Crescent Cotton Mills Ltd.

ANNUAL REPORT 2021

In the Name of ALLAH, who is the most Merciful & the most Beneficent.

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CRESCENT COTTON MILLS LIMITED

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY

GENERAL INFORMATION

PRINCIPAL & REGISTERED OFFICE
New Lahore Road,
Nishatabad,
Faisalabad.
Phones : (041) 8752111-4
Fax : (041) 8750366
URL : www.crescentcotton.com
info@crescentcotton.com

KARACHI OFFICE

Office # 408, Business Avenue,
Plot # 26-A, Block # 6, P.E.C.H.S.,
Shahrah-e-Faisal,
Karachi - Pakistan.
Phones : (021) 34387315-7
Fax : (021) 34387318

LAHORE OFFICE

3rd Floor, 151, CCA, Commercial Area
DHA Phase 5, Above KFC, Lahore.
Phones : (042) 37182005

WORKS

Spinning Unit # 1& 2

Kotla Kahlon,
8/9 Kilometers from
Shahkot towards Sheikupura,
Shahkot Distt. Nankana.
Phones : (041) 2024350
Fax : (041) 2044590

Spinning Unit # 4

46 Km, Lahore Multan Road,
Chak # 66, Dina Nath, Tehsil Pattoki,
Distt. Kasur.
Phone : (049) 4540137-8

SUBSIDIARY

CRESCOT MILLS LIMITED

PRINCIPAL & REGISTERED OFFICE
Office # 408, Business Avenue,
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Phones : (021) 34387315-7
Fax : (021) 34387318

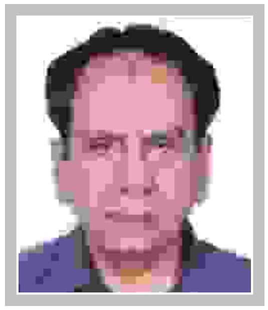
Chief Executive Officer
Mr. Adnan Amjad

COMPANY PROFILE

BOARD OF DIRECTORS	Mr. Taimur Amjad (Chairman)
	Mr. Abid Mehmood (Chief Executive Officer)
DIRECTORS (In alphabetical order)	Mr. Adnan Amjad Mr. Naveed Gulzar Ms. Nazish Arshad Mr. Salman Rafi Mrs. Shameen Azfar
AUDIT COMMITTEE	Mr. Salman Rafi (Chairman) Mr. Adnan Amjad (Member) Mr. Taimur Amjad (Member)
HUMAN RESOURCE AND REMUNERATION COMMITTEE	Mrs. Shameen Azfar (Chairman) Mr. Adnan Amjad (Member) Ms. Nazish Arshad (Member)
COMPANY SECRETARY	Mr. Sami Ullah
BANKERS	National Bank of Pakistan
AUDITORS	Riaz Ahmad & Compnay Chartered Accountants
COMPANY REGISTRAR	Vision Consulting Limited. 3-C, LDA Flats, 1st Floor, Lawrance Road, Lahore. Ph: 042-36283096-7
URL	www.crescentcotton.com

إنا لله وإنا إليه راجعون

Surely we belong to Allah and to Him shall we return



MIAN MUHAMMAD ARSHAD

23RD September 1940 13th June 2021

The Board members and the management of the Company with great sorrow and grief report the passing away of the longest serving Chief executive Officer of the Company Mian Muhammad Arshad.

Mian Sahib had to start his career at a very young age in the late 1950's with cotton ginning in the city of Multan, where he built his name as a very successful and prominent ginner with deep knowledge of the trade. He moved to the city of Faisalabad in the year 1989 and was appointed as executive Director of Crescent Sugar Mills & Distillery Limited (now Crescent Cotton Mills Limited). Mr. Muhammad Arshad with great hard work, devotion and business insight transformed the loss incurring unit to a profitable entity within a short span of time. He was continuously involved in the affairs of the Company's activities as a mentor, guardian and strong financial supporter. Mian Muhammad Arshad had a great zest for knowledge, he picked the technical knowledge of Sugar business within no time and even guided the technical team how to efficiently run the unit. For him the continuous good performance of the Company was the greatest reward.

Mian Sahib had great insight about the future, he realized that Sugar business will get very tough in the days to come and he had full knowledge of the threats the Company will face due to its limited capacity and geographical location. In the year 1987 he started planning to divert to the textile sector. In the year 1989 first spinning unit of the Company was established and in life span he expanded it to four units at three different locations. His wisdom about future proved to be right, the Company had to suspend Sugar operations in the year 2010, but by that time Textile Division progressed well for the Company.

The management of the Company benefited from his great insight, business acumen ship and financial knowledge. The success of this Company is only due to his great leadership which he provided for many decades.

Mian Muhammad Arshad will always serve as a role model for the Company and he will always be fondly remembered and missed tremendously by his family, friends, business colleagues, business fraternity and employees. We at the Company will miss him and promise that we will make the Company more prosperous.

May his soul rest in peace. Ameen

CRESCENT COTTON MILLS LIMITED
NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 63rd Annual General Meeting of the shareholders of the Company will be held on Thursday the 28th October, 2021 at 9.30 a.m. at Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad to transact the following business:

1. To receive, consider and adopt the Chairman's Review Report, the Reports of Directors and Auditors together with Audited Annual Separate and Consolidated Financial Statements for the year ended 30 June 2021.

2. To appoint Company's external auditors and to fix their remuneration.

3. To transact any other business with the permission of the chair.

REGISTERED OFFICE:
Crescent Cotton Mills Limited
New Lahore Road, Nishatabad,
Faisalabad: Phone No. 8752111-13
Fax No. 8750366
Dated: October 06, 2021

On Behalf Of The Board
(Sami Ullah Ch.)
Company Secretary

NOTES

1. The Share Transfer Books of the Company will remain closed from October 21, 2021 to October 28, 2021 (both days inclusive).Transfers received at the Share registrar office Vision Consulting Limited, 3-C, LDA Flats, Lawrence Road, Lahore at the close of business on October 20, 2021 will be treated in time.
2. A member entitled to attend and vote at this meeting may appoint any other member as his/her proxy to attend and vote instead of him/her. A Proxy must be a member of the Company
3. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially attested copy of the power of attorney must be deposited at the Registered Office of the Company at least 48 hours before the time of the meeting.
4. Members who have deposited their shares into Central Depository Company of Pakistan Limited (CDC) will further have to follow the under mentioned guidelines as laid down in Circular No.1 dated January 26, 2000 of the Securities and Exchange Commission of Pakistan:

a. For attending the meeting:

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 authenticate his identity by showing his original National Identity Card (NIC) or original passport at the time of attending the meeting. The shareholders registered on CDC are also requested to bring their Participants I.D. numbers and account numbers in CDC.

ii) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

b. 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 and NIC Nos. shall be mentioned on the form.

iii). Attested Copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.

iv). The proxy shall produce his original NIC or original passport at the time of the meeting.

v). In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature of the nominee shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.

5 . CNIC/IBAN for E-Dividend Payment

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

6. Circulations of Annual Reports through CD/DVD/USB/ Email:

Pursuant to the Securities and Exchange Commission of Pakistan's notification S.R.O 470(I)/2016 dated 31 May, 2016, the shareholders of Crescent Steel and Allied Products Limited had accorded their consent for transmission of annual reports including annual audited accounts, notices of annual general meetings and other information contained therein of the Company through CD or DVD or USB instead of transmitting the same in hard copies. The shareholders who wish to receive hard copy of the aforesaid documents may send to the Company Secretary / Share Registrar, the Standard Request Form provided in the annual report and also available on the website of the Company and the Company will supply hard copies of the aforesaid document to the shareholders on demand, free of cost, within one week of such demand. The shareholders who intends to receive the annual report including the notice of meeting through e-mail are requested to provide their written consent on the Standard Request Form provided in the annual report and also available on the Company's website: www.crescentcotton.com

7. Placement of Financial Statements

The Company has placed a copy of the Notice of AGM, Annual Separate and Consolidated Financial Statements for the year ended 30 June 2020 along with Auditors and Directors Reports thereon and Chairman's Review on the website of the Company.

VISION

To continue to hold a highly prestigious profile amongst the national as well as international industry though producing international quality yarn, embroidered cloth, grey cloth and socks, while ever endeavoring for a sustainable growth of the Company.

MISSION

The company's primary mission is to be a profitable performance proven leader in quality yarn, embroidered cloth, grey cloth and socks manufacturing, with recognition coming from our customers, our equity holder, our employees and the public at large. The company seeks to accomplish this in a manner that contributes to the strengthening of the free enterprise system, to the development and growth of its employees, and to the goals of the country and the community towards fulfilling its social responsibilities/obligations in a befitting manner.

CHAIRMAN'S REVIEW

I present this report to the shareholders of Crescent Cotton Mills Limited pertaining to the overall performance of the Board and the effectiveness of its role in attaining Company's objectives. During the year the Board committees continued to work with a great measure of proficiency. The Audit Committee has focused in particular on the management and control of risks associated with the business. The Human Resource and Remuneration Committee has ensured that the HR policies regarding performance management, HR staffing, compensation and benefits are market driven and are properly aligned to the company's performance, shareholders' interests and the long-term success of the company.

As required under the Listed Companies (Code of Corporate Governance) Regulations, 2019, the Board has developed a mechanism for the evaluation of performance of the Board of Directors. For the financial year ended June 30, 2021, the Board's overall performance and effectiveness has been assessed as Satisfactory. Improvement is an ongoing process leading to action plans. The overall assessment as Satisfactory is based on an evaluation of integral components including vision, mission and values; engagement in strategic planning; formulation of policies; monitoring the organization's business activities; monitor financial resource management; effective fiscal oversight; equitable treatment of all employees and efficiency in carrying out the Board's business.

The Board of Directors of the Company received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The board meets frequently enough to adequately discharge its responsibilities. The non-executive and independent directors are equally involved in important decisions.

On an overall basis, I believe that the strategic direction of the Company is clear and appropriate. Further, the processes adopted in developing and reviewing the overall corporate strategy and achievement of company's objectives are commendable.

TAIMUR AMJAD
CHAIRMAN
Faisalabad
October, 06, 2021

DIRECTORS' REPORT TO THE SHARE HOLDERS

The directors as well as the management of the company would like to report with grief the sad demise of Mr. Muhammad Arshad, Chief Executive Officer of the Company (Innallaha wa inallah-e-rajeon). Mr. Muhammad Arshad joined our board in 1978. The board of directors always benefited from his wisdom and superb leadership during his time. The board, the management and all others while paying glowing tribute to him, acknowledge his tremendous contributions for the company (May Allah give him the best place in heaven).

The Directors of your Company are pleased to present their report and audited financial statements for the year ended June 30, 2021 together with the auditors' report thereon.

Overview Of Economy And Industry

As economies around the globe have remained under intense pressure owing to the pandemic, the Pakistani economy is showing encouraging signs of recovery. Exports from Pakistan continue to show an upward trend as overseas shipments jumped significantly by 13.6pc to $20.9bn during the first 10 months of the present fiscal year from $18.4bn a year ago as per Pakistan Bureau of Statistics data for the July-April period. The rebound in the nation's exports is a positive development as it suggests economic recovery in spite of the challenges from the countrywide resurgence of the corona virus. Simultaneously, imports are also increasing and faster than exports. The encouraging part is that the demand for imported raw materials and capital goods has seen substantial growth this year owing to improved economic conditions in the country as domestic industry upgrades technology and expands production capacity. Yet the increase in wheat, sugar and cotton imports, because of the poor performance of agriculture, should be a cause of concern for policymakers in Islamabad. Encouraged by this year's growth trend, the commerce ministry is proposing an export target of $28bn for the next fiscal, which is more than 16pc greater than the expected export revenues of around $24bn from Pakistan this year. Thus, Pakistan could almost double its exports to around $42bn over the next five years if the present growth trend is sustained.

For Pakistan it is critical to boost its exports rapidly to ward off a balance-of-payments crisis in future. At present, the country has one of the lowest levels of exports in the world as a percentage of its GDP around 8pc. According to the World Bank's World Development Indicators, the same ratio averaged 24.7pc for low-middle-income nations, 17.5pc for the South Asian countries and 24.4pc for highly indebted poor states back in 2019. Even though the rapid jump in remittances sent home by Pakistanis living abroad has cushioned the current account, the abysmally low exports-to-GDP ratio should worry policymakers as poor export performance has been the chief driver of balance-of-payment crises in the past. The present growth trend in exports is encouraging. But it also underscores the need for ensuring that it continues for a longer period. That will not be possible without producing more exportable surpluses, diversification of export products and markets, and improvement, in fact sophistication, in product quality. More importantly, the government needs to support the exporters in the quest to be internationally competitive, and increase productivity through skill and technology up gradation instead of doling out subsidies in different forms at the expense of taxpayers.

Financial And Operational Performance

The company, despite of many operational challenges has been able to post marvelous improvement in profitability through persistent and diligent efforts.

Profitability of the Spinning Units improved during the current year as compared to the corresponding period due to better profit margins and increase in the Gross Profit to sales ratio. The sales revenue reflects a decline of 4.34% which was basically due to the closure and disposal of Company's Spinning Unit located at Hyderabad, Kotri. This Unit stopped its operation in the third quarter of the previous financial year.

Our textile business faced a number of challenges wherein both the demand and margins fell considerably. In spite of operating in such adverse circumstances your company managed to earn profit during the year under review hence, we have performed much better than many other similar units operating in the country.

The company earned a pre-tax profit of Rs. 404.529 million against pre-tax loss of Rs. 51.817 million in the last year.

Sales of during the year under review have been recorded at Rs. 5,277.476 million which is comparatively lower than last year's sales of Rs. 5,517.184 million due to circumstances briefed above. Our gross profit ratio to sales this year is 13.79% (2020 : 6.62%).

Summary of key financial results in comparison to last year are highlighted as below :-

SUMMARY OF KEY FINANCIAL RESULTS IN COMPARISON TO LAST YEAR

PROFIT AND LOSS	FY-2021		FY-2020		INCREASE/(DECREASE)	
	RS. IN "000"	%	RS. IN "000"	%	RS. IN "000"	%
Sales revenue	5,277,476	100.00	5,517,184	100.00	(239,708)	(4.34)
Cost of sales	4,549,482	86.21	5,151,826	93.38	(602,344)	(11.69)
Gross profit	727,994	13.79	365,358	6.62	362,636	99.25
Operating expenses	303,681	5.75	252,676	4.58	51,005	20.19
Other income	56,563	1.07	43,405	0.79	13,158	30.31
Profit from operations	480,876	9.11	156,087	2.83	324,789	208.08
Finance cost	76,347	1.45	104,270	1.89	(27,923)	(26.78)
Taxation	71,857	1.36	10,269	0.19	61,588	599.75
Profit after taxation	332,672	6.30	41,548	0.75	291,124	700.69
Earnings per share (Rs.)	14.68		1.83		12.85	

Local raw cotton prices consistently increased due to shortage of local cotton output and ban on imports from India during the financial year 2020-21. The management of the Company had already anticipated it and worked out its strategy to procure mix of local and imported cotton in order to have an optimal raw material consumption cost. During the first half of financial year 2020-21, when cotton prices were continuously but disproportionately moving upward with regard to yarn prices, it was challenging for Spinning Division to improve business. However, ban on cotton yarn imports from India and sizeable orders received by local fabric manufacturers due to health conditions in neighboring countries impacted by Covid-19 pandemic resulted in rapid hike in local yarn prices. Yarn prices in international market also followed the local market trends, but impact of expensive cotton on yarn prices in local market was more pervasive as compared to international yarn market. Therefore, by the end of financial year, yarn prices in local market increased exceptionally and export market improved reasonably.

Financial Strength

The company has been able to improve its financial strength, the current ratio of the company is now 1.07 (2020 : 0.84). The Company's cash flow management system projects cash inflows and outflows on a regular basis and monitors the cash position on a daily basis. The Company manages its working capital requirements through short term borrowings.

Earnings Per Share

The profit per share from operations stood at Rs. 14.68 per share (2020 : Profit Rs. 1.83 per share).

Risk And Opportunities

Crescent Cotton Mills Limited takes risks and creates opportunities in the normal course of business. Taking risk is important to remain competitive and ensure sustainable success. Our risk and opportunity management encompass an effective framework to conduct business in a well controlled environment where risk is mitigated and opportunities are availed. Each risk and opportunity is properly weighted and considered before making any choice. Decisions are formulated only if opportunities outweigh risks. Following is the summary of risks and strategies to mitigate those risks:

Strategic Risks

We are operating in a competitive environment where innovation, quality and cost matters. This risk is mitigated through continuous research & development and persistent introduction of new technologies under BMR. Strategic risk is considered as the most crucial of all the risks. Head of all business divisions meet at regular basis to form an integrated approach towards tackling risks both at the international and national level.

Business Risks

The Company faces a number of following business risks:

Cotton Supply and Price

The supply and prices of cotton is subject to the act of nature and demand dynamics of local and international cotton markets. There is always a risk of non-availability of cotton and upward shift in the cotton prices in local and international markets. The Company mitigates this risk by the procurement of the cotton in bulk at the start of the harvesting season.

Export Demand and Price

The exports are major part of our sales. We face the risk of competition and decline in demand of our products in international markets. We minimize this risk by building strong relations with customers, broadening our customer base, developing innovative products without compromising on quality and providing timely deliveries to customers.

Energy Availability and Cost

The rising cost and un-availability of energy i.e. electricity and gas shortage is a major threat to manufacturing industry. This risk, if unmitigated can render us misfit to compete in the international markets. In order to counter the rising energy costs, the Company is opting for alternative renewable energy sources. The measures to conserve energy have also been taken at all manufacturing facilities of the Company. Likewise, risk of non-availability of the energy has been minimized by installing power plants for generating electricity at almost all locations of the Company along with securing electricity connections from WAPDA.

Financial Risks

The Board of Directors of the Company is responsible to formulate the financial risk management policies that are implemented by the Finance Department of the Company. The Company faces the following financial risks:

Currency risk

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to United States Dollar (USD), and Euro. The Company's foreign exchange risk exposure is restricted to the bank balances and the amounts receivable/ payable from/to the foreign entities.

Interest rate risk

The Company's interest rate risk arises from long term financing, short term borrowings, loans and advances to subsidiary companies, term deposit receipts and bank balances in saving accounts. Fair value sensitivity analysis and cash flow sensitivity analysis shows that the Company's profitability is not materially exposed to the interest rate risk.

Credit risk

The Company's credit exposure to credit risk and impairment losses relates to its trade debts. This risk is mitigated by the fact that majority of our customers have a strong financial standing and we have a long standing business relationship with all our customers. We do not expect nonperformance by our customers; hence, the credit risk is minimal.

Liquidity risk

It is at the minimum due to the availability of enough funds through committed credit facilities from the Banks and Financial institutions.

Employee Recruitment And Retention

Failure to attract and retain the right people may adversely affect the achievement of company's growth plan. Strong emphasis is placed on the company's human resource and its skill set. We operate the best talent management and human resource instruments to attract, retain and motivate personnel and staff.

Product Development

The management of the company is focused on the product development for the export market and later on development of our own brand of high international value products, which should create its own demand in the international market. More than 90% production of the company can be classified to the basic commodity items and to develop a suitable market for a commodity item is a big task for which the management is constantly striving.

Statement on Corporate and financial reporting framework

- The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the listed Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained, if any.
- The system of internal control is sound in design and has been effectively implemented and monitored, and,
- There are no significant doubts upon the listed Company's ability to continue as a going concern.
- Details of significant deviations in the Company's operating results during the current year are stated in the Director Report.
- Summarized key operating and financial data for last six years is annexed.
- All the statutory payments on account of taxes, duties, levies and charges have been made except those disclosed in the financial statements.
- There have been four (4) Board Meetings during the year and attendance of each director is stated under :-

NAME OF DIRECTORS (In alphabetical order)	**MEETINGS ATTENDED**
Mr. Abid Mahmood	4
Mr. Adnan Amjad	4
Mr. Muhammad Arshad	4
Mr. Naveed Gulzar	4
Miss. Nazish Arshad	4
Mr. Salman Rafi	4
Mr. Shameen Azfar	4
Mr. Taimur Amjad	4

Leave of absence was granted to directors who could not attend board meetings.

- During the year four (4) meetings of the Audit Committee were held and following were the attendance :-

NAME OF DIRECTORS (In alphabetical order)	**MEETINGS ATTENDED**
Mr. Adnan Amjad	4
Mr. Salman Rafi	4
Mr. Taimur Amjad	4

Directors

During the year one casual vacancy of Chief Executive Officer occurred due to the sad demise of Mr. Muhammad Arshad. Mr. Abid Mehmood was appointed as the Chief Executive Officer of the Company by the board for the remaining term of the board.

