginning of the year		152,371,268	132,762,450
Cash and cash equivalent at the end of the year		221,423,239	152,371,268

The annexed notes from 1 to 54 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director


  
**KAMRAN RASHEED**  
Chief Financial Officer

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Capital reserve		Revenue reserves	Total
		Unrealized gain on investment classified as fair value through OCI	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
Rupees					
Balance as at July 01, 2019	124,178,760	50,296,215	1,993,825,768	982,179,728	3,150,480,471
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	-	108,769,211	108,769,211
Other comprehensive income					
Unrealized gain on revaluation of investments	-	2,781,748	-	-	2,781,748
	-	2,781,748	-	108,769,211	111,550,959
Balance as at June 30, 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 year</b>					
Profit for the year	-	-	-	454,239,259	454,239,259
Other comprehensive income					
Unrealized gain on revaluation of investments	-	5,122,636	-	-	5,122,636
Unrealized gain on revaluation of property, plant and equipment	-	-	2,454,800	-	2,454,800
	-	5,122,636	2,454,800	454,239,259	461,816,695
Balance as at June 30, 2021	124,178,760	58,200,599	1,996,280,568	1,545,188,198	3,723,848,125

The annexed notes from 1 to 54 form an integral part of these financial statements.

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2021

## 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.

## 2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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.

## 3 BASIS OF PREPARATION

### 3.1 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 (IFRS) issued by the International Accounting Standards 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 provisions of and directives issued under the Companies Act, 2017 differ from the IFRS, the provisions of and directives issued under the Companies Act, 2017 have been followed.

### 3.2 Basis of measurement

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

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

The preparation of these financial statements in conformity with accounting standards requires the management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historic experience and other factors including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

### 3.3 Functional and presentation currency

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

## 4 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

### 4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2021

The following standards, amendments and interpretations are effective for the year ended June 30, 2021. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the financial statements other than certain additional disclosures.

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	Effective date (annual periods beginning on or after)
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.	January 01, 2020
Amendments to IFRS 3 'Business Combinations' - Definition of a business	January 01, 2020
Amendments to IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' - Interest rate benchmark reform	January 01, 2020
Amendments to IFRS 16 'Leases' - Covid-19 related rent concessions	June 01, 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of material	January 01, 2020
Certain annual improvements have also been made to a number of IFRSs.	

#### 4.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid-19 related rent concessions	April 01, 2021
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

## 5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been consistently applied unless otherwise stated.

### 5.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### 5.1.1 Financial assets

##### i. Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) equity investment, or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss.
<b>Financial assets at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in statement of profit or loss.
<b>Equity investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to statement of profit or loss.

## ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model which requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

The guiding principle of the expected credit loss (ECL) model is to reflect the general pattern of deterioration or improvement in the credit quality of financial instruments. The amount of ECLs recognised as a loss allowance or provision depends on the extent of credit deterioration since initial recognition. Under the general approach, there are two measurement bases:

- 12-month ECLs (Stage 1), which applies to all items (from initial recognition) as long as there is no significant deterioration in credit quality.
- Lifetime ECLs (Stages 2 and 3), which applies when a significant increase in credit risk has occurred on an individual or collective basis.

The Company's financial assets include mainly trade debts, deposits, short term investments, advances, other receivables, cash and bank balances.

The Company's trade receivables do not contain a significant financing component (as determined in terms of the requirements of IFRS 15 "Revenue from Contracts with Customers"), therefore, the Company is using simplified approach, that does not require the Company to track the changes in credit risk, but, instead, requires to recognise a loss allowance based on lifetime ECLs at each reporting date.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. To measure expected credit losses on a collective basis, trade receivables are grouped based on similar credit risk and aging.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors.

### iii. **Derecognition**

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

## 5.2 **Property, plant and equipment**

### a) **Owned**

These are stated at cost less accumulated depreciation and impairment losses, if any, except freehold land which is stated at revalued amount.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in the respective note and after taking into account residual value. Leasehold land is amortized over the term of lease.

Depreciation on additions during the year is charged on pro-rata basis when the assets are available for use. Similarly the depreciation on deletion is charged on pro-rata basis up to the period when the asset is derecognized.

Any surplus arising on revaluation of property, plant and equipment is credited to the surplus on revaluation account. Revaluation is carried out with sufficient regularity to ensure that the carrying amounts of assets do not differ materially from the fair value of such assets.

The assets residual values and useful lives are reviewed, and adjusted if significant, at each statement of financial position date. Maintenance and normal repairs are charged to statement of profit or loss as and when incurred. Major renewals and improvements are capitalized. Gains and losses if any, on disposal of property, plant and equipment are included in statement of profit or loss.

### b) **Investment property**

Property, comprising land or a building or part thereof, held to earn rentals or for capital appreciation or both are classified as investment property. These are not held for use in the production or supply of goods or services or for administrative purposes. The Company's business model i.e. the Company's intentions regarding the use of a property is the primary criterion for classification as an investment property.



Investment property is initially measured at cost (including the transaction costs). However, when an owner occupied property carried at fair value becomes an investment property because its use has changed, the transfer to the investment property is at fair value on the date of transfer and any balance of surplus on the revaluation of the related assets, on the date of such a transfer continues to be maintained in the surplus account on revaluation of property, plant and equipments. Upon disposal, any surplus previously recorded in the revaluation surplus account is directly transferred to retained earnings/accumulated losses and the transfer is not made through the statement of profit or loss. However, any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in the statement of profit or loss.

The transfer to investment property is made when, and only when, there is a change in use, evidenced by the end of owner occupation. In case of a dual purpose properties, the same is classified as investment property, only if the portion could be sold or leased out separately.

Subsequent to initial recognition, the Company measures the investment property at fair value at each reporting date and any subsequent changes in fair value is recognised in the statement of profit or loss (i.e. in cases where the owner occupied property carried at fair value becomes an investment property, the fair value gain to be recognised in the profit and loss would be the difference between the fair value at the time of initial classification as investment property and fair value at the time of subsequent remeasurement). The revaluations of investment properties are carried out by independent professionally qualified valuers on the basis of active market price.

## c) Leases

### Right of use assets

The right of use asset is measured at cost, as the amount equal to initially measured lease liability adjusted for lease prepayments made at or before the commencement date, initial direct cost incurred less any lease incentives received.

The right of use assets is subsequently depreciated using the reducing balance method from the date of recognition to the earlier of the end of useful life of the right of use asset or the end of the lease term. The estimated useful lives of the right of use assets are determined on the same basis as those of property, plant and equipment. In addition, the right of use assets is periodically reduced by the impairment losses, if any, and adjusted for certain remeasurement of the lease liability.

### Lease Liability

The lease liability was measured upon initial recognition at the present value of the future lease payments over the lease term, discounted with the specific incremental borrowing rate. Subsequently lease liabilities are measured at amortized cost using the effective interest rate method.

Subsequently lease liabilities are measured at amortized cost using the effective interest rate method. It is measured when there is a change in future lease payments arising from a change in the rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use assets, or is recorded in profit or loss if the carrying amount of the right-of-use assets has been reduced to zero.

### **Operating leases**

Short term leases including ljarah financing where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to statement of profit or loss on a straight-line basis over the lease /ljarah term unless another systematic basis is representative of the time pattern of the Company's benefit.

#### **d) Capital work in progress**

Capital work-in-progress are stated at cost and consists of expenditure incurred, advances made and other costs directly attributable to operating fixed assets in the course of their construction and installation. Cost also includes applicable borrowing costs. Transfers are made to relevant operating fixed assets category as and when assets are available for use intended by the management.

#### **5.3 Impairment of non-financial assets**

The carrying amount of the Company's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indications exist, the assets recoverable amount is estimated in order to determine the extent of impairment loss, if any.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that is largely independent from other assets and group. Impairment losses are recognized as expense in statement of profit or loss.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

#### **5.4 Investment in equity accounted associate**

Entities in which the Company has significant influence but not control and which are neither its subsidiaries nor joint ventures are associates and are accounted for by using the equity method of accounting.

These investments are initially recognized at cost and thereafter, the carrying amount is increased or decreased to recognize the Company's share of profit or loss of associates. Share of post acquisition profit or loss of associates is accounted for in the Company's statement of profit or loss. Distribution received from investee reduces the carrying amount of investment.

The changes in the associate's equity which have not been recognized in the associates' statement of profit or loss, are recognised directly in the equity of the Company.

## 5.5 Stores, spares and loose tools

Stores and spares are stated at cost less provision for slow moving and obsolete items. Cost is determined using moving average method. Items considered obsolete are carried at nil value. Items in transit are valued at cost comprising invoice value plus other charges paid thereon.

## 5.6 Stock in trade

These are valued at the lower of cost and net realizable value applying the following basis:

- Raw material	At weighted average cost
- Work in progress	Average manufacturing cost
- Finished goods	Average manufacturing cost
- Waste	Net realizable value

Goods in transit are stated at invoice price plus other charges paid thereon up to the date of statement of financial position.

Cost of work in process and finished goods comprises of cost of direct material, labour and appropriate portion of manufacturing overheads.

Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs of completion and estimated costs necessary to make the sale. Estimates of net realizable value are based on the most reliable evidence available at the time the estimates are made of the amount the inventories are expected to realize.

## 5.7 Trade debts and other receivables

Trade debts and other receivables are carried at original invoice amount being the fair value of the consideration to be received in future. An allowance for ECL is made against trade debts on the basis of lifetime expected credit loss model as explained in note 5.1.1 whereas debts considered irrecoverable are written off.

## 5.8 Taxation

### a) Current

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years and tax credit, if any.

### b) Deferred

Deferred tax is accounted for using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.



Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and carry-forward of unused tax losses and tax credits to the extent that it is probable that future taxable profits will be available against which deferred tax asset can be utilized, except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability that, at the time of transaction, affects neither the accounting nor taxable profits.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax asset and liability is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the rates (and tax laws) that have been enacted or substantively enacted at the date of statement of financial position.

## **5.9 Trade and other payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

## **5.10 Provisions**

A provision is recognized in the statement of financial position when the Company has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are determined by discounting future cash flows at appropriate discount rate where ever required. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

## **5.11 Borrowings cost**

Borrowings are initially recorded at the proceeds received. In subsequent periods, borrowings are stated at amortized cost using the effective yield method.

Borrowing costs are recognised as an expense in the period in which these are incurred except to the extent of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Such borrowing costs, if any, are capitalized as part of the cost of that asset.

## **5.12 Employee retirement benefits**

### **a) Defined contribution plan**

The Company operates an approved provident fund scheme covering all its permanent employees. Equal monthly contributions are made both by the Company and the employees in accordance with the rules of the Scheme.

### 5.13 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.

Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

#### Revenue from contracts with customers

##### Sale of goods

Sale of goods is recognized when the Company has transferred control of the products to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

##### 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 liabilities

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

##### Others

- Scrap sales are recognized on delivery to customers at realized amounts.
- Rental income is recognized on accrual basis.
- Mark-up on bank deposits is accrued on time proportion using effective interest method.
- Dividend income is recognized when the right to receive is established.
- Realised capital gains / (losses) arising on sale of investments are included in the income statement on the date at which the transaction takes place.
- Unrealised gains / (losses) arising on re-measurement of investments classified as 'financial assets at fair value through profit or loss' and 'fair value through other comprehensive income' are included in the statement of profit and loss and statement of other comprehensive income respectively in the year in which they arise.

### 5.14 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, cash in transit and balances with banks.

### 5.15 Foreign currency translation

Transactions in foreign currencies are translated into Pak rupees at the exchange rates prevailing at the date of transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated into Pak rupees at the rates of exchange prevailing at the statement of financial date. Foreign exchange differences are recognized in the statement of profit or loss.

## **5.16 Related party transactions**

Transactions with related parties are based at arm's length at normal commercial rates on the same terms and conditions as applicable to third party transactions.

## **5.17 Share capital**

Share capital is classified as equity and recognized at the face value. Incremental costs directly attributable to the issue of new shares are shown as a deduction in equity.

## **5.18 Dividend and appropriation to reserves**

Dividend and appropriation to reserves are recognized in the financial statements in the year in which it is approved by the shareholders.

## **5.19 Earnings per share**

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

## **5.20 Significant accounting judgements and critical accounting estimates / assumptions**

The preparation of these financial statements in conformity with accounting and reporting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The matters involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are as follows:

### **a) Property, plant and equipment**

Management has made estimates of residual values, useful lives and recoverable amounts of certain items of property, plant and equipment. Any change in these estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with corresponding effect on the depreciation charge and impairment loss.

### **b) Stores, spares, loose tools and stock-in-trade**

The Company has made estimates for realizable amount of slow moving and obsolete stores, spares, loose tools and stock-in-trade to determine provision for slow moving and obsolete items. Any future change in estimated realizable amounts might affect carrying amount of stores, spares and stock-in-trade with corresponding affect on amounts recognized in statement of profit or loss as provision/reversal.

### **c) Allowance for expected credit loss**

The Company reviews its trade debts at each reporting date to assess whether ECL should be recorded in the statement of profit or loss. In particular, judgment by management is required in the estimation of the amount on the basis of lifetime expected credit loss model as explained in note 5.1.1.

### **d) Provision for taxation**

The Company takes into account the current income tax law and decisions taken by appellate authorities. Instances where the Company's view differs from the view taken by the Income Tax Department at the assessment stage and where the Company considers that its view on items of material nature is in accordance with law, the amounts are shown as contingent liabilities.

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### 6 OPERATING FIXED ASSETS

6.1 The following is the statement of operating fixed assets:

Description	Owned												Right-of-use assets		Total assets	
	Freehold land note (6.1)	Leasehold Land note (6.1.2)	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Tools and equipment	Electric installation	Service equipment	Total Owned	Vehicles	Plant and machinery		Total Right-of-use assets
Rupees																
Net carrying value basis																
year ended June 30, 2021																
Opening net book value (NBV)	316,536,000	1,647,487	100,260,827	70,281,172	805,471,115	615,572	29,467,913	445,631	376,665	7,804,670	12,270	1,332,919,322	9,360,000	78,663,850	88,023,850	1,420,943,172
Additions (at cost)	-	-	-	-	28,386,662	-	1,307,900	-	-	-	-	29,884,563	2,825,000	-	2,825,000	32,719,563
Revaluation surplus	2,454,800	-	-	-	-	-	-	-	-	-	-	2,454,801	-	-	-	2,454,801
Transfer from leased assets to own assets (NBV)	-	-	-	-	-	-	9,360,000	-	-	-	-	9,360,000	(9,360,000)	-	(9,360,000)	-
Disposals (NBV)	-	-	-	-	-	-	(198,079)	-	-	-	-	(198,079)	-	-	-	(198,079)
Depreciation charge	-	(16,809)	(5,013,041)	(3,514,038)	(81,405,068)	(61,557)	(7,936,087)	(88,127)	(37,667)	(780,467)	(2,454)	(98,856,165)	(47,083)	(7,866,385)	(7,913,468)	(106,769,633)
Closing net book value	318,990,800	1,630,678	95,247,786	66,767,114	752,452,709	554,015	32,201,647	355,504	338,999	7,024,203	9,816	1,275,574,442	2,777,917	70,797,465	73,575,382	1,346,149,824
Gross carrying value basis																
year ended June 30, 2021																
Cost	318,990,800	2,483,754	114,971,342	115,667,567	1,998,393,080	6,267,884	94,217,998	8,578,162	449,849	34,394,117	1,033,627	2,700,483,102	16,751,731	85,042,000	101,793,731	2,802,276,833
Accumulated depreciation	-	(837,907)	(19,723,556)	(48,900,453)	(1,246,940,371)	(5,713,869)	(62,016,351)	(8,222,678)	(4,159,950)	(27,389,941)	(1,023,811)	(1,424,908,660)	(13,973,814)	(14,244,535)	(28,218,349)	(1,453,127,009)
Net book value	318,990,800	1,630,678	95,247,786	66,767,114	752,452,709	554,015	32,201,647	355,504	338,999	7,024,203	9,816	1,275,574,442	2,777,917	70,797,465	73,575,382	1,346,149,824
Net carrying value basis																
year ended June 30, 2020																
Opening net book value (NBV)	316,536,000	1,664,296	64,300,309	73,980,181	877,284,786	683,969	36,625,311	557,039	418,517	8,671,856	15,338	1,380,745,601	11,700,000	-	11,700,000	1,392,445,601
Additions (at cost)	-	-	-	-	16,578,058	-	244,800	-	-	-	-	16,822,858	-	85,042,000	85,042,000	101,864,858
Transfer from capital work-in-progress to own assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	39,167,303	-	(408,717)	-	(32,266)	-	-	-	-	39,167,303	-	-	-	39,167,303
Depreciation charge	-	(16,809)	(3,215,415)	(3,689,009)	(87,983,012)	(68,337)	(7,389,912)	(111,408)	(41,652)	(867,166)	(3,068)	(103,376,068)	(2,340,000)	(6,378,150)	(8,718,150)	(112,094,218)
Closing net book value	316,536,000	1,647,487	100,260,827	70,281,172	805,471,115	615,572	29,467,913	445,631	376,665	7,804,670	12,270	1,332,919,321	9,360,000	78,663,850	88,023,850	1,420,943,171
Gross carrying value basis																
year ended June 30, 2020																
Cost	316,536,000	2,483,754	114,971,342	115,667,567	1,998,087,450	6,267,884	83,546,177	8,578,162	449,849	34,394,117	1,033,627	2,641,052,849	23,286,731	85,042,000	108,320,731	2,755,381,580
Accumulated depreciation / impairment	-	(821,267)	(44,710,516)	(45,386,395)	(1,153,616,335)	(5,652,112)	(54,080,264)	(8,133,551)	(4,122,284)	(26,588,447)	(1,021,357)	(1,314,133,528)	(13,926,731)	(6,378,150)	(20,334,881)	(1,334,439,409)
Net book value	316,536,000	1,647,487	100,260,826	70,281,172	805,471,115	615,572	29,467,913	445,631	376,665	7,804,670	12,270	1,332,919,321	9,360,000	78,663,850	88,023,850	1,420,943,171
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	20%	20%	10%	10%	

6.1.1 This represents freehold land of 4 mada, 52.63 acre and 46.64 kanal are located at Plot No. 57, Block-Q, Phase VII, Defence Housing Authority, Lahore and at 17/4M, Faisalabad Road, Brikhi, District Sheikhpura and New Lahore Road, Islamabad. Faisalabad was revalued by a professional valuer named Evaluation-Focused Consultants on July 06, 2021 on the basis of market value method and the property located at Defence Housing Authority, Lahore was revalued based on the sale agreement subsequent to the year ended July 14, 2021. The resulting revaluation surplus aggregating to Rs. 2,454 million are included in the carrying values of such assets with a corresponding amount appearing as "Surplus on revaluation of property, plant and equipment". Management believes that the assessed value would not be significantly different from the value of the property as of June 30, 2021.