Financial Statements

As required under clause 25 of Listed Companies (Code of Corporate Governance) Regulations 2019, the Chief Executive Officer and Chief Financial Officer presented the financial statements, duly endorsed under their respective signatures, for consideration and approval of the Board of Directors and the Board after consideration and approval authorized the signing of financial statements for issuance and circulation.

The financial statements of the Company have been duly audited and approved without qualification by the auditors of the Company M/s. Riaz Ahmad & Company, Chartered Accountants and their report is attached with the financial statements.

A winding up petition # CO 36 of 2013 was filed by Dr. Yasir Mehmood etc. against the Company in the Lahore High Court, Lahore. On January 26, 2015 the honorable judge of Lahore High Court, Lahore was pleased to dismiss the winding up petition filed against the company. The petitioner had filed an Intra Court Appeal before the Lahore High Court Lahore which has been dismissed by honorable judge of Lahore High Court Lahore on September, 09, 2020 as withdrawn.

Appropriations

The board of directors of the company feels that it is prudent to plough back the profit for future growth and enhanced working capital needs of the company and do not recommend any dividend for the year ended June 30, 2021. The company will be able to provide sufficient returns to share holders in the upcoming years.

Pattern of Shareholding

The pattern of shareholding as per section 227 of the Companies Act, 2017 is attached.
During the year the detail of shares purchased/sold by directors is as under:-

SR.#	NAME OF DIRECTORS/SPOUSE/MINOR	SHARES PURCHASED	SHARES SOLD
1.	Mr. Adnan Amjad	21,000	1000
2.	Mr. Taimur Amjad	35,500	-
3.	Mr. Muhammad Arshad (CEO)	89,000	-
4.	Mr. Naveed Gulzar	18,282	-
5.	Ms. Shireen Abid W/o. Mr. Abid Mehmood	155,000	-
6.	Miss Nazish Arshad	33,519	-

Except that of the above directors/spouses/minor children, remaining directors, CFO, Company Secretary and their spouses and minor children have not traded in the shares of the Company.

Related Parties

The transactions between the related parties were carried out at arm's length prices determined in accordance with the comparable uncontrolled prices method. These transactions have been ratified by the Audit Committee and approved by the Board.

Corporate Governance

The Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 is annexed.

Committees Of The Board

The board of directors in compliance with the Code of Corporate Governance has established an Audit Committee and Human Resources and Remuneration Committee. The names of its members are given in the company profile.

Corporate Social Responsibility

Your company understands its corporate responsibility towards the society and fulfills its obligation by providing financial support to under privileged members of the society and its deserving employees as well as doing philanthropy work. The company is also contributing considerable amounts to the National Exchequer, applying solutions for energy conservation and environment protection, providing best quality products and after-sales technical services to its valued customers.

Your company regularly donates generous amounts to various institutions constituted for dealing with natural calamities as part of its philanthropic activities. Your company is providing healthy, safe and learning work environment to its employees and sends them to attend training courses, seminars, workshops and conferences both within the country and abroad.

External Auditors

The present external auditors M/s. Riaz Ahmad & Company, Chartered Accountants would retire at the conclusion of the annual general meeting and being eligible for re-appointment have given their consent. Based on the suggestion of the audit committee, the Board has recommended re-appointment of M/s. Riaz Ahmad & Company, Chartered Accountants as external auditors for the year ending June 30, 2022.

Post Balance Sheet Events

There is no significant post balance sheet event which needs mention in Directors' Report.

Consolidated financial statements

Consolidated financial statements with accompanying information have been annexed as required under section 228 of the Companies Act, 2017.

Crescot Mills Limited

- The auditors have drawn attention that the company has ceased all production activities since August 1998 and has disposed of major part of plant and machinery. Accordingly, the company is no more a going concern. The company has been de-listed from KSE with effect from 28 July 2005.

Way Forward

The current financial year was very tough for the textile sector because corona virus outbreak severely affected the world economy. During this time, second and third wave of the pandemic hit the world, which, once again, led to lockdowns and restrictions all over the world. Now vaccination process has started, we hope vaccination of people in USA and Europe will be completed by the end of this financial year which will enable millions of Americans and Europeans to move freely and work from offices. This is expected to stimulate demand. Despite optimism and positive future outlook, textile industry is currently under tremendous pressure because of skyrocketing raw material cost. We have been facing an unprecedented rise in the price of cotton and synthetic fiber since the beginning of the first quarter of current financial year. Apart from that, adverse exchange rate movement and sharp increase in ocean freight are going to seriously impact in days to come.

SUBSIDIARIES

CRESCOT MILLS LIMITED

As already reported, the company has ceased all its production activities and during the year ended June 30, 2021, the company earned a profit of Rs. 463.323 million as compared to profit of Rs. 1.336 million of last year. The company has been de-listed from the Karachi Stock Exchange with effect from July 28, 2005.

For and on behalf of
the Board of Directors

ABID MEHMOOD	NAVEED GULZAR
CHIEF EXECUTIVE OFFICER	DIRECTOR

Faisalabad
October, 06, 2021

کریسنٹ کاٹن ملز لمیٹڈ

حصص یافتگان کے لیے ڈائریکٹرز کا جائزہ

کمپنی کے ڈائریکٹرز اور انتظامیہ نہایت افسوس کے ساتھ کمپنی کے چیف ایگزیکٹو آفیسر جناب محمد ارشد کی وفات سے آگاہ کرنا چاہیں گے۔ (انا للہ وانا الیہ راجعون)۔ جناب محمد ارشد ہمارے بورڈ کے ساتھ 1978ء میں منسلک ہوئے۔ ان کے دور میں بورڈ آف ڈائریکٹرز نے ہمیشہ ان کی شاندار اور مدبرانہ قیادت سے استفادہ کیا۔ بورڈ، انتظامیہ اور دیگر تمام افراد انہیں شاندار خراجِ تحسین پیش کرتے ہوئے، کمپنی کے لیے ان کی زبردست خدمات کو خراجِ تحسین پیش کرتے ہیں۔ (اللہ تعالیٰ جنت میں ان کو اعلیٰ درجات عطا فرمائے، آمین)

آپ کی کمپنی کے ڈائریکٹرز مالی سال مختتمہ 30 جون 2021ء کے لیے آڈٹ شدہ مالی معلومات پر مبنی رپورٹ آڈیٹران کی رپورٹ کے ہمراہ آپ کی خدمت میں پیش کرتے ہوئے فخر محسوس کر رہے ہیں۔

معیشت اور انڈسٹری کا جائزہ:

جیسا کہ دنیا بھر کی معیشتیں وبائی امراض کی وجہ سے شدید دباؤ میں رہی ہیں، پاکستانی معیشت بحالی کے حوصلہ افزا اشارے دکھا رہی ہے۔ پاکستان سے برآمدات میں اضافے کا رجحان دیکھا گیا، جیسا کہ پاکستان ادارہ شماریات کے اعداد و شمار کے مطابق جولائی سے اپریل کے دوران موجودہ مالی سال کے پہلے 10 ماہ کے دوران بیرونی ترسیلات نمایاں طور پر 13.6 کے اضافے سے 20.9 بلین ڈالر ہو گئیں جو ایک سال پہلے 18.4 بلین ڈالر تھیں۔ ملکی برآمدات میں بحالی ایک مثبت پیش رفت ہے کیونکہ یہ کورونا وائرس کے ملک بھر میں دوبارہ سر اٹھانے کے چیلنجوں کے باوجود معیشت کے سنبھلنے کی نوید ہے۔ اس کے ساتھ ساتھ درآمدات بھی برآمدات کے مقابلے میں تیزی سے بڑھ رہی ہیں۔ حوصلہ افزا بات یہ ہے کہ ملک میں معاشی حالات بہتر ہونے کی وجہ سے اس سال درآمد شدہ خام مال اور سرمائے کی اشیاء کی طلب میں نمایاں اضافہ دیکھنے میں آیا ہے کیونکہ مقامی صنعت ٹیکنالوجی کو اپ گریڈ کرتی ہے اور پیداواری صلاحیت کو بڑھاتی ہے۔ اس کے باوجود گندم، چینی اور کپاس کی درآمدات میں اضافہ، زراعت کی ناقص کارکردگی کی وجہ سے اسلام آباد میں پالیسی سازوں کے لیے تشویش کا باعث ہونا چاہیے۔ رواں سال کے نمو کے رجحان سے حوصلہ پاتے ہوئے، وزارت تجارت آئندہ مالی سال کے لیے 28 بلین ڈالر کے برآمدی ہدف کی تجویز پیش کر رہی ہے، جو اس سال پاکستان کی متوقع تقریباً 24 بلین ڈالر برآمدی وصولیوں سے 16 فیصد زیادہ ہے۔ اس طرح، اگر پاکستان موجودہ نمو کو برقرار رکھتا ہے تو اگلے پانچ سالوں میں پاکستان اپنی برآمدات کو تقریباً دوگنا کر کے 42 بلین ڈالر تک پہنچ سکتا ہے۔

مستقبل میں ادائیگیوں کے توازن کے بحران سے بچنے کے لیے پاکستان کے لیے اپنی برآمدات کو تیزی سے بڑھانا انتہائی ضروری ہے۔ اس وقت ملکی برآمدات دنیا بھر میں کم ترین سطح میں سے ہیں جو کہ اس کی جی ڈی پی کے 8 فیصد کے لگ بھگ ہیں۔ عالمی بینک کے عالمی ترقیاتی اشاریوں کے مطابق 2019 میں یہی اوسط کم متوسط آمدنی والے ممالک کے لیے 24.7 فیصد، جنوبی ایشیائی ممالک کے لیے 17.5 فیصد اور انتہائی مقروض غریب ریاستوں کے لیے 24.4 فیصد تھی۔ اگرچہ بیرون ملک مقیم پاکستانیوں کی جانب سے اندرون ملک بھیجی جانے والی ترسیلات زر میں تیزی سے اضافے نے کرنٹ اکاؤنٹ میں اضافہ کیا ہے، لیکن جی ڈی پی میں برآمدات کے انتہائی کم تناسب سے پالیسی سازوں کو فکرمند ہونا چاہیے کیونکہ ماضی میں ادائیگیوں

کے توازن کے بحران کی بڑی وجہ برآمدات کی ناقص کارکردگی رہی ہے۔ برآمدات میں موجودہ ترقی کا رجحان حوصلہ افزا ہے۔لیکن یہ اس رجحان کے طویل عرصے تک جاری رہنے کو یقینی بنانے کی اہمیت پر زور دیتا ہے۔ زیادہ برآمدی سرپلس ، برآمدی مصنوعات اور منڈیوں میں تنوع اور بہتری، مصنوعات کے معیار میں حقیقی نفاست کے بغیر یہ ممکن نہیں ہوگا۔اس سے بھی اہم بات یہ ہے کہ حکومت کو ٹیکس دہندگان کے پیسے پر مختلف صورتوں میں سبسڈی دینے کے بجائے بین الاقوامی سطح پر کاروباری حریفوں کی تلاش میں برآمد کنندگان کی مدد کرنے اور مہارت وٹیکنالوجی کے ذریعے اپ گریڈیشن کر کے پیداوار میں اضافہ کرنے کی ضرورت ہے۔

مالیاتی اور عملی کارکردگی:

کمپنی، کئی عملی چیلنجز کے باوجود مسلسل اور مستعد کوششوں کے ذریعے منافع میں شاندار بہتری لانے میں کامیاب رہی ہے۔

مجموعی منافع اور مجموعی منافع سے فروخت کے تناسب میں اضافے کی وجہ سے رواں سال کے دوران اسپننگ یونٹس کے منافع میں اسی مدت کے مقابلے میں بہتری آئی ہے۔فروخت کی آمدنی 4.34 فیصد کی کمی کی عکاسی کرتی ہے جو بنیادی طور پر حیدرآباد، کوٹری میں واقع کمپنی کے اسپننگ یونٹ کی بندش اور بندوبست کرنے کی وجہ سے تھی۔ اس یونٹ نے پچھلے مالی سال کی تیسری سہ ماہی میں اپنا کام بند کر دیا تھا۔

ہمارے ٹیکسٹائل کے کاروبار کو متعدد چیلنجز کا سامنا کرنا پڑا ہے جس میں طلب اور منافع دونوں کافی حد تک کم ہو گئے ہیں۔ اس طرح کے نامساعد حالات میں کام کرنے کے باوجود آپ کی کمپنی زیر جائزہ سال کے دوران نفع حاصل کرنے میں کامیاب رہی ہے۔ہم نے ملک میں کام کرنے والے ایسے ہی دیگر یونٹوں کے مقابلے میں بہت بہتر کارکردگی کا مظاہرہ کیا ہے۔

کمپنی کو پچھلے سال کے 51.817 ملین روپے قبل از ٹیکس نقصان کے مقابلہ میں 404.529 ملین روپے قبل از ٹیکس منافع ہوا۔

اوپر بیان کردہ حالات کی وجہ سے زیر جائزہ سال کے دوران فروخت 5,277.476 ملین روپے رہی جو پچھلے سال کی فروخت 5,517.184 ملین روپے کے مقابلے میں کم رہی۔ اس سال فروخت پر ہمارے خام منافع کا تناسب 13.79 فیصد ہے۔(2020 میں 6.62 فیصد)

پچھلے سال کے مقابلے میں کلیدی مالی نتائج کا خلاصہ ذیل میں نمایاں ہے:

پچھلے سال کے مقابلے میں کلیدی مالی نتائج کا خلاصہ

نفع اور نقصان	مالی سال 2021 (ہزار روپے)	فیصد %	مالی سال 2020 (ہزار روپے)	فیصد %	اضافہ / (کمی) (ہزار روپے)	فیصد %
فروخت کی آمدنی	5,277,476	100.00	5,517,184	100.00	(239,708)	(4.34)
فروخت کی لاگت	4,549,482	86.21	5,151,826	93.38	(602,344)	(11.69)
خام منافع	727,994	13.79	365,358	6.62	362,636	99.25
عملی اخراجات	303,681	5.75	252,676	4.58	51,005	20.19
دیگر آمدنی	56,563	1.07	43,405	0.79	13,158	30.31
عوامل سے منافع	480,876	9.11	156,087	2.83	324,789	208.08
مالیاتی لاگت	76,347	1.45	104,270	1.89	(27,923)	(26.78)
محصولات	71,857	1.36	10,269	0.19	61,588	599.75
منافع بعد از محصولات	332,672	6.30	41,548	0.75	291,124	700.69
فی حصص آمدنی (روپے)	14.68		1.83		12.85	

مالی سال 21-2020 کے دوران مقامی کپاس کی پیداوار میں کمی اور بھارت سے درآمد پر پابندی کی وجہ سے مقامی خام کپاس کی قیمتوں میں مسلسل اضافہ ہوا۔ کمپنی کی انتظامیہ پہلے ہی اسے بھانپ چکی تھی اور اس نے خام مال کے زیادہ سے زیادہ لاگتی اخراجات کے حساب سے مقامی اور درآمدی کپاس کی مخلوط خریداری کے لیے اپنی حکمت عملی تیار کر لی تھی۔ مالی سال 21-2020 کی پہلی ششماہی کے دوران، جب کپاس کی قیمتیں مسلسل لیکن غیر متناسب طور پر یارن کی قیمتوں کے لحاظ سے بڑھ رہی تھیں، سپننگ ڈویژن کے لیے کاروبار کو بہتر بنانا مشکل تھا۔ تاہم، بھارت سے کاٹن یارن کی درآمد پر پابندی اور کوویڈ 19 کی وبا سے متاثرہ پڑوسی ممالک میں صحت کی صورتحال کی وجہ سے مقامی کپڑا بنانے والوں کی طرف سے موصول ہونے والے بڑے آرڈرز کے نتیجے میں مقامی یارن کی قیمتوں میں تیزی سے اضافہ ہوا۔

بین الاقوامی مارکیٹ میں یارن کی قیمتیں بھی مقامی مارکیٹ کے رجحانات کے نقش قدم پر رہیں، لیکن مقامی مارکیٹ میں یارن کی قیمتوں پر مہنگی کپاس کا اثر بین الاقوامی یارن مارکیٹ کے مقابلے میں زیادہ وسیع تھا۔ اس لیے مالی سال کے اختتام تک مقامی مارکیٹ میں یارن کی قیمتوں میں غیر معمولی اضافہ ہوا اور برآمدی مارکیٹ میں معقول حد تک بہتری آئی۔

مالی طاقت:

کمپنی اپنی مالی طاقت کو بہتر بنانے میں کامیاب رہی ہے، کمپنی کا موجودہ تناسب اب 1.07 ہے (2020 میں 0.84)۔ کمپنی کا کیش فلو مینجمنٹ سسٹم مستقل بنیادوں پر کیش ان فلو اور آؤٹ فلو کا منصوبہ بناتا ہے اور روزانہ کی بنیاد پر کیش پوزیشن پر نظر رکھتا ہے۔ کمپنی مختصر مدت کے قرضوں کے ذریعے اپنے جاری سرمایہ کی ضروریات کا انتظام کرتی ہے۔

فی حصص آمدنی:

عوامل کے لیے فی حصص نفع 14.68 روپے رہا۔(2020ء میں فی حصص نفع 1.83 روپے)

خطرات اور مواقع:

کریسنٹ کاٹن ملز لمیٹڈ خطرہ مول لیتی ہے اور عام کاروبار میں مواقع پیدا کرتی ہے۔مسابقتی رہنے اور پائیدار کامیابی کو یقینی بنانے کے لئے خطرہ مول لینا ضروری ہے۔ہمارا ''خطرہ اور موقع'' کا نظم و نسق ایک اچھے کنٹرولڈ ماحول میں کاروبار کرنے کے لئے ایک موثر فریم ورک کا احاطہ کرتا ہے جہاں خطرہ کم ہوتا ہے اور مواقع سے استفادہ کیا جاتا ہے۔کسی بھی فیصلے سے قبل ''خطرہ اور موقع'' کو مناسب طریقے سے پرکھا اور سمجھا جاتا ہے۔فیصلے صرف اسی صورت میں طے کیے جاتے ہیں جب مواقع خطرے سے کہیں زیادہ ہوں۔درپیش خطرات اور ان خطرات کو کم کرنے کی حکمت عملی کا خلاصہ درج ذیل ہے:

تزویراتی خطرات:

ہم ایک مسابقانہ ماحول میں کام کررہے ہیں جہاں جدت، معیار اور لاگت معنی رکھتے ہیں۔قوت عملیہ (BMR) کے تحت مسلسل تحقیق و ترقی اور نئی ٹیکنالوجیز کے مستقل تعارف کے ذریعے اس خطرے کو کم کیا جاسکتا ہے۔تزویراتی خطرہ تمام خطرات میں سب سے اہم سمجھا جاتا ہے۔تمام کاروباری شعبہ جات کے سربراہ ملکی و بین الاقوامی سطح پر پیش آمدہ خطرات سے نمٹنے کے لیے مربوط حکمت عملی بنانے کیلئے مستقل بنیادوں پر رابطے میں رہتے ہیں۔

کاروباری خطرات:

کمپنی کو درج ذیل متعدد کاروباری خطرات کا سامنا ہے:

کپاس کی رسد اور قیمت:

کپاس کی رسد اور قیمتیں قدرتی عمل اور مقامی و بین الاقوامی کپاس کی منڈیوں میں طلب کے محرکات کے تابع ہیں۔کپاس کی عدم دستیابی اور قومی و بین الاقوامی منڈیوں میں کپاس کی قیمتوں میں اضافے کا خطرہ ہمیشہ رہتا ہے۔کمپنی کٹائی کے آغاز پر ہی کپاس کی بھاری مقدار کی خریداری کر کے اس خطرہ کو کم کرتی ہے۔

برآمدی طلب اور قیمت:

برآمدات ہماری فروخت کا بڑا حصہ ہیں۔ہمیں بین الاقوامی منڈیوں میں اپنی مصنوعات کی طلب میں کمی اور مسابقت کا سامنا رہتا ہے۔ہم صارفین کے ساتھ مضبوط تعلقات استوار کرنے، کسٹمر بیس کو وسیع کرنے، معیار پر سمجھوتہ کیے بغیر جدید مصنوعات تیار کرنے اور صارفین کو بروقت فراہمی کو یقینی بنا کر اس خطرے کو کم کرتے ہیں۔

توانائی کی دستیابی اور قیمت:

توانائی کی بڑھتی ہوئی قیمتیں اور عدم دستیابی یعنی بجلی اور گیس کی کمی پیداواری صنعت کیلئے بہت بڑا خطرہ ہے۔اگر یہ خطرہ کم نہ کیا جائے تو بین الاقوامی منڈیوں میں مسابقت کیلئے ہمیں نااہل کرسکتا ہے۔توانائی کے بڑھتے ہوئے اخراجات کا مقابلہ کرنے کے لیے کمپنی متبادل قابل تجدید توانائی کے

ذرائع اختیار کررہی ہے۔کمپنی کی تمام پیداواری سہولیات پر بھی توانائی کی بچت کے اقدامات کیے گئے ہیں۔اسی طرح واپڈا سے بجلی کے کنکشن حاصل کرنے کے ساتھ ساتھ کمپنی کے تقریباً تمام مقامات پر بجلی پیدا کرنے کے لئے پاور پلانٹس لگا کر توانائی کی عدم دستیابی کے خطرے کو کم کیا گیا ہے۔

مالی خطرات:

کمپنی کا بورڈ آف ڈائریکٹرز ذمہ دار ہے کہ وہ مالیاتی رسک مینجمنٹ کی پالیسیاں مرتب کرے جو کمپنی کے شعبہ فنانس کے ذریعہ نافذ ہیں۔کمپنی کو درج ذیل مالی خطرات کا سامنا ہے:

کرنسی کا خطرہ:

کمپنی کو بنیادی طور پر امریکی ڈالر اور یورو کے سلسلے میں مختلف کرنسیوں کے اظہار سے پیدا ہونے والے کرنسی کے خطرے کا سامنا ہے۔کمپنی کے غیر ملکی زرمبادلہ کے خطرہ کا اظہار بینک بیلنس اور غیر ملکی اداروں کو قابل ادائیگی یا ان سے قابل وصولی رقومات تک محدود ہے۔

شرح سود کا خطرہ:

کمپنی کو شرح سود کا خطرہ طویل مدتی فنانسنگ ،قلیل مدتی قرضے ،ادھار اور ماتحت کمپنیوں کو پیشگی ادائیگیوں ،ٹرم ڈیپازٹ کی رسیدوں اور بچت کھاتوں میں بینک بیلنس سے پیدا ہوتا ہے۔مناسب قدر کی حساسیت کا تجزیہ اور نقد بہاؤ کی حساسیت کا تجزیہ ظاہر کرتا ہے کہ کمپنی کا نفع شرح سود کے خطرے سے مادی طور پر خالی نہیں ہے۔

ادھار کا خطرہ:

کمپنی کے ادھار کے خطرات اور خرابی کے نقصانات کا تعلق اس کے تجارتی قرضوں سے ہوتا ہے۔اس خطرے کو اس حقیقت سے کم کیا جا سکتا ہے کہ ہمارے بیشتر صارفین کی مالی حیثیت مضبوط ہے اور ہمارے تمام صارفین کے ساتھ ہمارے دیرینہ کاروباری تعلقات ہیں۔ہم اپنے صارفین کی طرف سے عدم تعاون کی توقع نہیں کرتے لہٰذا ادھار کا خطرہ کم ہے۔

لیکیوڈٹی کا خطرہ:

بینکوں اور مالیاتی اداروں سے وابستہ ادھار کی سہولیات کے ذریعہ معقول فنڈز کی دستیابی کی وجہ سے یہ خطرہ کم از کم ہے۔

ملازمین کی بھرتی اور معاوضہ:

درست لوگوں کو راغب کرنے اور انہیں قائم رکھنے میں ناکامی کمپنی کے ترقیاتی منصوبے کے حصول کو بری طرح متاثر کرسکتی ہے۔کمپنی کے انسانی وسائل اور ہنرمندی پر سخت زور دیا جاتا ہے۔ہم عملے اور اسٹاف کو راغب اور برقرار رکھنے اور ان کی حوصلہ افزائی کے لیے بہترین ٹیلنٹ مینجمنٹ اور انسانی وسائل کے ذرائع بروئے عمل لاتے ہیں۔

پیداوار میں بہتری:

کمپنی کی انتظامیہ برآمدی منڈی کے لیے مصنوعات کی بہتری اور بعدازاں ہمارے اپنے برانڈ کی اعلیٰ بین الاقوامی معیار کی مصنوعات کی تیاری پر توجہ مرکوز کیے ہوئے ہے جسے بین الاقوامی مارکیٹ میں اپنی طلب پیدا کرنا چاہئے۔مزید برآں کمپنی کی 90 فیصد سے زیادہ پیداوار کو بنیادی اجناس کی اشیاء

میں درجہ بندی کیا جاسکتا ہے اور کسی عام جنس کی مناسب مارکیٹ تیار کرنا ایک بہت بڑا کام ہے جس کے لئے انتظامیہ مسلسل کوشش کر رہی ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ کے فریم ورک پر بیان:

1۔ کمپنی کی انتظامیہ کی طرف سے تیارہ کردہ مالیاتی بیانات منصفانہ طور پر اس کے معاملات کی حالت، اس کے عوامل کے نتائج، کیش کا بہاؤ اور مساوات میں تبدیلی کو ظاہر کرتے ہیں۔

2۔ متذکرہ کمپنی اکاؤنٹس کی کتابیں مناسب طریقہ سے مرتب کی گئی ہیں۔

3۔ مالیاتی بیانات کی تیاری میں اکاؤنٹنگ کی مخصوص پالیسیوں کو مسلسل لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات معقول اور ٹھوس فیصلوں پر مبنی ہیں۔

4۔ مالیاتی سٹیٹمنٹ کی تیاری میں عالمی مالیاتی رپورٹنگ کے معیارات، جیسے پاکستان میں لاگو ہیں، ان کی پیروی کی گئی ہے اور ان سے کسی بھی رخصت پر مناسب وضاحت دی گئی ہے۔

5۔ اندرونی کنٹرول کا نظام ڈیزائن میں محفوظ ہے اور اس کا نفاذ اور نگرانی مؤثر طریقے سے کی گئی ہے، اور

6۔ اس میں کوئی شک نہیں کہ کمپنی میں متعلقہ معاملات کو جاری رکھنے کے لئے ممکنہ صلاحیت موجود ہے۔

7۔ رواں سال کے دوران کمپنی کے عملی نتائج میں مخصوص رخنوں کی تفصیلات چیف ایگزیکٹو آفیسر کے جائزہ میں بیان کی گئی ہیں۔

8۔ پچھلے چھ سال کا تلخیص شدہ بنیادی عملی اور مالیاتی ڈیٹا لف ہے۔

9۔ مالیاتی بیانات میں ظاہر شدہ کے علاوہ ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں تمام قانونی ادائیگیاں کر دی گئی ہیں۔

10۔ سال کے دوران بورڈ کے چار اجلاس منعقد ہوئے جن میں ہر ڈائریکٹر کی حاضری درج ذیل ہے:

ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق)	شرکت کردہ اجلاس
مسٹر عابد محمود	4
مسٹر عدنان امجد	4
مسٹر محمد ارشد	4
مسٹر نوید گلزار	4
مسماۃ نازش ارشد	4
مسٹر سلمان رفیع	4
مسماۃ شامین اظفر	4
مسٹر تیمور امجد	4

جو ڈائریکٹران بورڈ کے اجلاس میں شرکت نہ کر سکے انہیں رخصت دے دی گئی۔

11۔ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام (الفبائی ترتیب کے مطابق)	شرکت کردہ اجلاس
مسٹر عدنان امجد	4
مسٹر سلمان رفیع	4
مسٹر تیمور امجد	4

ڈائریکٹران:

سال کے دوران مسٹر محمد ارشد کی افسوس ناک رحلت کی وجہ سے چیف ایگزیکٹو آفیسر کی اتفاقی اسامی خالی ہوئی۔ بورڈ کی باقی ماندہ مدت کے لیے بورڈ نے مسٹر عابد محمود کو چیف ایگزیکٹو آفیسر منتخب کیا۔

مالیاتی بیانات:

مندرج کمپنیوں کے قواعد وضوابط کوڈ آف کارپوریٹ گورننس 2019 کی شق نمبر 25 کے تحت چیف ایگزیکٹو آفیسر اور چیف فنانشل آفیسر نے اپنے دستخطوں کے ہمراہ مالیاتی بیانات بورڈ آف ڈائریکٹرز کے غور وخوض اور منظوری کے لیے پیش کیے اور بورڈ نے غور وخوض اور منظوری کے بعد دستخط کردہ مالیاتی بیانات کے اجراء اور اشاعت کی اجازت دی۔

کمپنی کے مالیاتی بیانات کمپنی کے آڈیٹرز میسرز ریاض احمد اینڈ کو چارٹرڈ اکاؤنٹینٹس کی طرف سے اچھی طرح آڈٹ اور بغیر قابلیت کے منظور کیے گئے ہیں اور ان کی رپورٹ مالیاتی بیانات کے ساتھ لف ہے۔

کمپنی کے خلاف ایک وائنڈنگ اپ پٹیشن نمبر 36 CO بابت 2013ء ڈاکٹر یاسر محمود وغیرہ کی طرف سے لاہور ہائیکورٹ، لاہور میں دائر کی گئی تھی۔ 26 جنوری 2015ء کو لاہور ہائیکورٹ کے عزت مآب جج نے کمپنی کے خلاف دائر کردہ وائنڈنگ اپ پٹیشن خارج کردی۔ پٹیشنر نے لاہور ہائی کورٹ میں ایک انٹرا کورٹ اپیل دائر کی جو لاہور ہائیکورٹ کے عزت مآب جج کی طرف سے 9 ستمبر 2020 کو خارج کر دی گئی۔

حصص یافتگی کا نمونہ:

کمپنیز ایکٹ 2017 کی دفعہ 227 کے تحت حصص یافتگی کا نمونہ لف ہے۔

سال کے دوران ڈائریکٹران کی طرف سے خریدے گئے حصص کی تفصیل درج ذیل ہے:

نمبر شمار	ڈائریکٹر / اہلیہ / نابالغ بچوں کا نام	خریدے گئے حصص	بیچے گئے حصص
1	مسٹر عدنان امجد	21,000	1,000
2	مسٹر تیمور امجد	35,500	-
3	مسٹر محمد ارشد (چیف ایگزیکٹو آفیسر)	89,000	-
4	مسٹر نوید گلزار	18,282	

5	مسماۃ شیریں عابد زوجہ مسٹر عابد محمود	155,000	-
6	مسماۃ نازش ارشد	33,519	

متذکرہ بالا ڈائریکٹرز/اہلیہ/نابالغ بچوں کے علاوہ سال کے دوران کسی بھی ڈائریکٹر، اس کی اہلیہ/نابالغ بچوں، چیف فنانشل آفیسر، کمپنی سیکرٹری اوران کی بیگمات یانابالغ بچوں کی طرف سے حصص کی کوئی خرید وفروخت نہیں ہوئی۔

متعلقہ پارٹیاں:

متعلقہ پارٹیوں کے درمیان لین دین طے شدہ حیثیت کے مطابق قابل موازنہ طریقہ قیمت کے مطابق عمل میں لایا گیا۔ یہ ٹرانزیکشنز محاسب کمیٹی کی طرف سے تصدیق اور بورڈ کی طرف سے منظور کی گئی ہیں۔

کارپوریٹ گورننس:

مندرج کمپنیوں کے ہمراہ تکمیل کا بیان قواعد وضوابط کوڈ آف کارپوریٹ گورننس 2019 لف ہے۔

بورڈ کی کمیٹیاں:

بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کی تکمیل کے ضابطہ کے ہمراہ محاسب کمیٹی اور انسانی وسائل وتجدید کمیٹی قائم کی ہے۔اس کے ممبران کے نام کمپنی پروفائل میں دیئے گئے ہیں۔

ادارہ جاتی سماجی ذمہ داری:

آپ کی کمپنی معاشرے کی طرف سے عائد اپنی ادارہ جاتی ذمہ داری سمجھتی ہے اور معاشرے کے پسماندہ افراد اور اپنے مستحق ملازمین کو مالی امداد فراہم کرنے کے ساتھ ساتھ رفاہِ عامہ کے کام کے ذریعے اپنی ذمہ داری پوری کرتی ہے۔ کمپنی توانائی کی بچت اور ماحولیاتی تحفظ کے لیے مختلف حل لاگو کر کے، اپنے قابل قدر گاہکوں کو بہترین معیار کی مصنوعات اور بعد از فروخت تکنیکی خدمات کی فراہمی کے ذریعے قومی خزانے میں بھی معتد بہ مقدار میں اپنا حصہ ڈال رہی ہے۔

آپ کی کمپنی رفاہِ عامہ کی سرگرمیوں کے طور پر مختلف اداروں کو بھاری رقوم مستقلاً چندہ دے رہی ہے جو قدرتی آفات سے نمٹنے کے لیے قائم کیے گئے ہیں۔ آپ کی کمپنی اپنے ملازمین کو صحت مند، محفوظ اور سیکھنے کا ماحول فراہم کر رہی ہے اور انہیں اندرون و بیرون ملک تربیتی کورسز، سیمینارز، ورکشاپس اور کانفرنسز میں بھیجا جاتا ہے۔

بیرونی محاسب:

موجودہ بیرونی محاسب میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹینٹس سالانہ اجلاس عام کے اختتام پر ریٹائر ہو جائیں گے اور اہل ہونے کی صورت میں انہوں نے اپنی رضامندی ظاہر کی ہے۔ محاسب کمیٹی کی تجویز کی بنیاد پر بورڈ نے میسرز ریاض احمد اینڈ کو، چارٹرڈ اکاؤنٹینٹس کی 30 جون 2022ء کو ختم ہونے والے مالی سال کے لیے بطور بیرونی محاسب دوبارہ تعیناتی کی سفارش کی ہے۔

بعداز بیلنس شیٹ تغیرات:

بیلنس شیٹ کی تیاری کے بعد ایسا کوئی اہم وقوعہ یا تغیر رونما نہیں ہوا جسے ڈائریکٹر رپورٹ میں ظاہر کرنا ضروری ہو۔

مضبوط مالی بیانات:

مضبوط مالیاتی بیانات ہمراہ متعلقہ معلومات کمپنیز ایکٹ 2017ء کی شق 228 کے تحت لف ہیں۔

کریسکوٹ ملز لمیٹڈ:

آڈیٹرز نے توجہ دلائی ہے کہ کمپنی اپنی تمام پیداواری سرگرمیاں اگست 1998ء سے ختم کر چکی ہے اور اپنی پلانٹ اور مشینری کا بیشتر حصہ فارغ کر چکی ہے۔ اسکے مطابق اس کمپنی کا اب مزید کوئی تعلق باقی نہیں رہا۔ کمپنی کو 28 جولائی 2005ء سے کے ایس ای کی فہرست سے نکالا جا چکا ہے۔

پیش بندی:

رواں مالی سال ٹیکسٹائل سیکٹر کے لیے بہت مشکل تھا کیونکہ کورونا وائرس نے عالمی معیشت کو شدید متاثر کیا۔ اس عرصے کے دوران، وبائی مرض کی دوسری اور تیسری لہر نے دنیا کو اپنی لپیٹ میں لے لیا، جس کی وجہ سے ایک بار پھر پوری دنیا میں لاک ڈاؤن اور پابندیاں لگ گئیں۔ اب ویکسینیشن کا عمل شروع ہو چکا ہے، ہمیں امید ہے کہ اس مالی سال کے اختتام تک امریکہ اور یورپ میں لوگوں کی ویکسینیشن مکمل ہو جائے گی جس سے لاکھوں امریکی اور یورپی باشندے آزادانہ نقل و حرکت اور دفاتر سے کام کرنے کے قابل ہو جائیں گے۔ اس سے طلب میں اضافے کی توقع ہے۔ پر امید اور مثبت مستقبل کے نقطہ نظر کے باوجود، ٹیکسٹائل انڈسٹری اس وقت زبردست دباؤ میں ہے کیونکہ خام مال کی لاگت بڑھ رہی ہے۔ ہمیں رواں مالی سال کی پہلی سہ ماہی کے آغاز سے ہی کپاس اور مصنوعی ریشہ کی قیمتوں میں بے مثال اضافے کا سامنا ہے۔ اس کے علاوہ منفی شرح تبادلہ اور سمندری مال برداری میں ہونے والا انتہائی اضافہ آنے والے دنوں میں شدت سے اثر انداز ہو گا۔

ماتحت کمپنیاں:

کریسکوٹ ملز لمیٹڈ:

جیسا کہ پہلے بتایا جا چکا ہے کہ کمپنی اپنی تمام پیداواری سرگرمیاں ختم کر چکی ہے اور کمپنی نے پچھلے سال کے **1.336** ملین روپے منافع کے مقابلہ میں 30 جون 2021ء کو ختم ہونے والے سال میں **463.323** ملین روپے کا منافع کمایا۔ کمپنی کو 28 جولائی 2005ء سے کے ایس ای کی فہرست سے نکالا جا چکا ہے۔

منجانب

بورڈ آف ڈائریکٹرز

چیف ایگزیکٹو آفیسر

ڈائریکٹر

فیصل آباد

06 اکتوبر 2021ء

KEY OPERATING AND FINANCIAL DATA

(RUPEES IN MILLION)

	2021	2020	2019	2018	2017	2016
Summary of Profit and Loss Account						
Sales	5,406	5,517	7,393	6,094	3,984	3,454
Gross profit	726	365	289	244	127	128
Profit from operations	485	156	80	104	110	17
Finance cost	87	104	84	55	29	32
Profit/(Loss) before taxation	398	52	(4)	49	81	(15)
Taxation	76	10	88	43	52	7
Profit/(Loss) after taxation	322	42	(92)	6	29	(22)
Summary of Balance Sheet						
Property, plant and equipment	5,204	5,191	5,151	4,135	4,024	3,666
Other non-current assets	60	65	63	31	43	66
Stock in trade	488	540	475	379	270	386
Trade debts	195	280	200	127	64	40
Other current assets	744	753	636	716	729	402
Current assets	1,427	1,573	1,311	1,222	1,063	828
Total assets	6,691	6,829	6,525	5,388	5,130	4,560
Shareholders equity	887	560	531	698	861	578
Surplus on revaluation of operating fixed assets	4,137	4,137	4,137	3,080	3,080	3,080
Long term financing	204	195	131	178	226	-
Other non-current liabilities	149	127	101	81	75	67
Trade and other payables	678	740	789	723	392	350
Short trem borrowings	369	841	661	529	440	447
Other current liabilities	267	229	175	99	56	38
Current liabilities	1,314	1,810	1,625	1,351	888	835
Total equity and liabilities	6,691	6,829	6,525	5,388	5,130	4,560
Summary of Cash Flow Statement						
Cash and cash equivalents at the beginning of the year	42	50	106	41	32	16
Net cash (used in) / generated from operating activities	548	(121)	(125)	118	18	(15)
Net cash used in investing activities	(59)	(103)	(25)	(130)	(240)	(85)
Net cash from / (used in) financing activities	(388)	216	94	77	231	116
Net increase / (decrease) in cash and cash equivalents	101	(8)	(56)	65	9	16
Cash and cash equivalents at the end of the year	143	42	50	106	41	32

PERFORMANCE INDICATORS

		2021	2020	2019	2018	2017	2016
Profitability Ratios							
Gross profit ratio	%	13.43	6.69	3.91	4.00	3.19	3.71
Net profit to sales	%	5.96	0.76	(1.24)	0.10	0.73	(0.64)
Return on equity	%	36.30	7.50	(17.33)	0.86	3.37	(3.81)
Return on capital employed	%	59.61	7.70	(0.60)	7.34	12.87	(2.38)
Earning/(loss) per share	Rs.	14.19	(0.69)	(4.04)	0.26	1.35	(1.05)
Liquidity Ratios							
Current ratio	Times	1.09	0.87	0.81	0.90	1.20	0.99
Quick ratio	Times	0.71	0.57	0.51	0.62	0.89	0.53
Cash to current liabilities	%	0.11	0.02	0.03	0.08	0.05	0.04
Activity / Turnover Ratios							
Inventory turnover	Times	9	10	17	18	12	#REF!
Number of days in inventory	Days	40	36	22	20	31	#REF!
Debtor turnover	Times	23	23	45	64	77	#REF!
Number of days in receivables	Days	16	16	8	6	5	#REF!
Creditors turnover	Times	7	7	9	10	10	#REF!
Number of days in payables	Days	52	51	39	35	35	#REF!
Total assets turnover	Times	0.80	0.83	1.24	1.16	0.82	#REF!
Property, plant and equipment turnover	Times	1.04	1.07	1.59	1.49	1.04	#REF!
Investment / Market Ratios							
Basic and diluted earning/(loss) per share	Rs.	14.19	1.83	(4.04)	0.26	1.35	(1.05)
Price earning ratio	Times	3.86	21.69	(7.02)	96.69	33.07	(42.86)
Market value per share							
- At the end of year	Rs.	54.75	39.70	28.38	25.14	44.65	45.00
- Highest during the year	Rs.	60.00	42.88	39.64	39.64	53.90	54.95
- Lowest during the year	Rs.	24.94	24.94	23.89	25.14	44.00	45.00
Break up value w/o surplus on revaluation	Rs.	39.14	24.71	23.43	30.80	40.28	27.04
Break up value with surplus on revaluation	Rs.	221.71	207.28	206.00	166.72	184.35	171.11
Capital Structure Ratios							
Financial leverage ratio	Times	0.65	1.85	1.49	1.01	0.77	0.77
Long term debt to equity ratio	%	23.00	34.82	24.67	25.50	26.25	-
Interest coverage ratio	Times	5.57	1.50	0.95	1.89	3.79	0.53