6.1.2 The leasehold land of 14 acres is located at B-123, Road no. D-7, Norabad SITE, District Jamshoro.

	Note	2021 Rupees	2020 Rupees
6.2	The depreciation charge for the year has been allocated as follows:		
	Cost of sales	32	98,633,330
	General and administrative expenses	33	8,136,308
		<u>106,769,638</u>	<u>112,094,219</u>

6.3 Had there been no revaluation, the net book value of freehold land would have been as follows:

Freehold land	<u>47,164,656</u>	<u>47,164,656</u>
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6.3.1 Fair value of freehold land is considered to be based on level 2 in the fair value hierarchy due to significant observable input used in the valuation.

#### Valuation techniques used to derive level 2 fair values

Fair value of freehold was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes such as location and size of the land. Moreover, value of land also depends upon the area and location. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.

## 7 CAPITAL WORK-IN-PROGRESS

Description	Cost			As at June 30, 2021
	As at July 01, 2020	Additions during the year	Transferred to operating fixed assets	
Extension in blowroom building- Unit 2	-	8,872,286	-	8,872,286
<b>Total - 2020</b>	<u>-</u>	<u>39,167,932</u>	<u>39,167,932</u>	<u>-</u>

**2021  
Rupees**

**2020  
Rupees**

## 8 INVESTMENT PROPERTY

Opening balance	1,736,101,561	1,733,087,677
Fair value adjustment	16,636,689	3,013,884
	<u>1,752,738,250</u>	<u>1,736,101,561</u>

8.1 The carrying value of investment property is the fair value of the property as determined by approved independent valuer M/s. Evaluation Focused Consulting as on July 06, 2021 on the basis of market value. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition as the Company's investment property. Management believes that the market value of the property would same as of June 30, 2021.

### 8.2 Fair value measurement

Fair value measurement of investment property is based on the valuations carried out by an independent valuer M/s. Evaluation Focused Consulting as on July 06, 2021 on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

### 8.3 Valuation techniques used to derive level 2 fair values - Investment property

Fair value of investment was derived using sale comparison approach, standard appraisal procedures and physical site inspection. Sale prices of comparable land in close proximity is adjusted for differences in key attributes such as location and size of the land. Moreover, value of land also depends upon the area and location. The most significant input in this valuation approach is price / rate per kanal / acre in particular locality. This valuation is considered to be level 2 in fair value hierarchy due to significant observable inputs used in the valuation.



**8.4 Forced sales value - Investment property**

Forced sales value of investment property as of June 30, 2021 amounted to Rs. 1,489.828 million.

**8.5 Location and area - Investment property**

Investment property of 368.65 kanal is located at New Lahore Road, Nishatabad, Faisalabad.

**9 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE**

	Note	2021 Rupees	2020 Rupees
Investment in equity accounted associate	9.1	196,063	254,212
9.1 Investment in equity accounted associate			
Premier Insurance Limited			
69,621 shares of Rs. 10 each (2020 : 69,621 shares of Rs.10/- each)			
Cost of investment		930	930
Accumulated share of post acquisition profit - net of dividend received		342,289	464,371
Accumulated impairment		(89,007)	(89,007)
Share of loss for the year		(58,149)	(122,082)
		195,133	253,282
		196,063	254,212

Market value of investment in equity accounted associate was Rs. 382,916 (2020: Rs. 348,105).

Financial statements of associated company for the year ended June 30, 2021 (Un-audited) have been used for the purpose of application of equity method. The percentage of equity held in associate is 0.1377% (2020: 0.1377%).

Summarised financial information of Premier Insurance Limited as of June 30, 2021 (Un-audited) is set out below:

Total assets	3,760,359,000	2,738,941,000
Total liabilities	2,331,655,000	1,583,375,000
Net assets	1,428,704,000	1,155,566,000
Underwriting results	(78,232,000)	(250,681,000)
Investment income	139,617,000	24,565,000
Loss after tax	(42,233,000)	(88,667,000)
Company's share of associate's net assets	2,061,315	1,591,053

**10 ADVANCES AND DEPOSITS**

Security deposits			
Leases		8,200,070	11,603,900
Electricity deposit		9,039,103	9,039,103
Others		1,915,775	1,915,775
	10.1	19,154,948	22,558,778
Advance against vehicles	10.2	15,011,800	-
		34,166,748	22,558,778

10.1 These deposits do not carry any interest or markup and are not recoverable within one year. IFRS 9 requires long-term non interest bearing financial assets to be discounted at average borrowing rate of the Company. Majority of the long-term deposits relates to deposits given to government utility departments with undetermined life period for the impact of discounting hence these are not remeasured.

10.2 This represents the advance paid by the Company against purchase of vehicles.

			2021 Rupees	2020 Rupees
<b>11</b>	<b>STORES, SPARES AND LOOSE TOOLS</b>			
	In hand			
	Stores		71,633,488	53,879,253
	Spares		21,390,047	24,175,877
	Loose tools		46,183	43,702
			93,069,718	78,098,832
	Less: Provision for slow moving items	11.2	(10,543,997)	(7,903,072)
			82,525,721	70,195,760
11.1	Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.			
<b>11.2</b>	<b>Provision for slow moving items</b>			
	Balance at the beginning of the year		7,903,072	6,184,883
	Provision recognized during the year		2,640,925	1,718,189
	Balance at the end of the year		10,543,997	7,903,072
<b>12</b>	<b>STOCK-IN-TRADE</b>			
	Raw material in hand		194,938,050	595,937,986
	Work-in-process		72,961,942	78,313,474
	Finished goods		81,427,265	106,132,191
			349,327,257	780,383,651
12.1	During the year no inventories of finished goods were carried at net realizable value (2020: nil).			
<b>13</b>	<b>TRADE DEBTS</b>			
	Unsecured - considered good			
	Due from associated companies	13.1	3,533	6,121,143
	Others		1,514,685,331	1,306,256,568
			1,514,688,864	1,312,377,711
	Considered doubtful		57,836,742	42,942,249
			1,572,525,606	1,355,319,960
	Less: Allowance for expected credit loss	13.2	(57,836,742)	(42,942,249)
			1,514,688,864	1,312,377,711
13.1	This represents due from Suraj Cotton Mills Limited, an associated company.			
<b>13.2</b>	<b>Allowance for expected credit loss</b>			
	Opening balance		42,942,249	16,600,009
	Allowance recognized during the year		14,894,493	26,342,240
	Closing balance		57,836,742	42,942,249
13.3	The aging of related party balances at the reporting date is as follows:			
	Not past due		-	6,085,404
	31 to 90 days		3,533	-
13.4	The maximum amount due from related parties at the end of any month during the year was Rs. 11.235 million (2020: Rs. 11.752 million).			

		Note	2021 Rupees	2020 Rupees
<b>14</b>	<b>LOANS AND ADVANCES - UNSECURED</b>			
	Loans			
	To employees	14.2	969,982	1,594,373
	Advances			
	To suppliers / contractors	14.3	9,767,889	4,829,635
	Against imports	14.4	6,344,010	6,034,361
			<u>16,111,899</u>	<u>10,863,996</u>
			<u>17,081,881</u>	<u>12,458,369</u>
14.1	Chief Executive Officer and Directors have not taken any loans from the Company.			
14.2	These loans are granted to employees of the Company which do not carry mark-up in accordance with their terms of employment.			
14.3	This represents advances to suppliers / contractors in the normal course of business and does not carry any interest or mark-up.			
14.4	This represents advances against imports for stores and spares in the normal course of business and does not carry any interest or mark-up.			
<b>15</b>	<b>DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
	Security deposits	15.1	10,306,839	10,067,239
	Prepayments		<u>354,229</u>	<u>1,007,782</u>
			<u>10,661,068</u>	<u>11,075,021</u>
15.1	This includes short term bank guarantee and Letter of Credit (LC) margin in the normal course of business and does not carry any interest or mark-up.			
<b>16</b>	<b>SHORT TERM INVESTMENTS</b>			
	At fair value through other comprehensive income	16.1	93,739,218	83,958,227
	At fair value through profit or loss	16.2	-	36,225,297
	At amortised cost	16.3	<u>1,200,000</u>	<u>1,200,000</u>
			<u>94,939,218</u>	<u>121,383,524</u>
<b>16.1</b>	<b>Fair value through other comprehensive income</b>			
	At cost		48,187,534	43,529,179
	Revaluation surplus			
	As at July 01		<u>53,077,963</u>	<u>50,296,215</u>
	Surplus for the year - net		<u>5,122,636</u>	<u>2,781,748</u>
	As at June 30		58,200,599	53,077,963
	Impairment loss		<u>(12,648,915)</u>	<u>(12,648,915)</u>
		16.1.1	<u>93,739,218</u>	<u>83,958,227</u>

16.1.1 Details of fair value through other comprehensive income investment are as under:

Number of shares			Market value	
2021	2020		2021	2020
		Quoted - At fair value	Rupees	Rupees
1,487,926	1,389,541	The Crescent Textile Mills Limited	40,605,500	28,930,244
1,089	1,089	Crescent Cotton Mills Limited	59,621	43,233
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	1,620,828	927,410
1,011,751	1,011,751	Shakarganj Mills Limited	48,078,408	50,081,675
50,060	50,060	Crescent Jute Products Limited	170,204	170,204
479,739	479,739	Samba Bank Limited	3,204,657	3,746,762
		Unquoted - At breakup value		
25,000	25,000	Crescent Modaraba Management Company Limited	-	58,700
533,623	533,623	Crescent Bahuman Limited	-	-
			93,739,218	83,958,227

	Note	2021 Rupees	2020 Rupees
<b>16.2 Fair value through profit or loss</b>			
At cost		-	34,689,360
Gain / (loss) on revaluation of investments		-	1,535,937
	16.2.1	<u>-</u>	<u>36,225,297</u>

**Market value**

**2021  
Rupees**      **2020  
Rupees**

16.2.1 Details of Investment in units of mutual funds - at fair value through other profit and loss were as under:

Number of units				
2021	2020			
		Quoted - At fair value		
-	359,272	MCB Cash Management - Optimizer Growth Fund	-	36,225,297

**16.3 Amortised cost**

Term deposit certificates	16.3.1	<u>1,200,000</u>	<u>1,200,000</u>
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16.3.1 These term deposit certificates carry mark-up at rates ranging from 5.00% to 5.50% per annum (2020: 4.75% to 7.05% per annum).