Form - 34

The Companies Act, 2017

(Section 277(f))

Pattern Of Shareholding

1. Incorporation Number **0000984**
2. Name of The Company **Crescent Cotton Mills Limited**
3. Pattern of Holding of the Shares held by the Shareholders as at : **June 30, 2021**

Shareholders	From	To	Total Shares
564	1	100	17,258
421	101	500	102,795
150	501	1,000	106,027
165	1,001	5,000	341,771
32	5,001	10,000	225,258
11	10,001	15,000	138,593
6	15,001	20,000	101,444
6	20,001	25,000	145,793
2	25,001	30,000	52,294
2	30,001	35,000	68,384
2	35,001	40,000	76,409
8	40,001	45,000	339,259
2	45,001	50,000	96,709
5	50,001	55,000	268,512
1	55,001	60,000	59,624
3	60,001	65,000	192,836
5	65,001	70,000	330,090
2	70,001	75,000	146,172
3	80,001	85,000	246,604
3	85,001	90,000	263,991
1	90,001	95,000	90,650
4	100,001	105,000	411,044
1	105,001	110,000	106,000
1	115,001	120,000	116,500
1	120,001	125,001	121,480
1	125,001	130,000	128,365
2	135,001	140,000	271,329
5	145,001	150,000	727,420
2	155,001	160,000	314,610
1	160,001	165,000	162,541
3	165,001	170,000	503,437
1	170,001	175,000	171,615
1	175,001	180,000	176,790
2	190,001	195,000	381,600
1	195,001	200,000	200,000
1	205,001	210,000	207,208
2	210,001	215,000	426,255
1	225,001	230,000	226,753
1	230,001	235,000	230,834
1	235,001	240,000	238,138
1	270,001	275,000	273,280
1	285,001	290,000	289,000
1	300,001	305,000	303,821
1	350,001	355,000	353,224
1	380,001	385,000	382,877
1	385,001	390,000	388,557
1	390,001	395,000	391,468
1	405,001	410,000	407,559
1	410,001	415,000	413,264
1	425,001	430,000	426,034
1	430,001	435,000	430,823
1	435,001	440,000	439,637
1	540,001	545,000	544,622
1	570,001	575,000	573,999
1	590,001	595,000	590,744
1	605,001	610,000	606,885
1	370,001	375,000	671,646
1	705,001	710,000	708,599
1	855,001	860,000	856,454
1	1,030,001	1,035,000	1,034,499
1	1,060,001	1,065,000	1,061,848
1	1,215,001	1,220,000	1,219,763
1	1,755,001	1,760,000	1,759,131
1449			**22,660,126**

Sr.#	Categories of Shareholders	Numbers	Shares Held	Percentage
1	Insurance Companies	1	212,000	0.94
2	Others	7	150,249	0.66
3	Financial Institutions	9	658,813	2.91
4	Individuals	1,405	17,546,710	77.43
5	Investment Companies	5	9,231	0.04
6	Joint Stock Companies	20	2,974,571	13.13
7	Mutual Fund	2	1,108,552	4.89
	Grand Total	**1,449**	**22,660,126**	**100.00**

PATTERN OF HOLDING OF SHARES

Held by Shareholders as at June 30, 2021

Categories of Shareholder	Total Holding	%Age
1 - Directors, Chief Executive Officer, Their Spouses and Minor Childern		
Chief Executive Officer		
Mr. Abid Mehmood	167,866	0.74
Directors		
Mr. Adnan Amjad	708599	3.13
Mr. Salman Rafi	80203	0.35
Mrs. Shameen Azfar	40694	0.18
Mr. Naveed Gulzar	449192	1.98
Mr. Taimur Amjad	671646	2.96
Mrs. Nazish Arshad	1862406	8.22
Director's Spouses and Their Minor Childern		
Mrs. Marium Naveed	105	0.00
Mst. Shireen Abid	1573487	6.94
	5,554,198	24.51
2 - Executives		
Executives	1,740,207	7.68
	1,740,207	7.68
3 - Associated Companies, Undertakings & Related Parties		
Premier Indurance Limited	212,000	0.94
	212,000	0.94
6 - Banks, NBFCs, DFIs, Takaful, Pension Funds		
Banks, NBFCs, DFIs, Takaful, Pension Funds	1,776,596	7.84
	1,776,596	7.84
7 - Other Companies		
Other Companies, Corporate Bodies, Trust etc.	3,124,820	13.79
	3,124,820	13.79
9 - General Public		
A. Local	10,251,305	45.24
B. Foreign	-	-
	10,251,305	45.24
	22,660,126	100.00

Shareholders More Than 5.00%	Shares	%Age
Miss Nazish Arshad	1,862,406	8.22
Mst. Shireen Abid	1,573,487	6.94

Crescent Cotton Mills Limited
Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 For the year ended 30 June 2021

Name of company CRESCENT COTTON MILLS LIMITED
Year ended June 30, 2021

Crescent Cotton Mills Limited (the "company") has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019 (the "Regulations") in the following manner:

1. The total number of directors are eight as per the following.

   a. Male: Five
   b. Female: Two

2. The composition of the Board of Directors ("the Board") is as follows:

Category	Name
Independent Directors	Mr. Salman Rafi
	Mrs. Shameen Azfar (Female)
Executive Directors	Mr. Naveed Gulzar
	Mr. Abid Mehmood
Non-Executive Directors	Mr. Taimur Amjad (Chairman)
	Mr. Adnan Amjad
	Miss Nazish Arshad (Female)

1. The Directors have confirmed that none of them is serving as a Director on more than seven listed companies, including this Company.

2. 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.

3. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board ensured that complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company.

4. 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 Actand these Regulations.

5. 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.

6. The Board have a formal policy and transparent procedures for remuneration of Directors in accordance with the Act and these Regulations.

7. The Board remained fully compliant with the provision with regard to their training program. One member of the Board has the prescribed qualification and experience required for exemption from training program of Directors pursuant to Regulation 19(2) of the CCG. Therefore, one female and four male directors have already attended Directors' Training Program except one female director and one male director.

The Board has arranged Directors' Training Program for the following:

Mrs. Shameen Azfar (female)

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:

a) Audit Committee

Mr. Salman Rafi	(Chairman)
Mr. Adnan Amjad	(Member)
Mr. Taimur Amjad	(Member)

b) HR and Remuneration Committee

Mrs. Shameen Azfar	(Chairman)
Mr. Adnan Amjad	(Member)
Miss. Nazish Arshad	(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 aforesaid committees were as per following:
   a) Audit Committee: Four meetings during the financial year ended 30 June 2021
   b) HR and Remuneration Committee: One meeting during the financial year ended 30 June 2021

16. The Board has outsourced the internal audit function to RSM Avais Hyder Liaquat Nauman, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered

Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, 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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with, except for the independent directors in which fraction is not rounded up as one because only two directors were consented to contest as independent director in elections and the fraction (0.33) was less than 0.5.

19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:

Sr No.	Requirement	Explanation for Non-compliance	Reg. No.
1	**Qualification of Company Secretary:** The same person shall not simultaneously hold office of chief financial officer and the company secretary of a listed company.	The Company is in the process of hiring the suitable individual for the company secretary.	24
2	**Nomination Committee:** The Board may constitute a separate committee, designated as the nomination committee of such number and class of directors, as it may deem appropriate in its circumstances.	Currently the Board has not constituted a separate NC and the functions are being performed by the HR committee.	29(1)
3	**Risk Management Committee:** The Board may constitute the Risk Management Committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out review of effectiveness of risk management procedures and present a report to the Board.	Currently the Board has not constituted the RMC and the Company's Risk Manager performs the requisite functions and apprises the Board accordingly	30(1)
4	**Directors' Training:** By June 30, 2021 at least 75% of the directors on their Board have participated in directors training program.	Directors' Training Program has been planned by the Company to arrange it in next year.	19(1)(ii)
5	**Directors' Training:** A newly appointed director on the Board may acquire, the directors training program certification within a period of one year from the date of appointment as a director on the Board.	Due to COVID-19, Directors' Training Program for newly appointed director has been delayed and Company has now planned to arrange it next year.	19(2)

For and on behalf of the Board of Directors

CHAIRMAN

CHIEF EXECUTIVE OFFICER

Faisalabad
October, 06, 2021

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Crescent Cotton Mills Limited

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Crescent Cotton Mills Limited (the Company) for the year ended 30 June 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 30 June 2021.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
October, 06, 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Crescent Cotton Mills Limited
Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at 30 June 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Inventory existence and valuation** Inventories as at 30 June 2021 amounting to Rupees 554.561 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 66.474 million - Stock-in-trade of Rupees 488.087 million Inventories are stated at lower of cost and net realizable value.	Our procedures over existence and valuation of inventories included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we performed test counts and compared the quantities counted by us with the results of the counts of

	We identified existence and valuation of inventories as a key audit matter due to their size, representing 8.29% of the total assets of the Company as at 30 June 2021, and the judgment involved in valuation. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.11 to the financial statements). - Stores, spare parts and loose tools (Note 20) and Stock-in-trade (Note 21) to the financial statements.	the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the financial statements.

2.	**Revenue recognition** The Company recognized revenue of Rupees 5,405.943 million for the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Company and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue recognition, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.13 to the financial statements). - Revenue (Note 28 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year- end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors is 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.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
October, 06, 2021

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

EQUITY AND LIABILITIES	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2020: 30 000 000) ordinary shares of Rupees 10 each		300,000	300,000
Issued, subscribed and paid up share capital	3	226,601	226,601
Reserves			
Capital reserves			
Premium on issue of shares reserve	4	5,496	5,496
Plant modernization reserve		12,000	12,000
Fair value reserve	5	129,771	114,105
Surplus on revaluation of freehold land and investment properties	6	4,136,711	4,136,711
		4,283,978	4,268,312
Revenue reserves	7	513,050	202,043
Total reserves		4,797,028	4,470,354
Total equity		5,023,629	4,696,955
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term financing	8	203,742	195,399
Deferred liabilities	9	149,201	127,075
		352,943	322,474
CURRENT LIABILITIES			
Trade and other payables	10	678,321	645,340
Unclaimed dividend		3,971	3,980
Accrued mark-up	11	11,623	23,709
Short term borrowings	12	368,704	841,269
Current portion of non-current liabilities	13	175,510	30,140
Provision for taxation		75,853	170,720
		1,313,982	1,810,033
TOTAL LIABILITIES		1,666,925	2,132,507
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		6,690,554	6,829,463

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

CHIEF EXECUTIVE OFFICER

ASSETS	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
NON-CURRENT ASSETS			
Property, plant and equipment	15	4,936,183	4,926,871
Investment properties	16	267,729	264,224
Long term investments	17	9,260	6,684
Long term deposits		3,383	4,689
Long term advances	18	115	-
Deferred income tax asset	19	47,304	53,629
		5,263,974	5,256,097
CURRENT ASSETS			
Stores, spare parts and loose tools	20	66,478	67,237
Stock-in-trade	21	488,087	540,181
Trade debts	22	194,519	280,321
Loans and advances	23	16,121	69,698
Short term deposit and prepayments	24	3,327	
Other receivables	25	136,752	347,478
Income tax		197,114	54,546
Short term investments	26	181,465	172,237
Cash and bank balances	27	142,717	41,668
		1,426,580	1,573,366
TOTAL ASSETS		6,690,554	6,829,463

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
REVENUE	28	**5,405,943**	5,517,184
COST OF SALES	29	**(4,680,320)**	(5,151,826)
GROSS PROFIT		**725,623**	365,358
DISTRIBUTION COST	30	**(74,235)**	(54,693)
ADMINISTRATIVE EXPENSES	31	**(199,319)**	(191,135)
OTHER EXPENSES	32	**(40,423)**	(6,848)
OTHER INCOME	33	**73,470**	43,405
FINANCE COST	34	**(86,958)**	(104,270)
PROFIT BEFORE TAXATION		**398,158**	51,817
TAXATION	35	**(76,574)**	(10,269)
PROFIT AFTER TAXATION		**321,584**	41,548
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	36	**14.19**	1.83

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

CHIEF EXECUTIVE OFFICER　　DIRECTOR　　CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	**321,584**	41,547
OTHER COMPREHENSIVE INCOME / (LOSS)		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	**(26,296)**	(8,217)
Deferred income tax related to experience adjustment	**7,064**	2,225
	(19,232)	(5,992)
Surplus arising on remeasurement of investments at fair value through other comprehensive income	**24,546**	2,468
Deferred income tax relating investment at fair value through other comprehensive income	**(224)**	(8,724)
	24,322	(6,256)
	5,090	(12,248)
Items that may be reclassified subsequently to profit or loss:	**-**	-
Other comprehensive income / (loss) for the year - net of tax	**5,090**	(12,248)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**326,674**	29,299

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

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

	SHARE CAPITAL	RESERVES										TOTAL EQUITY
		CAPITAL RESERVES					REVENUE RESERVES				Total Reserves	
		Premium on issues of shares	Plant modernization	Fair value reserve of investments at FVTOCI	Surplus on revaluation of freehold land and investment properties	Sub total	General reserve	Dividend equalization	Unappropriated profit	Sub total		
	(RUPEES IN THOUSAND)											
Balance as at 01 July 2019	226,601	5,496	12,000	131,541	4,136,711	4,285,748	96,988	4,000	54,319	155,307	4,441,055	4,667,656
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	4,000	(4,000)	-	-	-	-
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(11,180)	-	(11,180)	-	-	11,180	11,180	-	-
Profit for the year	-	-	-	-	-	-	-	-	41,547	41,547	41,547	41,547
Other comprehensive loss for the year	-	-	-	(6,256)	-	(6,256)	-	-	(5,992)	(5,992)	(12,248)	(12,248)
Total comprehensive income for the year	-	-	-	(6,256)	-	(6,256)	-	-	35,555	35,555	29,299	29,299
Balance as at 30 June 2020	226,601	5,496	12,000	114,105	4,136,711	4,268,312	100,988	-	101,054	202,042	4,470,354	4,696,955
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(8,656)	-	(8,656)	-	-	8,656	8,656	-	-
Profit for the year	-	-	-	-	-	-	-	-	321,584	321,584	321,584	321,584
Other comprehensive income for the year	-	-	-	24,322	-	24,322	-	-	(19,232)	(19,232)	5,090	5,090
Total comprehensive income for the year	-	-	-	24,322	-	24,322	-	-	302,352	302,352	326,674	326,674
Balance as at 30 June 2021	226,601	5,496	12,000	129,771	4,136,711	4,283,978	100,988	-	412,062	513,050	4,797,028	5,023,629

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CCML
Crescent Cotton Mills Ltd.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	37	**806,456**	65,581
Finance cost paid		**(88,575)**	(102,256)
Income tax paid		**(127,477)**	(62,937)
Employees' retirement benefit paid		**(43,962)**	(20,913)
Decrease / (increase) in long term deposits		**1,306**	(922)
Increase in long term advances		**(115)**	-
Net cash generated from / (used in) operating activities		**547,633**	(121,447)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(175,672)**	(119,269)
Proceeds from sale of property, plant and equipment		**104,253**	2,696
Proceeds from sale of investments		**12,742**	13,626
Net cash used in investing activities		**(58,677)**	(102,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(70,538)**	(41,504)
Proceeds from long term financing		**155,205**	76,907
Short term borrowings - net		**(472,565)**	180,432
Dividend paid		**(9)**	(48)
Net cash used in financing activities		**(387,907)**	215,787
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**101,049**	(8,607)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**41,668**	50,275
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 27)		**142,717**	41,668

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

CHIEF EXECUTIVE OFFICER   DIRECTOR   CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. THE COMPANY AND ITS OPERATIONS

Crescent Cotton Mills Limited 'the Company' is a public limited company incorporated in March 1959 in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. The Company is engaged in the business of manufacturing and sale of yarn and hosiery items along with buying, selling and otherwise dealing in cloth and made-ups. The Company also operates an embroidery unit. The Company's registered office is situated at New Lahore Road, Nishatabad, Faisalabad, Punjab.

1.1 Geographical location and addresses of all business units of the Company are as follows:

Manufacturing Unit	Address
Spinning Unit No. 1 and 2, Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab
Spinning Unit No. 4	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab
Embroidery Unit	New Lahore Road, Nishatabad, Faisalabad, Punjab
Liasion Unit	408-Business Avenue, Shahrah-e-Faisal, Karachi, Sindh
Liasion Unit	3rd Floor, 151, CCA, Commercial Area, DHA, Phase-5, Lahore

1.2 These financial statements are the separate financial statements of the Company. Consolidated financial statements are prepared separately. Detail of the Company’s investment in subsidiary is stated in Note 17 to these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

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

b) Critical accounting estimates and judgments

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will by definition, seldom equal to the related actual results. Judgements, estimates and assumptions made by the management which have a significant risk of material adjustments to the financial statements in the subsequent years are as follows:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Company. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. There may be various matters where the Company's view differs with 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 the law. The difference between the potential and actual tax charge, if any, is disclosed in contingencies.

Recovery of deferred tax assets

Deferred tax assets are recognized for deductible temporary differences only if the Company considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Provisions

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

Contingencies

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

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Company's experience of actual credit loss in past years.

Revenue from contracts with customers involving sale of goods

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

Employees retirement benefit

Certain actuarial assumptions have been adopted as disclosed in Note 9.1 to the financial statements for determination of present value of defined benefit obligation. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

• IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
• International Accounting Standards Board's revised Conceptual Framework – March 2018
• IFRS 16 (Amendments) 'Leases';
• Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

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

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

There are amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

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

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

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 01 January 2022, clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

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

COVID-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component

Of equity, as appropriate) at the beginning of that earliest period presented.

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

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

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

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

Accounting Estimates and Errors' (effective for annual periods beginning on or after 01 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRSs. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRSs. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 1 'Presentation of Financial Statements' (effective for annual periods beginning on or after 01 January 2022). These amendments have been added to further clarify when a liability is classified as current. These amendments also changes the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply these amendments retrospectively in accordance with IAS 8. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Company.

Amendments to IAS 16 'Property, Plant and Equipment' (effective for annual periods beginning on or after 01 January 2022). These amendments clarify that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognized in profit or loss in accordance with applicable

Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply these amendments retrospectively, but only to items of property, plant and equipment which are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Company.

Following Annual Improvements to IFRSs: 2018 - 2020 are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

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

On 29 March 2018, the IASB has issued a revised Conceptual Framework. The new Framework: reintroduces the terms stewardship and prudence; introduces a new asset definition that focuses on rights and a new liability definition that is likely to be broader than the definition it replaces, but does not change the distinction between a liability and an equity instrument; removes from the asset and liability definitions references to the expected flow of economic benefits–this lowers the hurdle for identifying the existence of an asset or liability and puts more emphasis on reflecting uncertainty in measurement; discusses historical cost and current value measures, and provides some guidance on how the IASB would go about selecting a measurement basis for a particular asset or liability; states that the primary measure of financial performance is profit or loss, and that only in exceptional circumstances will the IASB use other comprehensive income and only for income or expenses that arise from a change in the current value of an asset or liability; and discusses uncertainty, de-recognition, unit of account, the reporting entity and combined financial statements. The Framework is not an IFRS and does not override any standard, so nothing will change in the short term. The revised Framework will be used in future standard-setting decisions, but no changes will be made to current IFRSs. Preparers might also use the Framework to assist them in developing accounting policies where an issue is not addressed by an IFRS. It is effective for annual periods beginning on or after 01 January 2020 for preparers that develop an accounting policy based on the Framework.

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

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

2.2 Functional and presentation currency along with foreign currency transactions and translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.3 Employees' retirement benefit

The Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2021. The method involves making assumptions about discount rates, future salary increases and mortality rates. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.1.3 to these financial statements.

Remeasurement changes which comprise actuarial gains and losses are recognized immediately in other comprehensive income.

2.4 Government Grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions. The Company follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in statement of profit or loss, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

2.5 Dividend and other appropriations

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

2.6 Taxation

Current

Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year, if enacted. The charge for current tax also includes

Adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

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

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

2.7 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the statement of profit or loss, the increase is first recognized in the statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the statement of profit or loss.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

Depreciation

Depreciation on property, plant and equipment is charged to statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15.1. The Company charges the depreciation on additions from the date when the

Asset is available for use and on deletions upto the date when the asset is de-recognized. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

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

2.8 Investment properties

Land and buildings held to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is recognized in the statement of profit or loss for the year in which it arises.

2.9 Financial Instruments

i) Recognition of financial instruments

The Company initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

Investments and other financial assets

a) Classification

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

- those to be measured subsequently at fair value through other comprehensive income; and
- those to be measured at amortized cost

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

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

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments into following measurement category:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

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

Fair Value Through Other Comprehensive Income (FVTOCI)

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

Financial liabilities

Classification and measurement

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also included in the statement of profit or loss.

iii) Impairment of financial assets

The Company recognizes loss allowances for ECLs on financial assets measured at amortized cost. The Company measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

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

Evidence that a financial asset is credit-impaired includes the following observable data:
- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iv) De-recognition

Financial assets

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

Financial liabilities

The Company de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

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

2.10 Investment in subsidiary company

Investment in subsidiary company is stated at cost less any identified impairment loss, in accordance with the provisions of IAS 27 'Separate Financial Statements'.

2.11 Inventories

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

Stores, spare parts and loose tools
Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at invoice amount plus other charges paid thereon.

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

(i)	For raw materials	-	Weighted average basis
(ii)	For work-in-process and finished goods	-	Average material cost, proportionate direct labour and factory overheads

Stock in transit is valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.12 Cash and cash equivalents

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

2.13 Revenue from contracts with customers

i) Revenue recognition

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

Rendering of services
Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Rent
Revenue is recognized when rent is accrued.

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

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

ii) Contract Assets

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

iii) Right of return assets

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

iv) 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.

2.14 Borrowings

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

2.15 Trade and other receivables

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

The Company has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

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

2.16 Share capital

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

2.17 Trade and other payables

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

2.18 Borrowing cost

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

2.19 Impairment of non-financial assets

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

2.20 Provisions

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

2.21 Segment reporting

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

2.22 Earnings per share

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

2.23 Contingent assets

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

2.24 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2021	2020		2021	2020
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash	**55,098**	55,098
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares	**169,923**	169,923
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	**1,580**	1,580
22 660 126	22 660 126		**226,601**	226,601

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

	2021	2020
	(NUMBER OF SHARES)	
Premier Insurance Limited	**212 000**	212 000

4. PREMIUM ON ISSUE OF SHARES RESERVE

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

5. FAIR VALUE RESERVE

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

	2021	2020
	(RUPEES IN THOUSAND)	
Balance as on 01 July	114,105	131,541
Fair value adjustment during the year	24,546	2,468
	138,651	134,009
Deferred income tax relating to investments at fair value through other comprehensive income	224	(8,724)
Gain realized on disposal of equity investments at fair value through other comprehensive income	8,656	(11,180)
	8,880	9,904
Balance as on 30 June	129,771	114,105

	2021	2020
	(RUPEES IN THOUSAND)	

6. SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Freehold land (Note 6.1)	**4,023,572**	4,023,572
Investment properties	**113,139**	113,139
	4,136,711	4,136,711

6.1 This represents surplus resulting from revaluation of freehold land carried out on 30 June 2019 by independent valuer Messrs Evaluation Focused Consulting. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in June 2016, June 2015 and March 2010 by independent valuers.

7. REVENUE RESERVE

General reserve	**100,988**	100,988
Unappropriated profit	**412,062**	101,054
	513,050	202,042

8. LONG TERM FINANCING

From banking company - secured		
Long term loans (Note 8.1)	**307,047**	225,539
Less: Current portion shown under current liabilities (Note 13)	**(103,305)**	(30,140)
	203,742	195,399

8.1 Long Term Loans

LENDER	2021	2020	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	INTEREST REPRICING	SECURITY
	(RUPEES IN THOUSAND)						
National Bank of Pakistan	**115,318**	131,285	3 Month KIBOR+3%	Twenty equal quarterly installments starting from 26 April 2018 and ending on 26 January 2024	Quarterly	Quarterly	Temporary first charge of Rupees 318 million over the fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of Chief Executive Officer, Director and Executive of the Company. After acquisition of new spinning unit and after repayment of first two installments of Term Finance-1, the charge has to be created on the newly acquired spinning unit and the temporary arrangement has to be released / discharged.
National Bank of Pakistan	**-**	18,200	3 Month KIBOR+3%	This facility was completely repaid on 09 March 2021	Quarterly	Quarterly	
National Bank of Pakistan	**18,765**	22,177	6%	Twenty seven equal quarterly installments starting from 30 June 2020 and ending on 31 December 2026	Quarterly	-	
National Bank of Pakistan	**32,696**	38,382	6%	Twenty seven equal quarterly installments starting from 27 July 2020 and ending on 27 January 2027	Quarterly	-	
National Bank of Pakistan	**9,809**	11,515	6%	Twenty seven equal quarterly installments starting from 19 August 2020 and ending on 19 February 2027	Quarterly	-	First charge of Rupees 107 million over entire fixed assets of the Company at Spinning Unit No. 1 and 2 and personal guarantee of Chief Executive Officer, Directors and executive of the Company.
National Bank of Pakistan	**3,412**	3,980	6%	Twenty eight equal quarterly installments starting from 21 July 2020 and ending on 21 April 2027	Quarterly	-	
National Bank of Pakistan Loan under SBP Refinance Scheme (Note 8.1.1)	**21,127**	-	SBP rate +3%	Eight equal quarterly installments starting from 16 January 2021 and ending on 16 October 2022	Quarterly	-	First charge of Rupees 134 Million over fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan Loan under SBP Refinance Scheme (Note 8.1.1)	**25,739**	-	SBP rate +3%	Eight equal quarterly installments starting from 17 January 2021 and ending on 17 October 2022	Quarterly	-	First specific/exclusive charge for Rupees 87 million over plant and machinery i.e. Solar panel system of the Company to be installed at Unit No. 4 located at 45 Km, Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan Loan under SBP Refinance Scheme (Note 8.1.1)	**24,974**	-	SBP rate +3%	Eight equal quarterly installments starting from 03 February 2021 and ending on 03 November 2022	Quarterly	-	
National Bank of Pakistan	**55,207**	-	3 Month KIBOR+2.5%	Nineteen equal quarterly installments starting from 30 September 2021 and ending on 31 March 2026	Quarterly	Quarterly	
	307,047	225,539					

8.1.1 These term finance facilities amounting to Rupees 29.345 million, Rupees 35.761 million and Rupees 34.892 million were obtained by the Company under SBP refinance scheme through IH&SMEFD Circular No. 06 of 2020 dated 10 April 2020 for payment of salaries and wages to the employees and workers of business concerns. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 9.64%, 9.66% and 10.09% per annum respectively. The differential mark-up of SBP's defined interest rate and effective interest rate has been recognized as deferred government grant as mentioned in Note 9.2 to these financial statements.

	2021	2020
	(RUPEES IN THOUSAND)	
9. DEFERRED LIABILITIES		
Employees' retirement benefit (Note 9.1)	**141,054**	127,076
Deferred income - Government grant (Note 9.2)	**298**	-
Gas Infrastructure Development Cess (GIDC) payable (Note 9.3)	**7,849**	-
	149,201	127,076

9.1 Employees' Retirement Benefit

Reconciliation of the movements in the net liability recognized in the statement of financial position

	2021	2020
Opening balance	**127,076**	101,142
Add: Provision for the year (Note 9.1.2)	**31,644**	38,630
Experience adjustment recognized in other comprehensive income	**26,296**	8,217
	185,016	147,989
Less: Paid during the year	**(43,962)**	(20,913)
	141,054	127,076

9.1.1 Movements in the present value of defined benefit obligation

	2021	2020
Opening balance	**127,076**	101,142
Current service cost	**22,273**	25,707
Interest expense	**9,371**	12,923
Retirement benefit paid	**(43,962)**	(20,913)
Experience adjustment recognized in other comprehensive income	**26,296**	8,217
Closing balance	**141,054**	127,076

9.1.2 Provision for the year

	2021	2020
Current service cost	**22,273**	25,707
Interest expense	**9,371**	12,923
	31,644	38,630

9.1.2 Significant actuarial assumptions used

	2021	2020
Discount rate to determine defined benefit cost (per annum)	8.50%	14.25%
Expected rate of increase in salary to determine defined benefit cost (per annum)	7.50%	13.25%
Discount rate to determine defined benefit obligation (per annum)	10.00%	8.50%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	9.00%	7.50%
Average duration of the benefit (years)	7	7
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year

9.1.4 The estimated expenses to be charged to the statement of profit or loss for the year ending on 30 June 2022 is Rupees 36.177 million.

9.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

	2020	2019
Discount rate	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**(8,711)**	(8,338)
Decrease in assumption (Rupees in thousand)	**10,349**	10,265
Future salary increase	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**10,520**	10,429
Decrease in assumption (Rupees in thousand)	**9,015**	(8,671)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 9.1.3.

9.6.1 The defined benefit obligation exposes the Company to the actuarial risks such as:

Discount rate risk
The risk of changes in discount rate may have an impact on the Plan's liability.

Salary increase / inflation risk
The risk that the actual salary increase is higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk
Actual mortality experience may be different than that assumed in the calculation.

Withdrawal risk
Actual withdrawals experience may be different from that assumed in the calculation.

	2021	2020
	(RUPEES IN THOUSAND)	

9.2 Deferred income - Government grant

	2021	2020
Recognized during the year	**8,178**	-
Less: Amortization during the year (Note 33)	**5,019**	-
	3,159	-
Less: Current portion shown under current liabilities (Note 13)	**2,861**	-
Closing balance	**298**	-

9.2.1 The State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Company has obtained this loan as disclosed in Note 8.1.1 to the financial statements. In accordance with IFRS 9 'Financial Instruments', loan obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

9.3 Gas Infrastructure Development Cess (GIDC) payable

	2021	2020
Balance at the beginning of the year	**94,875**	94,875
Less: Gain on remeasurement of GIDC (Note 33)	**(8,191)**	-
Add: Unwinding of discount on GIDC payable (Note 34)	**5,450**	-
Less: Payments made during the year	**(14,941)**	-
	77,193	94,875
Less: Current portion shown under current liabilities (Note 13)	**69,344**	94,875
	7,849	-

9.3.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act, 2015. During the year, Supreme Court of Pakistan vide judgement dated 13 August 2020 upheld the GIDC Act, 2015 to the constitutional and intra vires. Now the Company is to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 9.16% per annum and the difference between the fair value and the total amount of liability is recognized in statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in statement of profit or loss as finance cost.

9.3.2 This amount is exclusive of GIDC amounting to Rupees 73.610 million, related to Spinning Unit No. 3 of the Company which has been sold during the year and as per the agreement, its liabilities were taken over by the new owner of the property. However, the provision of this amount has been included in 'trade and other payables' which will be written back after the confirmation of Sui Northern Gas Pipelines Limited (SNGPL) regarding transfer of liability of GIDC.

10. TRADE AND OTHER PAYABLES

	2021	2020
	(RUPEES IN THOUSAND)	
Creditors	**312,739**	294,586
Accrued liabilities (Note 10.1 and 10.2)	**254,092**	255,913
Contract liabilities - unsecured	**74,066**	81,965
Income tax deducted at source	**8,869**	10,430
Workers' profit participation fund (Note 10.3)	**21,509**	2,446
Workers' welfare fund (Note 32)	**7,046**	-
	678,321	645,340

10.1 These include insurance premium of Rupees 1.697 million (2020: Rupees 2.110 million) due to Premier Insurance Limited, a related party.

10.2 These include rental for previously held leasehold premises of Rupees 1.117 million (2020: Rupees 8.194 million) due to Crescot Mills Limited, the subsidiary company.

10.3 Workers' profit participation fund

	2021	2020
Balance as on 01 July	**2,446**	-
Add:		
Provision for the year (Note 32)	**21,335**	2,446
Interest for the year (Note 34)	**174**	-
	23,955	2,446
Less: Payments during the year	**2,446**	-
Balance as on 30 June	**21,509**	2,446

10.3.1 Interest is paid at prescribed rate under the Companies Profits (Workers Participation Act), 1968 on funds utilized by the Company till the date of allocation to workers.

11. ACCRUED MARK-UP

	2021	2020
Long term financing	**5,606**	7,461
Short term borrowings	**6,017**	16,248
	11,623	23,709

	2021	2020
	(RUPEES IN THOUSAND)	

12. SHORT TERM BORROWINGS

	2021	2020
From banking company - secured		
Cash finances (Note 12.1)	**78,033**	525,011
Others - unsecured		
Other related parties (Note 12.2)	**290,671**	300,257
Temporary book overdrawn	**-**	16,001
	290,671	316,258
	368,704	841,269

12.1 These form part of total credit facility of Rupees 1,250 million (2020: Rupees 1,250 million) and carries mark-up at the rates of 1 month KIBOR plus 2 percent and 3 months KIBOR plus 2 percent (2020: 1 month KIBOR plus 2 percent and 3 months KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of some directors and certain executives. The rate of mark-up ranges from 9.25 percent to 9.60 percent (2020: 10.35 percent to 15.85 percent) per annum during the year on the balances outstanding.

12.2 These represent interest free loans obtained from Chief Executive Officer, Directors, Executives and Sponsors of the Company which are repayable on demand.

13. CURRENT PORTION OF NON-CURRENT LIABILITIES

	2021	2020
Current portion of long term financing (Note 8)	**103,305**	30,140
Deferred income - Government grant (Note 9.2)	**2,861**	-
Gas Infrastructure Development Cess (GIDC) liability (Note 9.3)	**69,344**	94,875
	175,510	125,015

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

i) Certain additions have been made by the assessing officers in tax years 1993, 2006 and 2010 on various grounds and have created demand of Rupees 5.635 million (2020: Rupees 6.335 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore and with Supreme Court of Pakistan, which are still pending. Dates of the institution of above mentioned appeals were 14 October 2002, 05 September 2016 and 05 April 2017 respectively. No provision has been made in these financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2020: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

iii) The Company has filed a suit in Lahore High Court, Lahore, dated 15 October 2018 against the levy of cotton cess. However the related provision of Rupees 1.696 million is not accounted for in these financial statements as the management is hopeful that the case will be decided in the favour of the Company.

iv) Guarantees of Rupees 87.432 million (2020: Rupees 67.001 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited and Lahore Electric Supply Company Limited against gas and electricity connections. These include guarantees of Rupees 18.298 million given to Sui Southern Gas Pipelines Limited against gas connection of Spinning Unit No. 3, which has been sold during the year.

v) Cheques of Rupees 32.485 million (2020: Rupees 32.485 million) are issued to Nazir of Sindh High Court as security against impugned gas rate difference suit, related to Spinning Unit No. 3 of the Company which has been sold out during the year. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

b) Commitments

i) Letter of credit for capital expenditure amounting to Rupees 5.889 million (2020: Rupees Nil).

ii) Letters of credit other than for capital expenditure are of Rupees 103.970 million (2020: Rupees 67.968 million).

15. PROPERTY, PLANT AND EQUIPMENT

Operating fixed assets (Note 15.1)	**4,871,119**	4,926,601
Capital work-in-progress (Note 15.2)	**65,064**	270
	4,936,183	4,926,871

	Freehold land	Buildings and Roads	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture & fixtures	Vehicles	Office equipment	Service equipment	Total
At 30 June 2019	(RUPEES IN THOUSAND)										
Cost / revalued amount	4,116,781	279,111	1,126,158	99,315	73,921	22,437	14,875	34,183	12,902	1,105	5,780,788
Accumulated depreciation	-	(140,196)	(592,990)	(69,760)	(30,278)	(16,351)	(9,681)	(17,665)	(11,594)	(989)	(889,504)
Net book value	4,116,781	138,915	533,168	29,555	43,643	6,086	5,194	16,518	1,308	116	4,891,284
Year ended 30 June 2020											
Opening net book value	4,116,781	138,915	533,168	29,555	43,643	6,086	5,194	16,518	1,308	116	4,891,284
Additions	-	-	34,999	81,629	1,046	365	-	1,228	122	-	119,389
Disposals:											
Cost	-	-	-	-	-	-	-	(6,028)	-	-	(6,028)
Accumulated depreciation	-	-	-	-	-	-	-	3,676	-	-	3,676
	-	-	-	-	-	-	-	(2,352)	-	-	(2,352)
Depreciation charge	-	(13,624)	(54,752)	(3,929)	(4,397)	(627)	(519)	(3,225)	(609)	(38)	(81,720)
Closing net book value	4,116,781	125,291	513,415	107,255	40,292	5,824	4,675	12,169	821	78	4,926,601
At 30 June 2020											
Cost / revalued amount	4,116,781	279,111	1,161,157	180,944	74,967	22,802	14,875	29,383	13,024	1,105	5,894,149
Accumulated depreciation	-	(153,820)	(647,742)	(73,689)	(34,675)	(16,978)	(10,200)	(17,214)	(12,203)	(1,027)	(967,548)
Net book value	4,116,781	125,291	513,415	107,255	40,292	5,824	4,675	12,169	821	78	4,926,601
Year ended 30 June 2021											
Opening net book value	4,116,781	125,291	513,415	107,255	40,292	5,824	4,675	12,169	821	78	4,926,601
Additions	-	126	104,984	2,607	731	1,857	291	91	191	-	110,878
Disposals:											
Cost	-	(23,153)	(261,003)	-	(10,070)	(5,001)	(1,548)	(4,455)	-	-	(305,230)
Accumulated depreciation	-	18,492	184,516	-	6,392	4,007	926	3,574	-	-	217,907
	-	(4,661)	(76,487)	-	(3,678)	(994)	(622)	(881)	-	-	(87,323)
Depreciation charge	-	(11,934)	(48,779)	(10,781)	(3,785)	(600)	(442)	(2,317)	(375)	(24)	(79,037)
Closing net book value	4,116,781	108,822	493,133	99,081	33,560	6,087	3,902	9,062	637	54	4,871,119
At 30 June 2021											
Cost / revalued amount	4,116,781	256,084	1,005,138	183,551	65,628	19,658	13,618	25,019	13,215	1,105	5,699,797
Accumulated depreciation	-	(147,262)	(512,005)	(84,470)	(32,068)	(13,571)	(9,716)	(15,957)	(12,578)	(1,051)	(828,678)
Net book value	4,116,781	108,822	493,133	99,081	33,560	6,087	3,902	9,062	637	54	4,871,119
Depreciation rate per annum (%)	-	5, 10	10	10	10	10, 12	10	20	50	10, 25	

15.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2020: Rupees 93.209 million).

15.1.2 Forced sale value of freehold land as per last revaluation held on 30 June 2019 was Rupees 3,499.263 million.

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

	2021	2020
	(RUPEES IN THOUSAND)	
Cost of sales (Note 29)	**72,634**	76,961
Administrative expenses (Note 31)	**6,403**	4,759
	79,037	81,720

15.1.4 Particulars of immovable properties (i.e. land and buildings) in the name of the Company are as follows:

Particulars	Location	Area of land	Covered Area of
		Acers	Sq. Ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab	87.20	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab	44.74	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab	11.47	178 417

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

Description	Quantity	Cost	Accumulated depreciation	Net book value	Sale Proceeds	Gain/ Loss	Mode of disposal	Particulars of Purchase
Plant and machinery								
Card DK-715	13	18,464	12,837	5,627	3,500	(2,127)	Negotiation	Iqbal and Sons, Karachi
Card DK-740	7	9,942	6,912	3,030	2,094	(936)	Negotiation	Ideal Trading Company, Faisalabad
Ring Frames EJM-128	18	46,891	30,323	16,568	27,540	10,972	Negotiation	Bombal Textile Mills (Private) Limited, Karachi.
Ring Frames EJM-128	11	28,655	18,531	10,124	12,650	2,526	Negotiation	Ali Akbar Textiles (Private) Limited, Kasur.
Auto Plucker, Trutzschler	1	11,686	9,222	2,464	4,359	1,895	Negotiation	Ideal Trading Company, Faisalabad
Simplex FA-415	4	7,543	4,382	3,161	1,949	(1,212)	Negotiation	Iqbal and Sons, Karachi
Drawing Finisher	1	1,886	1,096	790	10,500	9,710	Negotiation	Qasur Textile Mills (Private) Limited, Karachi.
FL-16 Simplex	3	5,657	3,287	2,370	2,564	194	Negotiation	Owais Usman Fibers, Lahore
Drawing / Breaker	10	18,857	10,956	7,901	1,282	(6,619)	Negotiation	Ideal Trading Company, Faisalabad
FL-16 Simplex	1	1,886	1,096	790	855	65	Negotiation	Waqas Rafiq International, Kasur.
Reiter D-35 Drawing Finisher	2	3,771	2,191	1,580	3,800	2,220	Negotiation	Bombal Textile Mills (Private) Limited, Karachi.
Ring Frames	5	13,025	8,423	4,602	300	(4,302)	Negotiation	Pervaiz Hussain Khan, Karachi
Schlafhorst-338	2	8,289	5,334	2,955	2,577	(378)	Negotiation	Iqbal and Sons, Karachi
Murata Machconer 7/11	3	12,433	8,002	4,431	2,051	(2,380)	Negotiation	Owais Usman Fibers, Lahore
Auto cone 7/11	1	4,144	2,667	1,477	250	(1,227)	Negotiation	Iqbal and Sons, Karachi
Murata Machconer 7/11	3	12,433	8,002	4,431	2,051	(2,380)	Negotiation	Ideal Trading Company, Faisalabad
A/C Humification Plant	1	6,453	5,381	1,072	2,137	1,065	Negotiation	Ideal Trading Company, Faisalabad
Dust Collecting System Filter Carding	1	3,616	3,009	607	1,068	461	Negotiation	Ideal Trading Company, Faisalabad
		215,631	141,651	73,980	81,527	7,547		
Building								
Complete Factory Building Spinning Unit No. 3		23,153	18,492	4,661	6,500	1,839	Negotiation	Crescot Mills Limited (Subsidiary Company)
Vehicle								
Toyota Corolla AXQ-815	1	1,504	974	530	800	270	Negotiation	Iqbal and Sons, Karachi
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		64,942	56,790	8,152	15,426	7,274		
		305,230	**217,907**	**87,323**	**104,253**	**16,930**		

15.2 Capital work-in-progress

	2021				2020			
	Balance as at 01 July 2020	Additions	Transfer to operating fixed assets	Balance as at 30 June 2021	Balance as at 01 July 2020	Additions	Transfer to operating fixed assets	Balance as at 30 June 2021
Buildings and roads	-	886	(126)	760	-	-	-	-
Plant and machinery	270	169,335	(107,591)	62,014	390	34,879	(34,999)	270
Advance against purchase of vehicles	-	2,290	-	2,290	-	-	-	-
	270	172,511	(107,717)	65,064	390	34,879	(34,999)	270

16. INVESTMENT PROPERTIES

	2021	2020
	(RUPEES IN THOUSAND)	
Balance as on 01 July	**264,224**	258,878
Fair value gain (Note 33)	**3,505**	5,346
Balance as on 30 June	**267,729**	264,224

16.1 The fair value of investment properties comprising freehold land and buildings thereon at Nishatabad, Faisalabad has been determined on 30 June 2021 by Messrs Evaluation Focused Consulting, an independent valuer.