**17 TAX REFUNDS DUE FROM GOVERNMENT**

Income tax refundable	<u>8,026,640</u>	<u>11,451,959</u>
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**18 CASH AND BANK BALANCES**

Cash in hand	849,755	995,690
Bank balances		
Conventional mode		
Current accounts	120,062,646	48,999,221
PLS Saving accounts	100,510,838	102,376,357
	220,573,484	151,375,578
	<u>221,423,239</u>	<u>152,371,268</u>

18.1 The balance in saving accounts carry profit at average rates ranging from 5.00% to 5.50% per annum (2020: 6.50% to 10.25% per annum).

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**19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL**

Number of ordinary shares of Rs.  
10/- each

2021	2020		2021	2020
9,128,510	9,128,510	Fully paid in cash	91,285,100	91,285,100
535,533	535,533	Fully paid issued to financial institution against conversion of loan	5,355,330	5,355,330
2,753,833	2,753,833	Fully paid bonus shares	27,538,330	27,538,330
12,417,876	12,417,876		124,178,760	124,178,760
57,825	57,825	Shares held by associated undertakings	578,250	578,250

- 19.1 The Company has one class of ordinary shares which carry no rights to fixed income. The holders of shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at the meeting of the Company. All shares rank equally with regard to the Company's residual assets.

	Note	2021 Rupees	2020 Rupees
<b>20 RESERVES</b>			
<b>Capital reserve</b>			
Surplus on revaluation of property, plant and equipment		1,996,280,568	1,993,825,769
Unrealized gain on investments classified as fair value through other comprehensive income		58,200,599	53,077,963
		2,054,481,167	2,046,903,732
<b>Revenue reserves</b>			
Unappropriated profit		1,545,188,198	1,090,948,939
		3,599,669,365	3,137,852,671

- 20.1 Movement of reserves have been reflected in the statement of changes in equity.

**21 LONG TERM FINANCING**

From banking companies - secured

Conventional mode

United Bank Limited - Term finance - 1	21.1	54,555,466	81,833,199
MCB Bank Limited - Term finance - 2	21.2	3,659,700	3,659,700
MCB Bank Limited - Term finance - 3	21.3	13,190,892	19,786,336
United Bank Limited - Term finance - 4	21.4	15,666,668	15,666,668
MCB Bank Limited - Term finance - 5	21.5	26,527,000	30,949,000
MCB Bank Limited - Term finance - 6	21.6	16,676,000	16,676,000
MCB Bank Limited - Term finance - 7	21.7	13,170,667	15,365,778
MCB Bank Limited - Term finance - 8	21.8	42,666,000	48,000,000
MCB Bank Limited - Term finance - 9	21.9	27,000,000	27,000,000
Bank of Punjab - Term finance - 10	21.10	123,766,916	-
		336,879,309	258,936,681

Islamic mode

Orix Modaraba - Term finance - 11	21.11	485,802	1,457,404
Orix Modaraba - Term finance - 12	21.12	191,605	574,849
Orix Modaraba - Term finance - 13	21.13	660,862	1,453,894
		1,338,269	3,486,147
		338,217,578	262,422,828

Less: Current portion shown under current liabilities

29	(174,181,723)	(39,053,946)
	164,035,855	223,368,882



- 21.1 This facility has been obtained from United Bank Limited for extension of Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 2.25% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from May 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million. The sanctioned limit of the facility is Rs. 300 million (2020: Rs. 300 million).
- 21.2 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 9.00% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2016. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 32.937 million (2020: Rs. 32.937 million).
- 21.3 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 59.359 million (2020: Rs. 59.359 million).
- 21.4 This facility has been obtained from United Bank Limited to import of plant and machinery. The rate of mark-up is 4.50% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million (2020: Rs. 400 million).
- 21.5 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 10 years after a grace period of 18 months with installments starting from November 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 41 million (2020: Rs. 41 million).
- 21.6 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from October 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 32 million (2020: Rs. 32 million).
- 21.7 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 20 million (2020: Rs. 20 million).
- 21.8 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 48 million (2020: Rs. 48 million).
- 21.9 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 27 million (2020: Rs. 27 million).
- 21.10 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 (2020: nil).
- 21.11 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of the company. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2 years after a grace period of 12 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million. The sanctioned limit of the facility is Rs. 2.429 million (2020: Rs. 2.429 million).
- 21.12 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of the Company. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2.5 years after a grace period of 6 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million. The sanctioned limit of the facility is Rs. 2.149 million (2020: Rs. 2.149 million).
- 21.13 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of the Company. The rate of mark-up is 6 months KIBOR + 3% variable rate and is payable monthly over a period of 3 years starting from May 2019. The finance facility is secured against personal guarantees of directors upto 15 million. The sanctioned limit of the facility is Rs. 3.379 million (2020: Rs. 3.379 million).

	Note	2021 Rupees	2020 Rupees
<b>22 LEASE LIABILITIES</b>			
Secured			
Balance as July 01		66,192,576	10,447,746
Additions during the year		2,825,000	68,000,000
		69,017,576	78,447,746
Payments / adjustments during the year		(19,898,996)	(12,255,170)
		49,118,580	66,192,576
Less: Current portion	29	(16,166,070)	(15,075,710)
	22.1&		
	22.2	32,952,510	51,116,866

22.1 This includes finance leases entered into with financial institutions for vehicles. Financing rates ranging from 8.15% to 15.86% (2020: 13.19% to 21.77%) per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company on payment of residual values of the assets. These facilities are secured by security deposit and personal guarantees of directors and hypothecation charge on leased assets.

22.2 This also includes leases entered into with the financial institution for imported machinery. Financing ranging from 10.30% to 16.90% (2020: 13.92%) per annum have been used as a discounting factor. At the end of the lease period the ownership of the machine shall be transferred to the Company on payment of residual value. This facility is secured by security deposit and personal guarantees of directors amounting to Rs. 65 million.

The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

	2021			2020		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	19,842,697	34,945,038	54,787,735	21,640,207	55,196,169	76,836,376
Financial charges not due	(3,676,626)	(1,992,528)	(5,669,154)	(6,564,497)	(4,079,302)	(10,643,799)
Present value of minimum lease payments	16,166,071	32,952,510	49,118,581	15,075,710	51,116,867	66,192,577
Payable within one year shown under current liabilities	(16,166,071)	-	(16,166,071)	(15,075,710)	-	(15,075,710)
	-	32,952,510	32,952,510	-	51,116,867	51,116,867

### 22.3 Amounts recognised in the statement of profit or loss:

Interest expense on lease liability	37	5,489,004	6,868,474
Expense relating to short-term leases	33	8,365,669	7,490,120
Total amount recognised in statement of profit or loss		13,854,673	14,358,594

### 22.4 Cash outflow for leases:

The Company had total cash outflows for leases of Rs. 19.898 million (2020: Rs. 29.297 million). The Company had non-cash addition to right-of-use assets and lease liabilities of Rs. 2.85 million (2020: Rs. 68.00 million).



		2021 Rupees	2020 Rupees
<b>23 DEFERRED TAXATION</b>			
Deferred taxation	23.1	143,668,760	73,655,937
23.1 The net balance for deferred taxation is in respect of following temporary differences:			
Deferred tax liabilities			
Accelerated tax depreciation allowance		177,743,562	187,110,034
Deferred tax assets			
Lease rentals		(14,244,388)	(19,195,847)
Turnover tax		-	(79,513,107)
Allowance for expected credit loss		(16,772,655)	(12,453,252)
Provision for slow moving items		(3,057,759)	(2,291,891)
		(34,074,802)	(113,454,097)
		143,668,760	73,655,937
23.2 The gross movement in the deferred tax liability during the year is as follows:			
Balance as at July 1,		73,655,937	105,063,037
Charged during the year - net		70,012,823	(31,407,100)
		143,668,760	73,655,937
<b>24 TRADE AND OTHER PAYABLES</b>			
Creditors	24.1	235,111,931	452,948,947
Accrued liabilities	24.2	535,427,990	651,532,746
Sales tax payable		20,949,381	25,101,621
Advance from customer		10,882,496	9,142,642
Payable to provident fund		2,472,897	1,991,016
Workers' Profit Participation Fund	24.3	31,748,275	8,084,181
Due to related party	24.4	23,679,715	23,689,715
Withholding tax payable		2,136,039	1,598,916
Workers' Welfare Fund		21,170,436	9,181,092
Other liabilities		1,646,324	2,185,299
		885,225,484	1,185,456,175
24.1 This includes balance amounting to Rs. 2.352 million (2020: Rs. 10.273 million) due to an associated company.			
24.2 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.			
<b>24.3 Workers' Profit Participation Fund</b>			
Balance as at July 01,		8,084,181	8,736,729
Add: Allocation for the year		31,748,275	8,084,181
Add: Interest on funds utilized in the			
Add: Company's business		337,985	748,519
		40,170,441	17,569,429
Less: Amount paid during the year		(8,422,166)	(9,485,248)
		31,748,275	8,084,181
24.4 This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 5.170 million (2020: 5.170 million), Rs.1.220 million (2020: Rs.1.220 million) and Rs. 17.299 million (2020: Rs.17.300 million) respectively. These balances do not carry any interest and are repayable on demand.			