16.2 Forced sale value of investment properties as on the reporting date is Rupees 227.570 million (2020: Rupees 224.590 million).

16.3 Particulars of investment properties (i.e. land and buildings) are as follows:

Particulars	Location	Area of land	Covered Area of
		Acers	Sq. Ft.
Land and buildings	New Lahore Road, Nishatabad, Faisalabad	4.38	184,128

	2021	2020
	(RUPEES IN THOUSAND)	
17 LONG TERM INVESTMENTS		
Subsidiary Company - Unquoted		
Crescot Mills Limited		
1 932 187 (2020: 1 932 187) ordinary shares of Rupees 10 each fully paid. Equity held 66.15% (2020: 66.15%)	**-**	-
At fair value through other comprehensive income		
Associated companies - quoted		
Premier Insurance Limited 303 384 (2020: 303 384) ordinary shares of Rupees 10 each fully paid. Equity held 0.60% (2020: 0.60%)	**75**	75
Jubilee Spinning and Weaving Mills Limited 474 323 (2020: 474 323) ordinary shares of Rupees 10 each fully paid. Equity held 1.46% (2020: 1.46%)	**427**	427
Others		
Quoted		
Crescent Jute Products Limited		
201 933 (2020: 201 933) ordinary shares of Rupees 10 each fully paid. Equity held 0.85% (2020: 0.85%)	**-**	-

	2021	2020
	(RUPEES IN THOUSAND)	
Crescent Fibres Limited 71 820 (2019: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2019: 0.58%)	**615**	615
Security Papers Limited 522 (2019: 522) ordinary shares of Rupees 10 each fully paid.	**1**	1
Unquoted		
Premier Financial Services (Private) Limited 2 500 (2019: Nil) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2019: Nil)	**2,500**	2500
Crescent Modaraba Management Company Limited 119 480 (2019: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2019: 6.52%)	**284**	284
Crescent Bahuman Limited 1 043 988 (2019: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 0.77% (2019: 0.77%)	**-**	-
Crescent Spinning Mills Limited 696 000 (2019: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2019: 4.59%)	**-**	-
	3,902	3,902
Add: Fair value adjustment	**5,358**	2,782
	9,260	6,684

18 LONG TERM ADVANCES

Considered good:

Employees - against salary	355	-
Less: Current portion shown under current assets (Note 23)	240	-
	115	-

18.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balances to the credit of employees in the retirement benefit. These are recoverable in equal monthly installments.

18.2 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

19. DEFERRED INCOME TAX ASSET

	2021	2020
	(RUPEES IN THOUSAND)	
Taxable temporary differences		
Tax depreciation allowance	**(101,313)**	(105,917)
Deductible temporary differences		
Unused tax losses and minimum tax	**84,064**	119,105
Fair value reserve of investments	**657**	433
Deferred income - Government grant	**849**	-
Provision for GIDC	**20,737**	-
Provision for gratuity	**37,892**	34,473
Provision for doubtful receivables	**4,418**	5,535
	148,617	159,546
	47,304	53,629

19.1 Movement in deferred income tax asset balance is as follows:

	2021	2020
At beginning of the year	**53,629**	31,025
Add / (less):		
- tax depreciation allowance	**4,604**	(7,585)
- provision for gratuity	**3,419**	7,037
- provision for GIDC	**849**	-
- deferred income - Government grant	**20,737**	-
- provision for doubtful receivables	**(1,117)**	2,103
- fair value reserve of investments	**224**	8,724
- unused tax losses and minimum tax	**(35,041)**	12,325
Net movement of temporary differences (Note 19.1.1)	**(6,326)**	22,604
Closing deferred income tax liability	**47,304**	53,629

19.1.1 Charged to the statement of profit or loss:

	2021	2020
Net movement of temporary differences (Note 19.1)	**6,326**	(22,604)
- experience adjustment on gratuity	**7,064**	2,225
- unrealized gain on investments at FVTOCI	**(224)**	(8,724)
	6,840	(6,499)
Charged to the statement of profit or loss	**13,166**	(29,103)

	2021	2020
	(RUPEES IN THOUSAND)	

20. STORES, SPARE PARTS AND LOOSE TOOLS

	2021	2020
Stores	**22,640**	26,179
Spare parts	**43,674**	40,865
Loose tools	**164**	193
	66,478	67,237

21. STOCK-IN-TRADE

	2021	2020
Raw materials (Note 21.1)	**295,438**	292,986
Work-in-process	**30,777**	26,831
Finished goods (Note 21.2)	**160,066**	215,800
Waste	**1,806**	4,564
	488,087	540,181

21.1 These include stock in transit of Rupees 15.165 million (2020: Rupees 0.607 million).

21.2 These include stock of Rupees 155.730 million (2020: Rupees 78.329 million) sent to outside parties for weaving.

22. TRADE DEBTS

Considered good:

	2021	2020
Unsecured	**197,994**	287,648
Less: Allowance for expected credit losses (Note 22.4)	**(3,475)**	(7,327)
	194,519	280,321

22.1 As at 30 June 2021, trade debts of Rupees 98.305 million (2020: Rupees 163.730 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2021	2020
Upto 1 month	**93,664**	32,686
1 to 6 months	**2,174**	93,780
More than 6 months	**2,467**	37,264
	98,305	163,730

	2021	2020
	(RUPEES IN THOUSAND)	

22.2 Trade debts in respect of foreign and local jurisdictions are as follows:

	2021	2020
America	**16,056**	-
Africa	**53,500**	93,173
Europe	**17,385**	-
Pakistan	**107,578**	187,148
	194,519	280,321

22.3 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 30 to 45 days from delivery in case of local sales, and 30 to 90 days in case of export sales.

22.4 Allowance for expected credit losses

	2021	2020
Balance as at 01 July	**7,327**	10,761
Add: Recognized during the year (Note 32)	**1,763**	3,898
	9,090	14,659
Less: Bad debts written off	**-**	(7,332)
Recovered during the year (Note 33)	**(5,615)**	-
	(5,615)	(7,332)
As at 30 June	**3,475**	7,327

23. LOANS AND ADVANCES

Considered good:

	2021	2020
Employees - interest free:		
Against expenses	**4,382**	5,922
Against salary	**865**	482
	5,247	6,404
Current portion of long term advances (Note 18)	**240**	-
Advances to suppliers / contractors / service providers	**10,255**	51,282
Letters of credit	**379**	161
	16,121	57,847

24. SHORT TERM DEPOSIT AND PREPAYMENTS

	2021	2020
Prepayments	**2,020**	3,311
Deposit	**1,307**	-
	3,327	3,311

	2021	2020
	(RUPEES IN THOUSAND)	
25. SHORT TERM INVESTMENTS		
At fair value through other comprehensive income		
Others - quoted		
Shakarganj Limited 1 143 693 (2020: 1 238 693) ordinary shares of Rupees 10 each fully paid. Equity held 0.91% (2020: 0.99%)	**7,194**	7,791
Crescent Steel and Allied Products Limited 76 (2020: 76) ordinary shares of Rupees 10 each fully paid.	**1**	1
Samba Bank Limited 2 579 313 (2020: 2 579 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.26% (2020: 0.26%)	**7,091**	7,091
The Crescent Textile Mills Limited 4 026 391 (2020: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.03% (2020: 5.45%)	**42,109**	45,598
	56,395	60,481
Add: Fair value adjustment	**125,070**	111,756
	181,465	172,237

27. CASH AND BANK BALANCES

	2021	2020
With banks:		
On current accounts	**142,040**	41,034
Cash in hand	**677**	634
	142,717	41,668

28. REVENUE

	2021	2020
Local sales (Note 28.1)	**4,761,200**	5,149,890
Export sales (Note 28.2)	**634,423**	365,392
Export rebate and duty drawback	**10,320**	1,902
	5,405,943	5,517,184

		2021	2020
		(RUPEES IN THOUSAND)	
28.1	**Local Sales**		
	Yarn	**5,489,048**	5,883,780
	CMT income	**-**	731
	Cloth	**5,753**	37,894
	Waste	**34,006**	46,817
		5,528,807	5,969,222
	Less: Sales tax	**767,607**	819,332
		4,761,200	5,149,890
28.2	**Export sales**		
	Yarn	**-**	2,322
	Cloth	**297,607**	352,427
	Hosiery	**118,284**	10,643
	Made-ups	**218,532**	-
		634,423	365,392

28.3 The Company has recognized revenue of Rupees 80.503 million (2020: Rupees 36.875 million) from amounts included in contract liabilities at the year end.

28.4 The revenue has been recognized at the point of time when the goods have been transferred to the customers.

		2021	2020
		(RUPEES IN THOUSAND)	

28. COST OF SALES

	2021	2020
Raw materials consumed	**3,062,348**	3,871,272
Salaries, wages and other benefits (Note 29.1)	**341,042**	383,080
Stores, spare parts and loose tools consumed	**150,096**	137,962
Fuel and power	**747,761**	755,067
Outside weaving / other charges	**122,374**	23,283
Other manufacturing overheads	**20,395**	11,149
Insurance	**8,432**	8,853
Repair and maintenance	**2,134**	1,796
Depreciation (Note 15.1.3)	**72,634**	76,961
	4,527,216	5,269,423
Work-in-process		
Opening stock	**26,831**	37,241
Closing stock	**(30,777)**	(26,831)
	(3,946)	10,410
Cost of goods manufactured	**4,523,270**	5,279,833
Finished goods		
Opening stock	**220,364**	80,343
Closing stock	**(161,872)**	(220,364)
	58,492	(140,021)
	4,581,762	5,139,812
Cost of goods purchased for resale	**98,558**	12,014
	4,680,320	5,151,826

29.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 21.934 million (2020: Rupees 29.341 million).

30. DISTRIBUTION COST

	2021	2020
Freight and forwarding	**31,337**	24,734
Commission to selling agents	**30,919**	20,940
Insurance	**348**	624
Loading and handling	**9,579**	7,829
Others	**2,052**	566
	74,235	54,693

31. ADMINISTRATIVE EXPENSES

	2021	2020
	(RUPEES IN THOUSAND)	
Salaries and other benefits (Note 31.1)	**119,761**	119,292
Workers' welfare	**2,860**	2,458
Traveling and conveyance	**5,068**	4,678
Insurance	**3,701**	2,653
Rent, rates and taxes	**4,922**	9,292
Entertainment	**3,758**	2,705
Fee and subscription	**2,150**	1,404
Communication	**2,396**	2,852
Vehicles' running	**16,519**	14,982
Repair and maintenance	**10,305**	7,075
Utilities	**8,273**	7,664
Printing and stationery	**1,750**	1,686
Books and periodicals	**47**	51
Advertisement	**533**	50
Auditor's remuneration:		
Statutory audit - standalone	**1,300**	1,200
Statutory audit - consolidation	**150**	150
Other certifications including half yearly review	**400**	400
Out of pocket expenses	**45**	45
	1,895	1,795
Legal and professional	**3,945**	3,303
Miscellaneous	**5,033**	4,437
Depreciation (Note 15.1.3)	**6,403**	4,759
	199,319	191,136

31.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 9.710 million (2020: Rupees 9.289 million).

31. OTHER EXPENSES

	2021	2020
Donations (Note 32.1)	**18**	179
Workers' profit participation fund (Note 10.3)	**21,335**	2,446
Loss on sale of stores, spare parts and loose tools	**4,926**	-
Net exchange loss	**5,311**	-
Trade debts / debit balances written off	**24**	172
De-recognition of accrued interest on debt instruments	**-**	153
Allowance for expected credit losses (Note 22.4)	**1,763**	3,898
Workers' welfare fund (Note 10)	**7,046**	-
	40,423	6,848

32.1 There is no interest of any director or his / her spouse in donees' fund.

	2021	2020
	(RUPEES IN THOUSAND)	
33. OTHER INCOME		
Income from financial assets		
Net exchange gain	**-**	8,786
Dividend income (Note 33.1)	**1,939**	2,620
Reversal of allowance for expected credit losses (Note 22.4)	**5,615**	-
Profit on sale of right offer	**2,078**	-
	9,632	11,406
Income from non-financial assets		
Rental income	**28,807**	25,319
Scrap sales	**1,386**	990
Gain on sale of property, plant and equipment	**16,930**	344
Amortization of deferred grant (Note 9.2)	**5,019**	-
Gain on remeasurement of GIDC liability (Note 9.3)	**8,191**	-
Gain on remeasurement of fair value of investment properties (Note 16)	**3,505**	5,346
	63,838	31,999
	73,470	43,405

33.1 Dividend income

The Crescent Textile Mills Limited	**-**	2,616
Samba Bank Limited	**1,934**	-
Security Papers Limited	**5**	4
	1,939	2,620

34. FINANCE COST

Mark-up / interest on:

Long term financing	**27,344**	30,495
Short term borrowings	**47,672**	70,601
Workers' profit participation fund (Note 10.3)	**174**	-
Unwinding of discount on GIDC payable (Note 9.3)	**5,450**	-
Bank charges and commission	**6,318**	3,174
	86,958	104,270

	2021	2020
	(RUPEES IN THOUSAND)	
35. TAXATION		
Current		
- For the year (Note 35.1)	**75,853**	80,667
- Prior year	**(12,445)**	(41,295)
	63,408	39,372
Deferred (Note 19.1.1)	**13,166**	(29,103)
	76,574	10,269

35.1 Provision for current taxation represents the final tax against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Unused tax losses representing unabsorbed depreciation available as at 30 June 2021 are Rupees 128.928 million (2020: Rupees 337.374 million). Total minimum tax available for carry forward under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2021 is of Rupees 368.280 million, while deferred income tax asset is recognized on minimum tax to the extent of Rupees 46.675 million. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of unused tax losses of the Company.

35.2 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES IN THOUSAND	
2021	71,491	2026
2020	77,248	2025
2019	89,066	2024
2018	69,251	2023
2017	37,207	2022
2016	24,017	2021
	368,280	

36. EARNINGS PER SHARE - BASIC AND DILUTED

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

		2021	2020
Profit after taxation	(Rupees in thousand)	**321,584**	41,548
Weighted average number of ordinary shares	(Numbers)	**22 660 126**	22 660 126
Earnings per share	(Rupees)	**14.19**	1.83

	2021	2020
	(RUPEES IN THOUSAND)	

37. CASH GENERATED FROM OPERATIONS

	2021	2020
Profit before taxation	**398,158**	51,816
Adjustments for non cash charges and other items:		
Depreciation	**79,037**	81,720
Provision for employees' retirement benefit	**31,644**	38,631
Gain on sale of property, plant and equipment	**(16,930)**	(344)
Gain on remeasurement of fair value of investment properties	**(3,505)**	(5,346)
De-recognition of accrued interest on debt instruments	**-**	153
Allowance for expected credit losses - net	**(3,852)**	3,898
Trade debts / debit balances written off	**24**	172
Finance cost	**86,958**	104,270
Gain on remeasurement of GIDC liability	**(8,191)**	-
Amortization of deferred grant	**(5,019)**	-
Working capital changes (Note 37.1)	**248,132**	(209,389)
	806,456	65,581

37.1 Working capital changes

	2021	2020
Decrease / (increase) in current assets		
Stores, spare parts and loose tools	**759**	8,181
Stock-in-trade	**52,094**	(65,575)
Trade debts	**89,630**	(84,057)
Loans and advances	**41,726**	8,573
Short term deposit and prepayments	**(16)**	(18,880)
Other receivables	**45,900**	(8,751)
	230,093	(160,509)
Increase / (decrease) in trade and other payables	**18,039**	(48,880)
	248,132	(209,389)

37.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2021			
	Long term Financing	**Short term borrowings**	**Unclaimed dividend**	**Total**
	(RUPEES IN THOUSAND)			
Balance as at 01 July	225,539	841,269	3,980	1,070,788
Financing obtained	155,205	-	-	155,205
Short term borrowings obtained - net	-	(472,565)	-	(472,565)
Repayment of financing	(70,538)	-	-	(70,538)
Dividend paid	-	-	(9)	(9)
Balance as at 30 June	310,206	368,704	3,971	682,881

	2020			
	Long term Financing	**Short term borrowings**	**Unclaimed dividend**	**Total**
	(RUPEES IN THOUSAND)			
Balance as at 01 July	190,136	660,837	4,028	855,001
Financing obtained	76,907	-	-	76,907
Short term borrowings obtained - net	-	180,432	-	180,432
Repayment of financing	(41,504)	-	-	(41,504)
Dividend paid	-	-	(48)	(48)
Balance as at 30 June	225,539	841,269	3,980	1,070,788

38. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise subsidiary company, associated companies, other related parties and key management personnel. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements is as follows:

Name	Basis of relationship	Nature of transaction	2021	2020
			(RUPEES IN THOUSAND)	
Subsidiary company				
Crescot Mills Limited	66.15 % shareholding and common directorship	Lease rentals	-	3,375
		Stores consumed by Company	-	35
		Sale of operating fixed assets	**7,000**	-
		Expenses paid on behalf of subsidiary company	**824**	3,046
Associated companies				
Premier Insurance Limited	Common directorship	Insurance premium	**11,804**	11,502
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and sponsors	Loan paid)/ Loan received-net	**(9,586)**	15,434

38.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is given in Note 39.

39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Managerial remuneration	**7,345**	7,502	**11,148**	10,019	**18,493**	20,632
Allowances:						
Housing	**3,305**	3,376	**5,017**	4,446	**8,322**	9,221
Utilities	**735**	750	**1,115**	988	**1,850**	2,049
Group insurance	**-**	-	**11**	11	**11**	34
Reimbursable expenses	**735**	750	**1,115**	988	**1,850**	2,038
	12,120	12,378	**18,406**	16,452	**30,526**	33,974
Number of persons	**1**	1	**2** (Note 39.4)	2	**6**	6

39.1 Aggregate amount charged in the financial statements for meeting fee to five directors (2020: five directors) was Rupees 640,000 (2020: Rupees 620,000).

39.2 The Chief Executive Officer, Directors and Executives of the Company are provided with Company maintained vehicles.

39.3 Apart from the meeting fee as disclosed in Note 39.1, no remuneration was paid to non-executive directors of the Company.

39.4 Mr. Muhammad Arshad, Chief Executive Officer (CEO) of the Company died on 13 June 2021. Afterwards, Mr. Abid Mehmood, already a director, became the succeeding CEO of the Company with effect from 24 June 2021. Hence the remuneration of Mr. Abid Mehmood has been included in the remuneration of CEO since 24 June 2021.