		Note	2021 Rupees	2020 Rupees
<b>25</b>	<b>UNCLAIMED DIVIDEND</b>			
	Unclaimed dividend	25.1	<u>2,423,134</u>	<u>2,423,578</u>
25.1	The reconciliation of the carrying amount is as follows:			
	Opening balance		2,423,578	2,509,359
	Less: dividend paid		<u>(444)</u>	<u>(85,781)</u>
			<u>2,423,134</u>	<u>2,423,578</u>
<b>26</b>	<b>INTEREST AND MARK-UP ACCRUED</b>			
	Interest and markup accrued on:			
	Long-term financing from Banks and Modaraba			
	Conventional mode		4,037,545	10,538,130
	Short-term borrowings from Banks			
	Islamic mode		248,285	8,242,036
	Conventional mode		<u>3,928,880</u>	<u>14,105,844</u>
			<u>4,177,165</u>	<u>22,347,880</u>
			<u>8,214,710</u>	<u>32,886,010</u>
<b>27</b>	<b>SHORT-TERM BORROWINGS</b>			
	From banking companies - secured			
	Running / cash finance			
	Islamic mode		120,000,000	205,545,535
	Conventional mode		<u>86,910,135</u>	<u>563,917,597</u>
		27.1	<u>206,910,135</u>	<u>769,463,132</u>
27.1	The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 650 million (2020: Rs. 1,030 million). The rate of mark up on these finance facilities ranges between 1 month and 3 months KIBOR plus 1.25% to 2% per annum (2020: 1 month and 6 months KIBOR plus 1.25% to 2% per annum) and is payable quarterly.			
	The Company has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 300 million (2020: Rs. 300 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 295.100 million (2020: Rs. 94.454 million).			
	These financing facilities are secured by way of pledge and floating charge over the current assets and personal guarantee of Directors and lien on import documents.			
<b>28</b>	<b>TAXATION - NET</b>			
	Advance income tax		71,015,727	77,495,285
	Provision for taxation	38	<u>(64,340,901)</u>	<u>(76,214,263)</u>
			<u>6,674,826</u>	<u>1,281,022</u>



	Note	2021 Rupees	2020 Rupees
<b>29 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term financing	21	174,181,723	39,053,946
Lease liabilities	22	16,166,070	15,075,710
Deferred capital grant BOP		5,955,037	-
		<u>196,302,830</u>	<u>54,129,656</u>

### 30 CONTINGENCIES AND COMMITMENTS

#### 30.1 Contingencies

- a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 95.285 million (2020: Rs. 92.888 million).
- b) Crescent Cotton Mills Limited formerly (Crescent Sugar Mills and Distillery Limited) has filed a case against the Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has a recorded 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.
- c) 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.

#### 30.2 Commitments

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

- a) Letters of credit against import of raw cotton and spare parts amounting to Rs. 276.118 million (2020: Rs. 2.843 million) and 324.212 million (2020: Nil).
- b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows.

Not later than one year	-	37,178
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### 31 SALES - NET

Gross sales		
Local yarn	7,017,475,547	5,712,172,171
Local waste	46,896,007	42,431,008
	<u>7,064,371,554</u>	<u>5,754,603,179</u>
Local trading	146,437,021	174,860,665
	<u>7,210,808,575</u>	<u>5,929,463,844</u>
Sales tax	(1,041,152,951)	(848,512,984)
Brokerage & commission	(78,642,181)	(57,380,731)
	<u>6,091,013,443</u>	<u>5,023,570,129</u>

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		Note	2021 Rupees	2020 Rupees
<b>32</b>	<b>COST OF SALES</b>			
	Material consumed	32.1	3,720,867,688	3,336,026,013
	Salaries, wages and other benefits	32.2	457,322,271	423,623,048
	Power and fuel		573,165,154	472,990,191
	Depreciation	6.2	98,633,330	102,201,435
	Packing material consumed		79,867,466	60,654,363
	Stores, spares and loose tools consumed		110,810,680	96,811,358
	Insurance		13,875,415	12,831,876
	Repairs and maintenance		7,460,406	9,278,851
	Provision for slow moving stores, spares and loose tools		2,640,925	1,718,189
	Other manufacturing overheads		25,670,705	24,475,879
	Manufacturing cost		5,090,314,040	4,540,611,203
	Opening work-in-process		78,313,474	83,313,557
	Closing work-in-process		(72,961,942)	(78,313,474)
			5,351,532	5,000,083
	Cost of goods manufactured		5,095,665,572	4,545,611,286
	Cost of goods purchased for trading		126,530,182	153,383,044
			5,222,195,754	4,698,994,330
	Opening stock of finished goods		106,132,191	31,331,103
	Closing stock of finished goods		(81,427,265)	(106,132,191)
			24,704,926	(74,801,088)
			5,246,900,680	4,624,193,242
<b>32.1</b>	<b>Material consumed</b>			
	Opening stock		595,937,986	537,034,562
	Purchases including related expenses		3,319,867,752	3,394,929,437
			3,915,805,738	3,931,963,999
	Closing stock		(194,938,050)	(595,937,986)
			3,720,867,688	3,336,026,013
32.2	Salaries, wages and other benefits include Rs. 12.942 million (2020: Rs. 12.842 million) in respect of staff retirement benefits.			
<b>33</b>	<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
	Staff salaries and other benefits	33.1	60,001,886	51,902,445
	Directors' remuneration		21,043,531	19,210,572
	Repairs and maintenance		6,818,894	5,934,004
	Vehicles running and maintenance		8,113,145	7,312,797
	Insurance		3,523,128	3,081,797
	Telephone and postage		1,404,671	1,385,175
	Traveling and conveyance		2,703,809	10,153,426
	Fee and subscription		5,115,870	4,617,014
	Legal and professional charges		1,863,850	641,700
	Depreciation	6.2	8,136,308	9,892,784
	Utilities		3,551,947	3,456,308
	Rent, rates and taxes	22.3	8,365,669	7,490,120
	Entertainment		2,395,222	3,265,201
	Printing and stationery		1,003,233	757,178
	Donation		-	100,000
	Others		3,738,925	3,430,848
			137,780,088	132,631,369
33.1	Staff salaries and other benefits include Rs. 4.133 million (2020: Rs. 3.495 million) in respect of staff retirement benefits.			
<b>34</b>	<b>DISTRIBUTION COST</b>			
	Local freight and insurance		17,802,231	16,912,496
	Other		2,877,137	1,529,510
			20,679,368	18,442,006

		2021 Rupees	2020 Rupees
<b>35 OTHER OPERATING INCOME</b>			
Gain on sale of investments	35.1	4,675,879	6,528,833
Rental income		25,868,332	24,669,156
Gain on valuation of investment property	8	16,636,689	3,013,884
Interest on bank deposits		5,118,789	9,667,083
Gain on extinguishment of original GIDC liability		20,387,498	-
Grant income		6,547,996	-
Dividend income	35.2	505,133	833,725
Liabilities written back		-	32,385,234
Scrap sales - store items		739,300	2,538,466
Gain on sale of fixed assets		1,593,921	3,547,497
Unrealized gain on revaluation of investments		-	1,825,494
Deferred gain on sale and lease back		-	209,349
		<u>82,073,537</u>	<u>85,218,721</u>
<b>35.1 Gain on sale of investments</b>			
Shakarganj Mills Limited		-	64,108
MCB Cash Management Optimizer Fund		9,413	-
MCB Pakistan Stock Market Fund		-	6,464,725
Gain on sale of Shares of CRTM		<u>4,666,466</u>	<u>-</u>
		<u>4,675,879</u>	<u>6,528,833</u>
<b>35.2</b>	Dividend income received on the shares of the Samba Bank Limited.		
<b>36 OTHER OPERATING EXPENSES</b>			
Auditors' remuneration:			
Statutory audit		725,000	660,000
Half yearly review		<u>175,000</u>	<u>175,000</u>
		900,000	835,000
Workers' Profit Participation Fund		31,748,275	8,084,181
Workers' Welfare Fund		<u>12,064,345</u>	<u>3,233,672</u>
		<u>44,712,620</u>	<u>12,152,853</u>
<b>37 FINANCIAL CHARGES</b>			
Mark-up / interest on:			
Long-term financing			
Islamic mode		<u>2,273,348</u>	<u>697,147</u>
Conventional mode		<u>19,503,764</u>	<u>31,976,398</u>
		21,777,112	32,673,545
Short-term borrowing			
Islamic mode		<u>10,136,499</u>	<u>12,772,133</u>
Conventional mode		<u>43,330,167</u>	<u>63,906,847</u>
		53,466,666	76,678,980
Financial charges on leases	22.3	5,489,004	6,868,474
Workers' Profit Participation Fund		<u>337,985</u>	<u>748,519</u>
		81,070,767	116,969,518
LC discounting charges		<u>35,837,931</u>	<u>27,569,772</u>
		<u>116,908,698</u>	<u>144,539,290</u>
<b>38 TAXATION</b>			
Current	38.1	64,340,901	76,214,263
Prior	38.2	<u>2,559,901</u>	<u>(3,210,606)</u>
		66,900,802	73,003,657
Deferred		<u>70,012,823</u>	<u>(31,407,100)</u>
		<u>136,913,625</u>	<u>41,596,557</u>

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- 38.1 The provision of current tax charge for the year contains normal tax at 29% of the taxable income for the year and income under final tax regime.
- 38.2 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

	2021	2020
	%	%
Applicable tax rate	29	-
Effect of minimum tax adjustment	18	-
Average effective tax rate	11	-

The numerical reconciliation between average tax rate and the applicable tax rate has not been presented for the prior year in these financial statements as the total tax liability of the Company for the prior year was covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

- 38.3 The Additional Commissioner Inland Revenue (ACIR) amended the assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2012 and 2013 and created a net demand of Rs. 1.9 million after making various additions to the income of the Company and by disallowing benefit of minimum tax u/s113(2)(c) of the Income Tax Ordinance in the light of Sindh High Court Order. The aforesaid amount has been deposited by the Company under protest. As a consequence, refund amounting to Rs. 49.275 million has been deleted by the tax authorities. The Company has filed an appeal before the Commissioner Inland Revenue (Appeals) [CIR(A)] based of advice of legal counsel.

### 39 EARNINGS PER SHARE - BASIC AND DILUTED

Profit for the year	454,239,259	108,769,211
Weighted average number of ordinary shares outstanding	12,417,876	12,417,876
Earnings per share - basic and diluted	36.58	8.76

### 40 DEFINED CONTRIBUTION PLAN

The Company has contributory provident fund scheme for benefit of all its permanent employees under the title of "Crescent Fibres Limited - Employees Provident Fund". The Fund is maintained by the Trustees and all decisions regarding investments, distribution of income and related decisions are made by the Trustees independent of the Company.

- 40.1 According to the Trustees, investments out of provident fund have been made in accordance with the provisions as per section 218 of the Companies Act, 2017 and the rules made there under.

	Note	2021 Rupees	2020 Rupees
<b>41 CASH GENERATED FROM OPERATIONS</b>			
Profit before taxation		591,152,884	150,365,768
Adjustment for non-cash charges and other items:			
Gain on disposal of operating fixed assets		(1,593,921)	(3,547,497)
Financial charges		116,908,698	144,539,290
Depreciation		106,769,638	112,094,219
Gain on sale of investments		(4,675,879)	(6,528,833)
Gain on revaluation of short term investments		-	(1,825,494)
Gain on revaluation of investment property		(16,636,689)	(3,013,884)
Grant income		(6,547,996)	-
Share of loss from equity accounted associate		58,149	122,082
Allowance for expected credit loss		14,894,493	26,342,240
Provision for slow moving items		2,640,925	1,718,189
		211,817,418	269,900,312
Profit before working capital changes		802,970,302	420,266,080
Working capital changes	41.1	(14,583,488)	(229,417,634)
		788,386,814	190,848,446

	2021 Rupees	2020 Rupees
<b>41.1 Working capital changes</b>		
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(14,970,886)	(2,914,567)
Stock in trade	431,056,394	(128,704,429)
Trade debts	(217,205,646)	(460,143,402)
Loans and advances	(4,623,512)	(713,918)
Trade deposits and short term prepayments	413,953	4,149,257
Other receivables	(843,980)	1,220,939
Tax refund due from the Government	3,425,319	122,134,258
	<u>197,251,642</u>	<u>(464,971,862)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(211,835,130)	235,554,228
	<u>(14,583,488)</u>	<u>(229,417,634)</u>

## 42 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Description	2021 Rupees	Total
<b>Balance as at July 1,</b>	328,615,404	328,615,404
Proceed from long term loan	156,919,279	156,919,279
Impact of amortization - net	(4,752,863)	(4,752,863)
Repayment of long term loan	(67,591,629)	(67,591,629)
Repayment of lease liabilities	(19,898,996)	(19,898,996)
<b>Balance as at June 30</b>	<u>393,291,195</u>	<u>393,291,195</u>

## 43 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	2021			2020		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	Rupees			Rupees		
Managerial remuneration	6,388,800	6,388,800	15,455,620	5,808,000	5,808,000	13,351,808
House rent	2,874,960	2,874,960	6,487,264	2,613,600	2,613,600	5,054,383
Company's contribution to Provident Fund Trust	638,880	638,880	1,529,568	580,800	580,800	1,328,277
Reimbursable expenses	616,714	621,537	644,550	617,088	588,684	518,497
<b>Total</b>	<u>10,519,354</u>	<u>10,524,177</u>	<u>24,117,002</u>	<u>9,619,488</u>	<u>9,591,084</u>	<u>20,252,965</u>
Number of persons	<u>1</u>	<u>1</u>	<u>8</u>	<u>1</u>	<u>1</u>	<u>7</u>

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- 43.1 The Chief Executive Officer, a Director and some executives are also provided with Company's maintained cars.
- 43.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.160 million (2020: Rs. 0.160 million).
- 43.3 The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

#### 44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties comprise of related group companies, local associated companies, staff retirement funds, Directors and key management personnel. Transactions with related parties and remuneration and benefits to key management personnel under the terms of their employment are as follows:

Relationship with Company	Nature of transaction	2021 Rupees	2020 Rupees
Associated companies / undertakings	Sale of yarn / Cotton	24,912,000	71,054,400
	Insurance premium	22,599,161	14,284,855
	Rent received	676,140	644,280
	Donation paid	-	100,000
Retirement benefit plans	Contribution to provident fund	17,468,112	16,336,687
Directors	Rent paid	4,380,000	4,290,000
	Loan obtained during the year	-	5,170,000
	Loan obtained during the year	-	7,560,000
Directors close relative	Loan obtained during the year	-	7,560,000
Key management personnel	Remuneration and other benefits (note 43)	45,160,533	39,463,537

#### 44.1 Year end balances

Associated companies	Trade debts	3,533	6,085,404
	Trade and other payables	2,352,331	10,273,030
Retirement benefit plans	Trade and other payables	2,472,895	1,991,014
Directors and close relative	Trade and other payables	23,679,715	23,689,715

#### 44.2 Names of related parties, nature and basis of relationship

##### a) Associated companies / undertakings

- Amil Exports (Private) Limited (Common Directorship)
- Crescent Powertec Limited (Common Directorship)
- Mohd Amin Mohd Bashir Inter (Private) Limited (Common Directorship)
- Premier Financial Services (Private) Limited (Common Directorship)
- Premier Insurance Limited (Common Directorship)
- Suraj Cotton Mills Limited (Common Directorship)
- Crescent Steel and Allied Products Limited (Common Directorship)

**b) Board of Directors**

Mr. Nadeem Maqbool (Chairman)  
 Mr. Imran Maqbool (Chief Executive Officer)  
 Mr. Humayun Maqbool (Executive Director)  
 Mr. S.M Ali Asif (Non-Executive Director)  
 Mrs. Naila Humayun Maqbool (Non-Executive Director)  
 Mr. Mansoor Riaz (Non-Executive Director)  
 Mr. Jahanzeb Saeed Khan (Non-Executive Director)

**c) Key Executives**

Mr. Sajid Muneer (General Manager Sales and Marketing)  
 Mr. Kamran Rasheed (Chief Financial Officer)  
 Mr. Mohammad Nasarullah (Technical Director)  
 Mr. Raheel Safdar Bhatti (Technical Director)

44.3 All transactions with related parties have been carried out on commercial terms and conditions.

**45 CAPACITY AND PRODUCTION**

Spinning units	2021			2020		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	28,608	38,448	67,056	28,608	38,448	67,056
Number of spindles worked	28,608	38,448	67,056	28,608	38,448	67,056
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - Kgs	11,083,232	14,895,417	25,978,649	11,083,232	14,895,417	25,978,649
Actual production of yarn after conversion into 20/s count - Kgs	10,312,063	11,655,990	21,968,053	9,162,127	9,980,099	19,142,226

**46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES****46.1 Risk management policies**

The Company's objective in managing risks is the creation and protection of share holder' value. Risk is inherent in the Company's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Company's continuing profitability. The Company is exposed to credit risk, liquidity risk and market risk (which includes interest rate risk and price risk) arising from the financial instruments it holds.

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an appropriate mix between various sources of finance to minimize risk.



## 46.2 Credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted and arises principally from trade and other receivables. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulator requirements.

### Exposure to credit risk

The carrying amounts of the financial assets represent the maximum credit exposures before any credit enhancements. The carrying amounts of financial assets exposed to credit risk at reporting date are as under:

	2021 Rupees	2020 Rupees
Deposits	21,261,717	21,022,117
Investments	1,200,000	37,425,297
Trade debts	1,514,688,864	1,312,377,711
Loans	969,982	1,594,373
Other receivables	2,539,638	1,695,658
Bank balances	220,573,484	151,375,578
	<u>1,761,233,685</u>	<u>1,525,490,734</u>

The aging of trade receivables at the reporting date is:

Not past due	620,109,640	515,162,716
Past due 1-30 days	288,709,718	192,527,258
Past due 30-90 days	315,886,806	375,361,103
Past due 90 days	289,982,700	229,326,635
	<u>1,514,688,864</u>	<u>1,312,377,711</u>

To manage exposure to credit risk in respect of trade receivables, management performs credit reviews taking into account the customer's financial position, past experience and other factors. Where considered necessary sales made to certain customers are secured through letters of credit.

The exposure to banks is managed by dealing with variety of major banks and monitoring exposure limits on continuous basis. Rating of banks ranges from A- to AAA.

### Concentration of credit risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their abilities to meet contractual obligation to be similarly affected by the changes in economic, political or other conditions. The Company believes that it is not exposed to major concentration of credit risk.

## Impaired assets

During the year, the Company has charged an allowance for expected credit loss on trade debts amounting to Rs. 14.894 million (2020: Rs. 26.342 million).