40. NUMBER OF EMPLOYEES

	2021	2020
	(NUMBER OF PERSONS)	
Number of employees as on 30 June	1586	991
Average number of employees during the year	1303	1 006

40.1 These include only permanent employees of the Company.

41. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Company	
	2021	2020	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)							
Revenue								
External	**4,884,887**	5,132,369	**521,056**	384,815	**-**	-	**5,405,943**	5,517,184
Intersegment	**240,927**	383,618	**-**	-	**(240,927)**	(383,618)	**-**	-
	5,125,814	5,515,987	**521,056**	384,815	**(240,927)**	(383,618)	**5,405,943**	5,517,184
Cost of sales	**(4,469,165)**	(5,194,522)	**(452,082)**	(340,922)	**240,927**	383,618	**(4,680,320)**	(5,151,826)
Gross profit	**656,649**	321,465	**68,974**	43,893	**-**	-	**725,623**	365,358
Distribution cost	**(43,635)**	(35,965)	**(30,600)**	(18,728)	**-**	-	**(74,235)**	(54,693)
Administrative expenses	**(197,886)**	(186,571)	**(1,433)**	(4,565)	**-**	-	**(199,319)**	(191,136)
Other income	**73,470**	34,735	**-**	8,670	**-**	-	**73,470**	43,405
Finance cost	**(83,888)**	(102,357)	**(3,070)**	(1,913)	**-**	-	**(86,958)**	(104,270)
Profit / (loss) before taxation and unallocated expenses	**404,710**	31,307	**33,871**	27,357	**-**	-	**438,581**	58,664
Unallocated expenses:								
Other expenses							**(40,423)**	(6,848)
Taxation							**(76,574)**	(10,269)
Profit / (loss) after taxation							**321,584**	41,547

41.1 Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Company	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	**6,570,037**	6,681,693	**72,213**	94,141	**6,643,250**	6,775,834
Unallocated asset:						
Deferred income tax asset					**47,304**	53,629
Total assets as per statement of financial position					**6,690,554**	6,829,463
Total liabilities for reportable segments	**1,541,959**	1,939,731	**49,113**	22,056	**1,591,072**	1,961,788
Unallocated liability:						
Provision for taxation					**75,853**	170,720
Total liabilities as per statement of financial position					**1,666,925**	2,132,508

41.2 Geographical information

The Company's revenue from external customers by geographical location is detailed below:

	Textiles		Trading		Total	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Africa	**-**	-	**297,607**	352,426	**297,607**	352,426
America	**117,755**	14,868	**16,867**	-	**134,622**	14,868
Asia	**2,509**	-	**210,005**	-	**212,514**	-
Pakistan	**4,756,283**	5,117,501	**4,917**	32,389	**4,761,200**	5,149,890
	4,876,547	5,132,369	**529,396**	384,815	**5,405,943**	5,517,184

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

41.4 Revenue from major customers

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

41.5 The Company's revenue from external customers in respect of product is detailed below:

	Textiles		Trading		Total	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Major products/service lines						
Yarn / waste / others	**4,761,156**	5,121,101	**-**	-	**4,761,156**	5,121,101
Cloth	**-**	-	**302,524**	384,815	**302,524**	384,815
Hosiery	**123,731**	10,643	**-**	-	**123,731**	10,643
Made-ups	**-**	-	**218,532**	-	**218,532**	-
CMT income	**-**	625	**-**	-	**-**	625
	4,884,887	5,132,369	**521,056**	384,815	**5,405,943**	5,517,184

42. PLANT CAPACITY AND ACTUAL PRODUCTION

		2021	2020
Spinning:			
100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2020: 1060 shifts)	Kgs.	19 042 148	26 654 697
Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2020: 1060 shifts)	Kgs.	18 083 980	23 681 117

Embroidery and Hosiery:
Capacity of such units cannot be determined due to nature of their operations.

42.1 Reason For Low Production

The under utilization of available capacity of spinning segment is mainly due to normal repair and maintenance. The Company, following the approval of the Board of Directors (BOD) of the Company by resolution through circulation on 10 October 2020, which was later ratified and approved in the BOD's meeting dated 29 October 2020, has disposed of entire plant and machinery related to Spinning Unit at S.I.T.E. Kotri, District Jamshoro. Therefore, the available capacity of the Company has reduced.

43. FINANCIAL RISK MANAGEMENT

43.1 Financial risk factors

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

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

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

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

	2021	**2020**
Trade debts - USD	**550,953**	553,778
Trade and other payables-CNY		

Following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	**163.03**	164.00
Reporting date rate	**157.80**	168.25
Rupees per CNY		
Average rate	**24.38**	-
Reporting date rate	**24.76**	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 1.990 million (2020: Rupees 4.426 million) higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) Other price risk

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

Sensitivity analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2021	**2020**
	(RUPEES IN THOUSANDS)	
PSX 100 (5% increase)	9,511	8,902
PSX 100 (5% decrease)	(9,511)	(8,902)

Equity (fair value reserve) would increase / decrease as a result of gians / losses on equity investments classified as FVTOCI.

(iii) Interest rate risk

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

The Company's interest rate risk arises from long term financing and short term borrowings. Financial instruments at variable rates expose the Company to cash flow interest rate risk. Financial instruments at fixed rate expose the Company to fair value interest rate risk.

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

	2021	2020
	(RUPEES IN THOUSAND)	
Fixed rate instruments		
Financial liabilities		
Long term financing	**136,522**	76,054
Floating rate instruments		
Financial liabilities		
Long term financing	**170,525**	149,485
Short term borrowings	**78,033**	525,011

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 2.314 million (2020: Rupees 6.408 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(RUPEES IN THOUSAND)	
Investments	**190,725**	178,921
Loans and advances	**1,220**	482
Deposits	**4,690**	4,689
Trade debts	**194,519**	280,321
Other receivables	**61,907**	65,747
Bank balances	**142,040**	41,034
	595,101	571,194

Credit risk primarily arises from trade debts, investments, balances with banks, other receivables, deposits, loans and advances. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counterparties are banks with reasonably high crediting ratings. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

Based on the past experience and deliberations management has recognized expected credit losses in respect of trade debts as given in Note 22.4 to the financial statements.

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

	Rating			2021	2020
	Short Term	Long Term	Agency	Rupees in Thousands	
Banks					
Conventional Accounts					
National Bank of Pakistan	A1+	AAA	PACRA	**60,503**	3,042
Allied Bank Limited	A1+	AAA	PACRA	**89**	59
Bank Alfalah Limited	A1+	AA+	PACRA	**3,310**	4,890
Habib Bank Limited	A-1+	AAA	VIS	**21,072**	4,109
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**16,292**	6,211
Faysal Bank Limited	A1+	AA	PACRA	**20**	20
MCB Bank Limited	A1+	AAA	PACRA	**4,798**	56
United Bank Limited	A-1+	AAA	VIS	**7,425**	9,162
Askari Bank Limited	A1+	AA+	PACRA	**105**	11
Bank Al-Habib Limited	A1+	AAA	PACRA	**422**	762
The Bank of Punjab	A1+	AA+	PACRA	**1,041**	251
Sindh Bank Limited	A-1	A+	VIS	**75**	89
JS Bank Limited	A1+	AA-	PACRA	**66**	19
				115,218	28,681

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

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

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2021, the Company had Rupees 1,181.76 million (2020: Rupees 724.989 million) available borrowing limits from financial institutions and Rupees 142.717 million (2020: Rupees 41.668 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

Contractual maturities of financial liabilities as at 30 June 2021:

	Carrying Amount	Contractual cash flows	6 month or less	6-12 months	1-2 years	More than 2 years
Non-derivative financial liabilities:	(RUPEES IN THOUSAND)					
Long term financing	307,047	333,352	67,676	65,595	94,732	105,349
Trade and other payables	566,831	566,831	566,831	-	-	-
Unclaimed dividend	3,971	3,971	3,971	-	-	-
Accrued mark-up	11,623	11,623	11,623	-	-	-
Short term borrowings	368,704	372,445	372,445	-	-	-
	1,258,176	1,288,222	1,022,546	65,595	94,732	105,349

Contractual maturities of financial liabilities as at 30 June 2020:

Non-derivative financial liabilities:

Long term financing	225,539	289,927	18,511	36,440	77,655	157,321
Trade and other payables	550,499	550,499	550,499	-	-	-
Unclaimed dividend	3,980	3,980	3,980	-	-	-
Accrued mark-up	23,709	23,709	23,709	-	-	-
Short term borrowings	841,269	875,229	875,229	-	-	-
	1,644,996	1,743,344	1,471,928	36,440	77,655	157,321

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective at the year end. The rates of interest / mark-up have been disclosed in Note 8 and 12 to these financial statements.

43.2 Financial instruments by categories

	2021			2020		
	At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total
	(RUPEES IN THOUSAND)					
Assets as per statement of financial position						
Investments	-	190,725	190,725	-	178,921	178,921
Loans and advances	1,220	-	1,220	482	-	482
Deposits	3,383	-	3,383	4,689	-	4,689
Trade debts	194,519	-	194,519	280,321	-	280,321
Other receivables	61,907	-	61,907	65,747	-	65,747
Cash and bank balances	142,717	-	142,717	41,668	-	41,668
	403,746	190,725	594,471	392,907	178,921	571,828

	2021	2020
	Financial liabilities at amortized cost	
	(RUPEES IN THOUSAND)	
Liabilities as per statement of financial position		
Long term financing	**307,047**	225,539
Accrued mark-up	**11,623**	23,709
Short term borrowings	**368,704**	841,269
Trade and other payables	**566,831**	550,499
Unclaimed dividend	**3,971**	3,980
	1,258,176	1,644,996

Reconciliation to the line items presented in the statement of financial position is as follows:

	2021			2020		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
	(RUPEES IN THOUSAND)					
Assets as per statement of financial position						
Loans and advances	1,220	14,901	16,121	482	57,365	57,847
Deposits and prepayments	4,690	2,020	6,710	4,689	3,311	8,000
Trade debts	194,519	-	194,519	280,321	-	280,321
Other receivables	61,907	74,845	136,752	65,747	116,905	182,652
Cash and bank balances	142,717	-	142,717	41,668	-	41,668
Investments	190,725	-	190,725	178,921	-	178,921
	595,778	91,766	687,544	571,828	177,581	749,409

	2021			2020		
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
	(RUPEES IN THOUSAND)					
Liabilities as per statement of financial position						
Long term financing	307,047	-	307,047	225,539	-	225,539
Trade and other payables	566,831	111,490	678,321	550,499	94,841	645,340
Unclaimed dividend	3,971	-	3,971	3,980	-	3,980
Accrued mark-up	11,623	-	11,623	23,709	-	23,709
Short term borrowings	368,704	-	368,704	841,269	-	841,269
	1,258,176	111,490	1,369,666	1,644,996	94,841	1,739,837

43.3 Offsetting financial assets and financial liabilities

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

43.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Company monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Company as referred to in Note 8 and Note 12 respectively. Total capital employed includes 'total equity' as shown in the statement of financial position plus 'borrowings'.

44. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

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

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Financial assets				
At fair value through other comprehensive income	190,121	-	504	190,725
Total financial assets	190,121	-	504	190,725

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
Financial assets				
At fair value through other comprehensive income	178,048	-	873	178,921
Total financial assets	178,048	-	873	178,921

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

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

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

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

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value listed financial instruments was the use of quoted market prices.

45. RECOGNIZED FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

The judgements and estimates are made for the non-financial assets that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its non-financial assets into the following three levels.

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
At 30 June 2021				
Investment properties	-	267,729	-	267,729
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,384,510	-	4,384,510

	Level 1	Level 2	Level 3	Total
	(RUPEES IN THOUSAND)			
At 30 June 2020				
Investment properties	-	264,224	-	264,224
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,381,005	-	4,381,005

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

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

(ii) Valuation techniques used to determine level 2 fair values

The Company obtains independent valuations for its investment properties annually and for its freehold land (classified as property, plant and equipment) at least after every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation process

The Company engages external, independent and qualified valuer, enrolled on State bank of Pakistan pannel, to determine the fair value of the Company's investment properties at the end of every financial year and for freehold land at least after every three years. As at 30 June 2021, the fair value of the investment properties have been determined by Messrs Evaluation Focused Consulting. The valuation of freehold land has been performed by Messrs Evaluation Focused Consulting as at 30 June 2019.

Changes in fair values are analyzed at each reporting date during the discussion between the Chief Financial Officer and the valuers. As part of this discussion the team presents a report that explains the reason for the fair value movements.

45. DISCLOSURES BY COMPANY LISTED ON ISLAMIC INDEX

Description	Note	2021	2020
		(RUPEES IN THOUSAND)	
Revenue earned from shariah compliant business	28	**5,405,943**	5,517,184
Exchange gain earned		**-**	8,786
Gain or dividend earned from shariah compliant investments			
Gain on sale of investments measured at FVTOCI		**3,009**	10,362
Dividend income	33	**5**	4
Unrealized loss on remeasurement of investments measured at FVTOCI		**(4,593)**	(8,602)
Shariah compliant bank deposits and bank balances			
Bank balances	43.1 (b)	**26,822**	12,353
Profits earned or interest paid on any conventional loan / advance			
Mark-up on long term financing	34	**27,344**	30,495
Mark-up on short term borrowings	34	**47,672**	70,601
Loans / advances obtained as per Islamic mode			
Contract liabilities	10	**74,066**	81,965
Short term borrowings	12	**290,671**	316,258

There is no profit earned from shariah compliant bank balances as all the bank balances are in current accounts. Moreover there was no mark-up on Islamic mode of financing as all loans / advances were interest free. The relationship with all shariah compliant banks are related to bank accounts only as given in Note 43.1 (b).

47. DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 06, 2021by the Board of Directors of the Company.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for the following:

PARTICULARS	RECLASSIFICATION		AMOUNT
	From	To	(RUPEES IN THOUSAND)
Gas Infrastructure Development Cess (GIDC) payable	Trade and other payables	Current portion of deferred liabilities	94,875
Income tax	Loans and advances	Face of statement of financial position	227,912
Short term deposit and prepayments	Prepayments and balances with statutory authority	Short term deposit and prepayments	3,311
Sales tax refundable	Prepayments and balances with statutory authority	Other receivables	116,255
Employees' retirement benefit	Employees' retirement benefit	Deferred liabilities	127,076
Loans and advances	Loans and advances	Other receivables	11,851

49. GENERAL

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CRESCENT COTTON MILLS LIMITED
AND ITS SUBSIDIARY

CONSOLIDATED FINANCIAL STATEMENTS
WITH ACCOMPANYING INFORMATION

YEARN ENDED 30 JUNE 2021

INDEPENDENT AUDITOR'S REPORT
To the members of Crescent Cotton Mills Limited
Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the annexed consolidated financial statements of Crescent Cotton Mills Limited and its Subsidiary Company (the Group), which comprise the consolidated statement of financial position as at 30 June 2021, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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.

Emphasis of Matter

We draw attention to Note 1.1 to the consolidated financial statements, which states that Crescot Mills Limited (the subsidiary company) is no longer a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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:

Sr. No.	Key audit matters	How the matter was addressed in our audit
1.	**Inventory existence and valuation** Inventories as at 30 June 2021 amounting to Rupees 554.565 million, break up of which is as follows: - Stores, spare parts and loose tools of Rupees 66.478 million - Stock-in-trade of Rupees 488.087 million	Our procedures over existence and valuation of inventories included, but were not limited to: • To test the quantity of inventories at all locations, we assessed the corresponding inventory observation instructions and participated in inventory counts on sites. Based on samples, we

	Inventories are stated at lower of cost and net realizable value. We identified existence and valuation of inventories as a key audit matter due to their size, representing 7.71% of the total assets of the Company as at 30 June 2021, and the judgment involved in valuation. For further information on inventories, refer to the following: - Summary of significant accounting policies, Inventories (Note 2.11 to the consolidated financial statements). - Stores, spare parts and loose tools (Note 21) and Stock-in-trade (Note 22) to the consolidated financial statements.	performed test counts and compared the quantities counted by us with the results of the counts of the management. • For a sample of inventory items, re-performed the weighted average cost calculation and compared the weighted average cost appearing on valuation sheets. • On a sample basis, we tested the net realizable value of inventory items to recent selling prices and re-performed the calculation of the inventory write down, if any. • In the context of our testing of the calculation, we analyzed individual cost components and traced them back to the corresponding underlying documents. • We also made inquiries from management, including those outside of the finance function, and considered the results of our testing above to determine whether any specific write downs were required. • We also assessed the adequacy of the disclosures made in respect of the accounting policies and related notes to the consolidated financial statements.

2.	**Revenue recognition** The Group recognized revenue of Rupees 5,405.943 million for the year ended 30 June 2021. We identified recognition of revenue as a key audit matter because revenue is one of the key performance indicator of the Group and gives rise to an inherent risk that revenue could be subject to misstatement to meet expectations or targets. For further information on revenue recognition, refer to the following: - Summary of significant accounting policies, Revenue from contracts with customers (Note 2.13 to the financial statements). - Revenue (Note 28 to the financial statements).	Our procedures included, but were not limited to: • We obtained an understanding of the process relating to recognition of revenue and testing the design, implementation and operating effectiveness of key internal controls over recording of revenue; • We compared a sample of revenue transactions recorded during the year with sales orders, sales invoices, delivery documents and other relevant underlying documents; • We compared a sample of revenue transactions recorded around the year-end with the sales orders, sales invoices, delivery documents and other relevant underlying documentation to assess if the related revenue was recorded in the appropriate accounting period; • We assessed whether the accounting policies for revenue recognition complies with the requirements of IFRS 15 'Revenue from Contracts with Customers'; • We also considered the appropriateness of disclosures in the financial statements.

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 consolidated financial statements and our auditor's report thereon.

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

Responsibilities of Management and Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of directors is responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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

Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

The engagement partner on the audit resulting in this independent auditor's report is Liaqat Ali Panwar.

RIAZ AHMAD & COMPANY
Chartered Accountants

Faisalabad
October, 06, 2021

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital			
30 000 000 (2020: 30 000 000) ordinary shares of Rupees 10 each		**300,000**	300,000
Issued, subscribed and paid up share capital	3	**226,601**	226,601
Reserves			
Capital reserves			
Premium on issue of shares reserve	4	**5,496**	5,496
Plant modernization reserve		**12,000**	12,000
Share of associates' reserve		**4,978**	53,442
Fair value reserve	5	**60,924**	22,257
Surplus on revaluation of freehold land and investment properties	6	**4,136,711**	4,136,711
		4,220,109	4,229,906
Revenue reserves	7	**904,627**	254,357
Total reserves		**5,124,736**	4,484,263
Equity attributable to equity holders of the Holding Company		**5,351,337**	4,710,864
Non-controlling interest		**153,274**	(3,561)
Total equity		**5,504,611**	4,707,303
NON-CURRENT LIABILITIES			
Long term financing	8	**203,742**	195,399
Deferred liabilities	9	**149,201**	127,076
		352,943	322,475
CURRENT LIABILITIES			
Trade and other payables	10	**679,964**	641,701
Unclaimed dividend		**3,971**	3,980
Accrued mark-up	11	**25,825**	37,911
Short term borrowings	12	**373,704**	846,269
Current portion of non-current liabilities	13	**175,510**	125,015
Provision for taxation		**77,378**	171,468
		1,336,352	1,826,344
TOTAL LIABILITIES		**1,689,295**	2,148,819
CONTINGENCIES AND COMMITMENTS	14		
TOTAL EQUITY AND LIABILITIES		**7,193,906**	6,856,122

CHIEF EXECUTIVE OFFICER

	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	15	**4,938,760**	4,927,634
Investment properties	16	**267,729**	287,792
Investments in equity accounted investees	17	**3,541**	53,209
Other long term investments	18	**4,897**	1,585
Long term deposits		**3,905**	5,211
Long term advances	19	**115**	-
Deferred income tax asset	20	**47,103**	58,496
		5,266,050	5,333,927
CURRENT ASSETS			
Stores, spare parts and loose tools	21	**66,478**	69,727
Stock-in-trade	22	**488,087**	540,181
Trade debts	23	**194,519**	280,321
Loans and advances	24	**16,131**	57,847
Deposits, prepayments and other receivables	25	**142,905**	189,480
Income tax		**199,098**	228,652
Short term investments	26	**181,458**	110,918
Cash and bank balances	27	**639,180**	45,069
		1,927,856	1,522,195
TOTAL ASSETS		**7,193,906**	6,856,122

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

DIRECTOR

CHIEF FINANCIAL OFFICER

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
REVENUE	28	**5,405,943**	5,517,184
COST OF SALES	29	**(4,680,320)**	(5,151,826)
GROSS PROFIT		**725,623**	365,358
DISTRIBUTION COST	30	**(74,235)**	(54,693)
ADMINISTRATIVE EXPENSES	31	**(215,354)**	(189,903)
OTHER EXPENSES	32	**(41,929)**	(6,946)
OTHER INCOME	33	**607,323**	46,448
FINANCE COST	34	**(86,998)**	(104,270)
		914,430	55,994
SHARE OF LOSS IN EQUITY ACCOUNTED INVESTEES	17	**(7,781)**	(8,610)
PROFIT BEFORE TAXATION		**906,649**	47,384
TAXATION	35	**(83,391)**	(28,336)
PROFIT AFTER TAXATION		**823,259**	19,048
SHARE OF PROFIT ATTRIBUTABLE TO:			
EQUITY HOLDERS OF HOLDING COMPANY		**666,424**	18,596
NON-CONTROLLING INTEREST		**156,835**	452
		823,259	19,048
EARNINGS PER SHARE - BASIC AND DILUTED (RUPEES)	36	**36.33**	0.84

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

CHIEF EXECUTIVE OFFICER	DIRECTOR	CHIEF FINANCIAL OFFICER

CCML
Crescent Cotton Mills Ltd.