## 46.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting agreements, if any:

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
<b>2021</b>							
Long term financing	338,217,578	373,907,433	90,538,082	103,003,143	110,952,333	69,413,875	-
Lease liabilities	49,118,580	46,587,664	9,921,348	9,921,348	19,842,696	6,902,272	-
Trade and other payables	809,221,353	809,221,353	809,221,353	-	-	-	-
Interest and markup accrued	8,214,710	8,214,710	8,214,710	-	-	-	-
Short-term borrowings	206,910,135	206,910,135	206,910,135	-	-	-	-
	<u>1,411,682,356</u>	<u>1,444,841,295</u>	<u>1,124,805,628</u>	<u>112,924,491</u>	<u>130,795,029</u>	<u>76,316,147</u>	<u>-</u>
	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
<b>2020</b>							
Long term financing	262,422,828	320,474,172	1,302,281	51,350,355	142,925,542	106,685,701	18,210,293
Lease liabilities	66,192,576	69,582,567	12,465,509	10,079,478	20,158,956	26,878,624	-
Trade and other payables	1,141,490,365	1,141,490,365	1,141,490,365	-	-	-	-
Interest and markup accrued	32,886,010	32,886,010	32,886,010	-	-	-	-
Short-term borrowings	769,463,132	769,463,132	769,463,132	-	-	-	-
	<u>2,272,454,911</u>	<u>2,333,896,246</u>	<u>1,957,607,297</u>	<u>61,429,833</u>	<u>163,084,498</u>	<u>133,564,325</u>	<u>18,210,293</u>

## 46.4 Market risk

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holding of financial instruments.

### a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. As of June 30, 2021, the Company is not exposed to any currency risk.

**b) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Majority of the interest rate exposure arises from long term loans and short term borrowings. At the reporting date the interest rate profile of the Company's interest - bearing financial instruments is as follows:

	2021 Effective rate (In percent)	2020 Effective rate (In percent)	2021 Carrying amount Rupees	2020 Carrying amount Rupees
<b>Financial liabilities</b>				
Fixed rate instrument				
Long term financing	2.00%	3.25%	338,217,578	93,951,368
Short term borrowings	8.00%	8.00%	206,910,135	-
Variable rate instruments				
Long term financing	4.50% - 16.40%	4.50% - 16.40%	-	168,471,460
Short term borrowings	9.58% - 15.85%	9.58% - 15.85%	206,910,135	769,463,132
Lease liabilities	13.19% - 21.77%	13.19% - 21.77%	49,118,580	66,192,576

**Cash flow sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for prior year.

	<b>Profit and loss</b>	
	<b>100 bp increase</b>	<b>100 bp decrease</b>
<b>As at June 30, 2021</b>		
Cash flow sensitivity - Variable rate financial liabilities	(2,560,287)	2,560,287
<b>As at June 30, 2020</b>		
Cash flow sensitivity - Variable rate financial liabilities	(10,041,272)	10,041,272

The sensitivity analysis prepared is not necessarily indicative of the effects on (loss) / profit for the year and assets / liabilities of the Company.

**c) Yield / mark up rate risk**

Yield / mark-up rate risk is the risk that the value of the financial instruments will fluctuate due to changes in the market yield / mark-up rates. Sensitivity to yield / mark-up rate risk arises from mismatches of financial assets and financial liabilities that mature or reprice in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The Company is exposed to yield / mark-up rate risk in respect of the following:

2021							
	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub- total	Not exposed to yield / mark-up rate risk
			Maturity upto one year	Maturity over one year to five years	Maturity over five years		
			Rupees				
Financial assets							
At fair value through other comprehensive income							
Investments		93,739,218	-	-	-	-	93,739,218
At fair value through other profit or loss							
Investments		-	-	-	-	-	-
Amortized cost							
Investments	5.00% - 5.50%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	1,514,688,864	-	-	-	-	1,514,688,864
Trade deposits	-	21,261,717	-	-	-	-	21,261,717
Other receivables	-	2,539,638	-	-	-	-	2,539,638
Cash and bank balances	5.00% - 5.50%	221,423,239	100,510,838	-	-	100,510,838	120,912,401
		1,854,852,676	101,710,838	-	-	101,710,838	1,753,141,838
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	3.25% - 12.40%	338,217,578	174,181,723	164,035,855	-	338,217,578	-
Lease liabilities	13.19% - 21.77%	49,118,580	16,166,070	32,952,510	-	49,118,580	-
Trade and other payables		809,221,353	-	-	-	-	809,221,353
Interest and markup accrued		8,214,710	-	-	-	-	8,214,710
Short-term borrowings	9.58% - 15.85%	206,910,135	206,910,135	-	-	206,910,135	-
		(1,411,682,356)	(397,257,928)	(196,988,365)	-	(594,246,293)	(817,436,063)
		443,170,320	(295,547,090)	(196,988,365)	-	(492,535,455)	935,705,775
On balance sheet gap							
Off balance sheet items							
Guarantees on behalf of the Company		92,888,000	-	-	-	-	92,888,000
Letter of credit		600,330,000	-	-	-	-	600,330,000
		693,218,000	-	-	-	-	693,218,000
Total gap		(250,047,680)	(295,547,090)	(196,988,365)	-	(492,535,455)	242,487,775

2020						
Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub- total	Not exposed to yield / mark-up rate risk
		Maturity upto one year	Maturity over one year to five years	Maturity over five years		
%		Rupees				
<b>Financial assets</b>						
<b>At fair value through other comprehensive income</b>						
Investments	83,958,227	-	-	-	-	83,958,227
<b>At fair value through other profit and loss</b>						
Investments	36,225,297	-	-	-	-	36,225,297
<b>Amortized cost</b>						
Investments	7.70% - 9.02%	1,200,000	1,200,000	-	1,200,000	-
Trade debts	-	1,312,377,711	-	-	-	1,312,377,711
Trade deposits	-	21,022,117	-	-	-	21,022,117
Other receivables	-	1,695,658	-	-	-	1,695,658
Cash and bank balances	4.5% - 10.25%	152,371,268	102,376,357	-	102,376,357	49,994,911
		1,608,850,278	103,576,357	-	103,576,357	1,505,273,921
<b>Financial liabilities</b>						
<b>Financial liabilities carried at amortized cost</b>						
Long-term financing	3.25% - 16.40%	262,422,828	39,053,946	195,652,215	27,716,667	262,422,828
Lease liabilities	8.93% - 15.00%	66,192,576	15,075,710	51,116,866	-	66,192,576
Trade and other payables		1,141,490,365	-	-	-	1,141,490,365
Financial charges payable		32,886,010	-	-	-	32,886,010
Short-term borrowings	8.15% - 14.30%	769,463,132	769,463,132	-	-	769,463,132
		2,272,454,911	(823,592,788)	(246,769,081)	(27,716,667)	(1,098,078,536)
		(663,604,633)	(720,016,431)	(246,769,081)	(27,716,667)	(994,502,179)
<b>On balance sheet gap</b>						
<b>Off balance sheet items</b>						
Guarantee issued on behalf of Company		92,888,000	-	-	-	92,888,000
Letter of credit for capital expenditure		2,843,000	-	-	-	2,843,000
		95,731,000	-	-	-	95,731,000
<b>Total gap</b>		(759,335,633)	(720,016,431)	(246,769,081)	(27,716,667)	(994,502,179)
						235,166,546

#### d) Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

##### Exposure

The Company has exposure to market price risk in investments classified as fair value through other comprehensive and fair value through profit or loss.

##### Risk management

The Company's policy is to manage price risk through diversification and selection of financial instruments within specified limits.

	2021 Rupees	2020 Rupees
As at June 30, 2021, the fair value of equity securities exposed to price risk were as follows:		
At fair value through profit or loss	-	36,225,297
At fair value through other comprehensive income	93,739,218	83,958,227

The following analysis illustrates the sensitivity of the profit for the year and the share holders' equity to an increase or decrease of 5% in the fair values of the Company's equity securities. This level of change is considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's equity securities at each statement of assets and liabilities date, with all other variables held constant.

Price sensitivity	4,686,961	4,197,911
-------------------	-----------	-----------

#### 46.5 Financial instruments by category

##### Financial assets

At fair value through other comprehensive income		
Investments	93,739,218	83,958,227
At fair value through other profit and loss		
Investments	-	36,225,297
Amortized cost		
Investments	1,200,000	1,200,000
Trade debts	1,514,688,864	1,312,377,711
Loans	969,982	1,594,373
Trade deposits	21,261,717	21,022,117
Other receivables	2,539,638	1,695,658
Cash and Bank balances	221,423,239	152,371,268
	<u>1,855,822,658</u>	<u>1,610,444,651</u>



	2021 Rupees	2020 Rupees
<b>Financial liabilities</b>		
Financial liabilities carried at amortized cost		
Long-term financing	338,217,578	262,422,828
Lease liabilities	49,118,580	66,192,576
Trade and other payables	809,221,353	1,141,490,365
Interest and markup accrued	8,214,710	32,886,010
Short-term borrowings	206,910,135	769,463,132
	<u>1,411,682,356</u>	<u>2,272,454,911</u>

#### 47 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

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 June 30, 2021, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- 'Rupees -----			
At fair value through profit or loss				
Short term investment	-	-	-	-
At fair value through other comprehensive income				
Short term investment	94,939,218	-	-	94,939,218



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

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

#### Valuation techniques

For level 1 investments at fair value through profit or loss' - 'Investment in respect of equity securities, the Fund uses daily quotation rates which are taken from Pakistan Stock Exchange Limited at the reporting date.

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values.

#### Transfers during the year

During the year to June 30, 2021:

- There were no transfers between Level 1, Level 2 and Level 3 fair value measurements

## 48 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitor the return on capital, which the Company defines as net profit after taxation divided by total shareholders' equity. The Board of Directors also monitor the level of dividend to ordinary shareholders. There were no changes to the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

	2021 Rupees	2020 Rupees
The proportion of debt to equity at the year end was:		
Total Borrowings (notes 21, 22 & 27)	594,246,293	1,098,078,536
Less: Cash and bank balances (note 18)	(221,423,239)	(152,371,268)
Net debt	372,823,054	945,707,268
Total equity	1,727,567,557	1,268,205,662
Total capital	2,100,390,611	2,213,912,930
Gearing ratio	18%	43%

#### 49 SIGNIFICANT EVENT DURING THE YEAR

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, 2021 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.

#### 50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2021 by the Board of Directors of the Company.

	2021	2020
	No. of employees	
<b>51 NUMBER OF EMPLOYEES</b>		
a) Number of employees as at June 30	1062	1039
a) Average number of employees	1059	1056
b) Number of factory employees as at June 30	1012	999
a) Average number of factory employees during the year	994	982

#### 52 CORRESPONDING FIGURES

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


#### 53 NON-ADJUSTING EVENT AFTER THE DATE OF STATEMENT OF FINANCIAL POSITION

The Board of Directors in their meeting held on September 30, 2021 has recommended the final Cash dividend of 15% (i.e. Rs. 1.50 per share) amounting to 18.630 million. The above proposal is subject to approval of members at Annual General Meeting to be held on October 28, 2021.

#### 54 GENERAL

Figures have been rounded off to the nearest rupee unless other wise stated.

  
**IMRAN MAQBOOL**  
Chief Executive Officer

  
**NADEEM MAQBOOL**  
Director

  
**KAMRAN RASHEED**  
Chief Financial Officer



**PATTERN OF SHAREHOLDING  
AS AT JUNE 30, 2021**

**FORM-34**

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
675	1	100	21,519	0.17
432	101	500	97,736	0.79
89	501	1,000	61,224	0.49
126	1,001	5,000	247,144	1.99
33	5,001	10,000	239,513	1.93
10	10,001	15,000	135,396	1.09
9	15,001	20,000	152,320	1.23
8	20,001	25,000	178,561	1.44
8	25,001	30,000	232,290	1.87
4	30,001	35,000	127,278	1.02
2	35,001	40,000	75,500	0.61
4	40,001	45,000	170,626	1.37
1	45,001	50,000	45,229	0.36
1	50,001	55,000	51,173	0.41
1	55,001	60,000	58,233	0.47
1	60,001	65,000	65,000	0.52
2	65,001	70,000	136,106	1.10
2	70,001	75,000	145,420	1.17
3	75,001	80,000	235,218	1.89
1	135,001	140,000	137,161	1.10
1	150,001	155,000	153,580	1.24
1	180,001	185,000	180,275	1.45
1	210,001	215,000	211,600	1.70
1	350,001	355,000	351,657	2.83
1	485,001	490,000	489,905	3.95
1	630,001	635,000	633,015	5.10
1	850,001	855,000	852,681	6.87
1	1,105,001	1,110,000	1,109,917	8.94
1	1,305,001	1,310,000	1,306,831	10.52
1	1,330,001	1,335,000	1,330,400	10.71
1	1,345,001	1,350,000	1,347,875	10.85
1	1,835,001	1,840,000	1,837,493	14.80
<b>1,424</b>			<b>12,417,876</b>	<b>100.00</b>

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## Categories of Shareholder

### Directors, Chief Executive Officer, Their Spouse and Children

#### Chief Executive Officer

IMRAN MAQBOOL	1,347,875	10.85
---------------	-----------	-------

#### Directors

HUMAYUN MAQBOOL	1,330,400	10.71
-----------------	-----------	-------

NADEEM MAQBOOL	1,306,831	10.52
----------------	-----------	-------

NAILA HUMAYUN MAQBOOL	500	0.00
-----------------------	-----	------

MANSOOR RIAZ	1,109,917	8.94
--------------	-----------	------

JAHANZEB SAEED KHAN	500	0.00
---------------------	-----	------

S.M. ALI ASIF	500	0.00
---------------	-----	------

ASMA IMRAN MAQBOOL W/O. IMRAN MAQBOOL	6,501	0.05
---------------------------------------	-------	------

NAZIA MAQBOOL W/O. NADEEM MAQBOOL	3,399	0.03
-----------------------------------	-------	------

SAMEER MANSOOR RIAZ S/O. MANSOOR RIAZ	6,463	0.05
---------------------------------------	-------	------

	<b>5,112,886</b>	<b>41.17</b>
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### Associated Companies, Undertakings & Related Parties

PREMIER INSURANCE LIMITED	30,000	0.24
---------------------------	--------	------

CRESCENT POWER TEC LIMITED	27,825	0.22
----------------------------	--------	------

	<b>57,825</b>	<b>0.47</b>
--	---------------	-------------

### NIT & ICP (Name Wise Detail)

INVESTMENT CORPORATION OF PAKISTAN	5,757	0.05
------------------------------------	-------	------

CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	852,681	6.87
--	---------	------

	<b>858,438</b>	<b>6.91</b>
--	----------------	-------------

### Banks, DFI's, NBFIs

Banks, DFI's, NBFIs	130,408	1.05
---------------------	---------	------

### Insurance Companies

Insurance Companies	1,102	0.01
---------------------	-------	------

### Modaraba and Mutual Funds

Modaraba and Mutual Funds	95,621	0.77
---------------------------	--------	------

### Other Companies

Other Companies	694,424	5.59
-----------------	---------	------

### General Public

Local	5,467,172	44.03
-------	-----------	-------

<b>TOTAL NUMBER OF SHARES</b>	<b>12,417,876</b>	<b>100</b>
-------------------------------	-------------------	------------

### Shareholders More Than 5%

KHAWAR MAQBOOL	1,837,493	14.80
----------------	-----------	-------

IMRAN MAQBOOL	1,347,875	10.85
---------------	-----------	-------

HUMAYUN MAQBOOL	1,330,400	10.71
-----------------	-----------	-------

NADEEM MAQBOOL	1,306,831	10.52
----------------	-----------	-------

MANSOOR RIAZ	1,109,917	8.94
--------------	-----------	------

CDC-TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	852,681	6.87
--	---------	------

BASHIR AHMAD	633,015	5.10
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### Trade in Shares of the Company carried out by Directors, Executives, their Spouse(s) and Minor Children

No trade in shares during the year.

Annual Report 2021

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-  Jamapunji application for mobile device
-  Online Quizzes



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## FORM OF PROXY

CDC Participant ID # \_\_\_\_\_ Sub Account # / Folio # \_\_\_\_\_ CNIC No. \_\_\_\_\_ Share Holding \_\_\_\_\_

I/We \_\_\_\_\_  
of \_\_\_\_\_

being a member of **CRESCENT FIBRES LIMITED**, hereby appoint \_\_\_\_\_  
\_\_\_\_\_ or  
failing him \_\_\_\_\_ (being  
a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our  
behalf at the 44<sup>th</sup> Annual General Meeting of the Company to be held on Thursday the  
28<sup>th</sup> October, 2021 at 9.30 a.m. at Registered office of the Company 104 -Shadman-1, Lahore and  
at any adjournment thereof.

### Witnesses:

1. Signature: \_\_\_\_\_  
Name : \_\_\_\_\_  
C.N.I.C. : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

2. Signature: \_\_\_\_\_  
Name : \_\_\_\_\_  
C.N.I.C. : \_\_\_\_\_  
Address : \_\_\_\_\_  
\_\_\_\_\_

Please affix here  
Revenue  
Stamps of Rs. 50/-

Members' Signature

Date:

### Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instruments appointing a proxy, together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office, 104 -Shadman-1, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:
  - i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.
  - ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
  - iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
  - iv) The proxy shall produce his original CNIC or original passport at the time of the meeting.
  - v) In case of a corporate entity, the Board of Directors' resolution/power of attorney with specimen signatures of the proxy holder shall be submitted (unless it has been provided earlier) alongwith proxy form to the company.



# کریسٹ فائبرز لمیٹڈ

## پراکسی فارم (مختار نامہ)

حصہ دار (شیئر ہولڈنگ)	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	سب اکاؤنٹ (ذیلی کھاتہ) نمبر	سی ڈی سی شرکت آئی ڈی نمبر
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

میں/ہم  
ساکن  
بحیثیت رکن کریسٹ فائبرز لمیٹڈ، محترم/محترمہ  
کی غیر موجودگی میں  
کچنی کے رکن) کو اپنے/ہمارے ایما پر مورخہ 128 اکتوبر، 2021 بروز جمعرات صبح 9:30 بجے بمقام کچنی کے رجسٹرڈ آفس 104 شادمان-1، لاہور پر منعقد ہونے والے کریسٹ فائبرز لمیٹڈ کے 44 ویں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقرر پر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا ایلو عتبار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔  
آج بروز \_\_\_\_\_ بتاریخ \_\_\_\_\_ 2021ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

### گواہان

50/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

دستخط رکن  
کچنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

1:  
دستخط:  
نام:  
پتہ:  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:  
2:  
دستخط:  
نام:  
پتہ:  
کمپیوٹرائزڈ قومی شناختی کارڈ نمبر:

### نوٹ:

- اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔
- پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی فوٹر لی مصدقہ کاپی، کچنی کے شیئر رجسٹر دفتر 104 شادمان-1، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔
- سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسی تقرری کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔  
(i) بصورت افراد، اکاؤنٹ ہولڈر اور/یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ ایکسچینج کمیشن تفصیلات قواعد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہو گئے۔  
(ii) پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبر فارم پر درج ہوں۔  
(iii) تین فیصل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔  
(iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔  
(v) بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد مختار نامہ مع پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کچنی میں جمع کرانا ہوگا۔