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2021

	2021	2020
	(RUPEES IN THOUSAND)	
PROFIT AFTER TAXATION	**823,259**	19,048
OTHER COMPREHENSIVE INCOME		
Items that will not be reclassified subsequently to profit or loss:		
Experience adjustment on defined benefit plan	**(26,296)**	(8,217)
Deferred income tax related to experience adjustment	**7,064**	2,225
	(19,232)	(5,992)
Surplus arising on remeasurement of investments at fair value through other comprehensive income	**41,746**	714
Share of other comprehensive income of equity accounted investees	**826**	1,795
	23,340	(3,483)
Items that may be reclassified subsequently to profit or loss	**-**	-
Other comprehensive income / (loss) for the year - net of tax	**23,340**	(3,483)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**846,599**	15,565
SHARE OF TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:		
EQUITY HOLDERS OF HOLDING COMPANY	**689,764**	15,113
NON-CONTROLLING INTEREST	**156,835**	452
	846,599	15,565

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	SHARE CAPITAL	ATTRIBUTABLE TO EQUITY HOLDERS OF THE HOLDING COMPANY													NON-CONTROLLING INTEREST	TOTAL EQUITY
		CAPITAL RESERVES						REVENUE RESERVES				TOTAL RESERVES	SHAREHOLDERS' EQUITY			
		Premium on issue of shares	Plant modernization on	Fair value reserve of investments at FVTOCI	Surplus on revaluation of free hold land & investment	Share of associates' reserve	Sub total	General reserve	Dividend equalization	Unappropriated profit	Sub total					
	(RUPEES IN THOUSAND)															
Balance as at 01 July 2019	226,601	5,496	12,000	22,362	4,136,711	53,020	4,229,589	44,975	4,000	191,958	240,933	4,470,522	4,697,123		(4,013)	4,693,110
Transferred from dividend equalization reserve to general reserve	-	-	-	-	-	-	-	4,000	(4,000)	-	-	-	-		-	-
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(819)	-	-	(819)	-	-	819	819	-	-		-	-
Share of items of associates directly credited in equity	-	-	-	-	-	(1,373)	(1,373)	-	-	-	-	(1,373)	(1,373)		-	(1,373)
Profit for the year	-	-	-	-	-	-	-	-	-	18,596	18,596	18,596	18,596		452	19,048
Other comprehensive loss for the year	-	-	-	714	-	1,795	2,509	-	-	(5,992)	(5,992)	(3,483)	(3,483)		-	(3,483)
Total comprehensive income for the year	-	-	-	714	-	1,795	2,509	-	-	12,604	12,604	15,113	15,113		452	15,565
Balance as at 30 June 2020	226,601	5,496	12,000	22,257	4,136,711	53,442	4,229,906	48,975	-	205,381	254,357	4,484,263	4,710,864		(3,561)	4,707,303
Gain realized on disposal of equity investments at fair value through other comprehensive income	-	-	-	(3,079)	-	-	(3,079)	-	-	3,079	3,079	-	-		-	-
Share of items of associates directly credited in equity	-	-	-	-	-	294	294	-	-	-	-	294	294		-	294
Reclassification on loss of significant influence	-	-	-	-	-	(49,584)	(49,584)	-	-	-	-	(49,584)	(49,584)		-	(49,584)
Profit for the year	-	-	-	-	-	-	-	-	-	666,424	666,424	666,424	666,424		156,835	823,259
Other comprehensive income for the year	-	-	-	41,746	-	826	42,572	-	-	(19,232)	(19,232)	23,340	23,340		-	23,340
Total comprehensive income for the year	-	-	-	41,746	-	826	42,572	-	-	647,192	647,192	689,764	689,764		156,835	846,599
Balance as at 30 June 2021	226,601	5,496	12,000	60,924	4,136,711	4,978	4,220,109	48,975	-	855,652	904,627	5,124,736	5,351,337		153,274	5,504,611

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2021

	NOTE	2021	2020
		(RUPEES IN THOUSAND)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	**37**	**804,190**	66,323
Finance cost paid		**(88,615)**	(102,256)
Income tax paid		**(129,469)**	(63,679)
Employees' retirement benefit paid		**(43,962)**	(20,913)
Decrease / (increase) in long term deposits		**1,306**	(922)
Increase in long term advances		**(155)**	-
Net cash generated from / (used in) operating activities		**543,295**	(121,447)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure on property, plant and equipment		**(178,272)**	(119,269)
Proceeds from sale of property, plant and equipment, investment properties and leasehold land		**604,253**	2,696
Proceeds from sale of investments		**12,742**	13,626
Net cash from / (used in) investing activities		**438,723**	(102,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of long term financing		**(70,538)**	(41,504)
Proceeds from long term financing		**155,205**	76,907
Dividend paid		**(9)**	(48)
Short term borrowings - net		**(472,565)**	180,432
Net cash (used in) / from financing activities		**(387,907)**	215,787
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**594,111**	(8,607)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		**45,069**	53,676
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR (NOTE 27)		**639,180**	45,069

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

CHIEF EXECUTIVE OFFICER | DIRECTOR | CHIEF FINANCIAL OFFICER

CRESCENT COTTON MILLS LIMITED AND ITS SUBSIDIARY COMPANY
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2021

1. THE GROUP AND ITS OPERATIONS

The Group consists of Crescent Cotton Mills Limited (the Holding Company) and its Subsidiary Company, Crescot Mills Limited.

Crescent Cotton Mills Limited

Crescent Cotton Mills Limited (CCML) is a public limited company incorporated in March 1959 in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017) and is listed on Pakistan Stock Exchange Limited. CCML is engaged in the business of manufacturing and sale of yarn and hosiery items along with buying, selling and otherwise dealing in cloth and made-ups. CCML also operates an embroidery unit. CCML's registered office is situated at New Lahore Road, Nishatabad, Faisalabad, Punjab.

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

Manufacturing Unit	Address
Spinning Unit No. 1 and 2, Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab
Spinning Unit No. 4	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab
Embroidery Unit & Head Office	New Lahore Road, Nishatabad, Faisalabad, Punjab
Liaison Office	408-Business Avenue, Shahrah-e-Faisal, Karachi, Sindh
Liaison Office	3rd Floor, 151, CCA, Commercial Area, DHA Phase 5, Above KFC, Lahore.

Crescot Mills Limited

Crescot Mills Limited (CML) is a public limited company incorporated in Pakistan under the Companies Act, 1913 (Now Companies Act, 2017). It is a subsidiary of CCML due to 66.15% equity holding. The registered office CML is situated at Office No. 408, Plot No. 26-A, Block No. 6, P.E.C.H.S. Shahrah-e-Faisal, Karachi, Sindh. However its books of account are being maintained at the registered office of CCML at New Lahore Road, Nishatabad, Faisalabad, Punjab. CML was engaged in manufacturing and sale of yarn.

1.1 A special resolution was passed in the general meeting of the members of CML on 28 September 1998 authorizing the Board of Directors to dispose of the plant and machinery of CML. CML has ceased all production activities since August 1998 and has disposed of entire plant, machinery and investment properties. Due to above mentioned reasons, CML is not considered a going concern.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) Statement of compliance

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

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

- Provisions of and directives issued under the Companies Act, 2017.

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

b) Accounting convention

These consolidated financial statements have been prepared under the historical cost convention, except for the recognition of employees' retirement benefit at present value and investment properties and freehold land which are carried at their fair value.

c) Critical accounting estimates and judgments

The preparation of consolidated financial statements in conformity with the approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Group's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. In the process of applying the accounting policies, management has made the following judgments and estimates which are significant to these consolidated financial statements:

Useful lives, patterns of economic benefits and impairments

The estimates for revalued amounts, of different classes of property, plant and equipment, are based on valuation performed by external professional valuer and recommendation of technical teams of the Group. The said recommendations also include estimates with respect to residual values and depreciable lives. Further, the Group reviews the value of the assets for possible impairment on an annual basis. Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Any change in the estimates in future years might affect the carrying amounts of the respective items of property, plant and equipment with a corresponding effect on the depreciation charge and impairment.

Inventories

Net realizable value of inventories is determined with reference to currently prevailing selling prices less estimated expenditure to make sales.

Contingencies

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

Taxation
In making the estimates for income tax currently payable by the Group, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past. There may be various matters where the Group's view differs with the view taken by the income tax department at the assessment stage and where the Group considers that its view on items of material nature is in accordance with the law. The difference between the potential and actual tax charge, if any, is disclosed in contingencies.

Impairment of investments in equity accounted investees
The Group determines that a significant and prolonged decline in the fair value of its investments in equity accounted investees below their cost is an objective evidence of impairment. The impairment loss is recognized when the carrying amount exceeds the higher of fair value less cost to sell and value in use.

Recovery of deferred tax assets
Deferred tax assets are recognized for deductible temporary differences only if the Group considers it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

Allowance for expected credit losses
The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, based on the Group's experience of actual credit loss in past years.

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

Employees retirement benefit
Certain actuarial assumptions have been adopted as disclosed in Note 9.1 to these consolidated financial statements for determination of present value of defined benefit obligation. Any change in these assumptions in future years might affect the current and remeasurement gains and losses in those years.

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

Following amendments to published approved accounting standards are mandatory for the Group's accounting periods beginning on or after 01 July 2020:

• IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
• International Accounting Standards Board's revised Conceptual Framework – March 2018
• IFRS 16 (Amendments) 'Leases';
• Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'

The amendments listed above do not have any impact on the amounts recognized in prior periods and are not expected to significantly affect the current or future periods.

e) Standard and amendments to published approved accounting standards that are effective in current year but not relevant to the Group
There are amendments to published standards that are mandatory for accounting period beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Group's financial statements and are therefore not detailed in these consolidated financial statements.

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

Following amendments to existing standards have been published and are mandatory for the Group's accounting periods beginning on or after 01 July 2021 or later periods:

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

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

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

Following annual improvements to IFRS standards 2018-2020, relevant to the Company, are effective for annual reporting periods beginning on or after 01 January 2022:

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

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

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

COVID-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

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

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors) effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

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

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

There are other standards and amendments to published approved accounting standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Group's consolidated financial statements and are therefore not detailed in these consolidated financial statements.

2.2 Basis of Consolidation

a) Subsidiary Company

A company is a subsidiary, if an entity (the Holding Company) directly or indirectly controls, beneficially owns or holds more than fifty percent of its voting securities or otherwise has power to appoint or remove majority of its directors. Subsidiary is consolidated from the date on which the control is obtained, and continues to be consolidated until the date when such control ceases.

The financial statements of the Subsidiary Company has been consolidated on a line-by-line basis and the carrying values of the investment held by the Holding Company has been eliminated against the shareholders' equity in the Subsidiary Company. The financial year-end of the Subsidiary Company and the Holding Company is the same, using consistent accounting policies.

Non-controlling interest is that part of net results of operations and of net assets of the subsidiary which is not owned by the Holding Company either directly or indirectly. Non-controlling interest is presented as a separate item in the consolidated financial statements.

On the loss of control, the Group de-recognizes the assets and liabilities of the subsidiary, any non-controlling interest and other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognized in consolidated statement of profit or loss. In addition, any amount previously recognized in other comprehensive income in respect of that subsidiary is reclassified to the consolidated statement of profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently that retained interest is accounted for as an equity-accounted investee, joint venture, at fair value through other comprehensive income financial asset or at fair value through profit or loss financial asset depending on the level of influence and nature of business model.

Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions are eliminated.

b) Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting, after initially being recognized at cost.

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

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

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

Investments in equity method accounted for associates are tested for impairment in accordance with the provisions of IAS 36 `Impairment of Assets`.

2.3 Staff retirement benefit

The Holding Company operates defined benefit plan - unfunded gratuity scheme for its permanent employees, who have completed the minimum qualifying period of service as defined under the scheme. The liabilities relating to defined benefit plan are determined through actuarial valuation using the Projected Unit Credit Method. Latest actuarial valuation has been carried on 30 June 2021. The method involves making assumptions about discount rates, future salary increases and mortality rates. Significant assumptions used to carry out the actuarial valuation have been disclosed in Note 9.1.3 to these consolidated financial statements.

Remeasurements changes which comprise actuarial gains and losses are recognized immediately in consolidated statement of comprehensive income.

2.4 Government grants

Grants from the Government are recognized at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. The Group follows deferral method of accounting for government grant related to subsidized long term loan. Government grant is initially recognized as deferred grant and measured as the difference between the initial carrying value of the long term loan recorded at market rate (i.e. fair value of the long term loan in this case) and the proceeds of subsidized long term loan received. In subsequent years, the grant is recognized in consolidated statement of profit or loss, in line with the recognition of interest expenses the grant is compensating and is presented as a reduction of related interest expense.

2.5 Dividend and other appropriations

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

2.6 Taxation

Current

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

Deferred

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

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

2.7 Property, plant, equipment and depreciation

Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment loss, except freehold land which is stated at revalued amount less any identified impairment loss. Capital work-in-progress is stated at cost less impairment loss, if any. All expenditure connected with specific assets incurred during installation and construction period are carried under capital work-in-progress. These are transferred to operating fixed assets as and when these are available for use. Cost of operating fixed assets consists of historical cost, borrowing cost pertaining to the erection / construction period of qualifying assets and other directly attributable costs of bringing the assets to working condition.

Increases in the carrying amounts arising on revaluation of freehold land are recognized in other comprehensive income and accumulated in revaluation surplus in shareholders' equity. To the extent that increase reverses a decrease previously recognized in the consolidated statement of profit or loss, the increase is first recognized in the consolidated statement of profit or loss. Decreases that reverse previous increases of the same asset are first recognized in other comprehensive income to the extent of the remaining surplus attributable to the asset; all other decreases are charged to the consolidated statement of profit or loss.

Valuations are performed frequently enough to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

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

Depreciation

Depreciation on property, plant and equipment is charged to consolidated statement of profit or loss applying the reducing balance method so as to write off the cost / depreciable amount of the assets over their estimated useful lives at the rates given in Note 15.1. The Holding Company charges the depreciation on additions from the date when the asset is available for use and on deletions upto the date when the asset is de-recognized. The Subsidiary Company charges the depreciation on additions for the full month in which the asset is available for use and on deletion up to the month immediately preceding the deletion. The residual values and useful lives are reviewed by the management, at each financial year-end and adjusted if impact on depreciation is significant.

De-recognition

An item of property, plant and equipment is de-recognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset is included in the consolidated statement of profit or loss in the year the asset is de-recognized.

2.8 Functional and presentation currency along with foreign currency transactions and translation

Items included in these consolidated financial statements are measured using the currency of the primary economic environment in which the Group operates (the functional currency). These Consolidated financial statements are presented in Pak Rupees, which is the Group's functional and presentation currency. Figures are rounded off to the nearest thousand of Pak Rupees. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to consolidated statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.9 Investment properties

Land and buildings held to earn rental income are classified as investment properties. Investment properties are carried at fair value which is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. The valuation of the properties is carried out with sufficient regularity.

Gain or loss arising from a change in the fair value of investment properties is included in the consolidated statement of profit or loss for the year in which it arises.

2.10 Financial Instruments

i) Recognition of financial instruments

The Group initially recognizes financial assets on the date when they are originated. Financial liabilities are initially recognized on the trade date when the entity becomes a party to the contractual provisions of the instrument.

ii) Classification and measurement of financial instruments

Financial Assets

Investments and other financial assets

a) Classification

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

• those to be measured subsequently at fair value through other comprehensive income; and
• those to be measured at amortized cost

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

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

b) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into following measurement category:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. Any gain or loss arising on de-recognition is recognized directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses.

Equity instruments

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

Fair Value Through Other Comprehensive Income (FVTOCI)

Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value. Dividends from such investments continue to be recognized in profit or loss as other income when the Group's right to receive payments is established.

Financial liabilities

Classification and measurement

Financial liabilities are classified at amortized cost. These are also subsequently measured at amortized cost using the effective interest method. Interest expenses are recognized in the consolidated statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

iii) Impairment of financial assets

The Group recognizes loss allowances for Expected Credit Losses (ECLs) on financial assets measured at amortized cost. The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

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

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

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

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

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

At each reporting date, the Group assesses whether financial assets are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise; or
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

iv) De-recognition

Financial assets

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

Financial liabilities

The Group de-recognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expired.

v) Offsetting of financial instruments

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

2.11 Inventories

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

Stores, spare parts and loose tools

Usable stores, spare parts and loose tools are valued principally at moving average cost, while items considered obsolete are carried at nil value. Items in transit are valued at invoice amount plus other charges paid thereon.

Stock-in-trade

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

i)	For raw materials	-	Weighted average basis
ii)	For work-in-process and finished goods	-	Average material cost, proportionate direct labour and factory overheads

Stock in transit is valued at cost comprising invoice value plus other charges paid thereon. Waste stock is valued at net realizable value.

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

2.12 Cash and cash equivalents

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

2.13 Revenue from contracts with customers

i) Revenue recognition

Sale of goods

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

Rendering of services

Revenue from a contract to provide services is recognized over time as the services are rendered based on either a fixed price or an hourly rate.

Interest

Interest income is accrued on time proportionate basis, by reference to the principal outstanding and at the applicable effective interest rate.

Rent

Revenue is recognized when rent is accrued.

Dividend

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

Other revenue

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

ii) Contract assets

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

iii) Right of return assets

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

iv) Contract liabilities

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

2.14 Borrowings

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

2.15 Trade and other receivables

Trade receivables are initially recognized at fair value and subsequently measured at amortized cost using the effective interest method, less any allowance for expected credit losses. Trade receivables generally do not include amounts overdue by 365 days.

The Group has applied the simplified approach to measure expected credit losses, which uses a lifetime expected loss allowance. Actual credit loss experience over past years is used to base the calculation of expected credit loss.

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

2.16 Share capital

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

2.17 Trade and other payables

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

2.18 Provisions

Provisions are recognized when the Group has a present, legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and adjusted to reflect current best estimate.

2.19 Borrowing cost

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

2.20 Impairment of non-financial assets

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

2.21 Segment reporting

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

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

The Group has two reportable business segments: Textiles and Trading. Transactions among the business segments are recorded at arm's length prices using admissible valuation methods. Inter segment sales and purchases are eliminated from the total.

2.22 Earnings per share

Earning per share is calculated by dividing the profit or loss attributable to ordinary share holders of the holding company by the weighted average number of ordinary shares outstanding during the year.

2.23 Contingent assets

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

2.24 Contingent liabilities

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

3. ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL

2021	2020		2021	2020
(NUMBER OF SHARES)			(RUPEES IN THOUSAND)	
5 509 767	5 509 767	Ordinary shares of Rupees 10 each fully paid up in cash	**55,098**	55,098
16 992 345	16 992 345	Ordinary shares of Rupees 10 each issued as fully paid up bonus shares	**169,923**	169,923
158 014	158 014	Ordinary shares of Rupees 10 each fully paid up, issued to a financial institution against its right of option for conversion of debentures pursuant to a loan agreement	**1,580**	1,580
22 660 126	22 660 126		**226,601**	226,601

3.1 Ordinary shares of the Holding Company held by the associated companies:

	2021	2020
	(NUMBER OF SHARES)	
Premier Insurance Limited	**212 000**	212 000

4. PREMIUM ON ISSUE OF SHARES RESERVE

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

5. FAIR VALUE RESERVE

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

	2021	2020
	(RUPEES IN THOUSAND)	
Balance as on 01 July	**22,257**	22,362
Fair value adjustment during the year	**41,746**	714
	64,003	23,076
Gain realized on disposal of equity investments at fair value through other comprehensive income	**(3,079)**	(819)
Balance as on 30 June	**60,924**	22,257

6 SURPLUS ON REVALUATION OF FREEHOLD LAND AND INVESTMENT PROPERTIES

Freehold land (Note 6.1)	**4,023,572**	4,023,572
Investment properties	**113,139**	113,139
	4,136,711	4,136,711

		2020	2019
		(RUPEES IN THOUSAND)	

6.1 This represents surplus resulting from revaluation of freehold land carried out on 30 June 2019 by independent valuer, Messrs Evaluation Focused Consulting. The valuation was determined with respect to the present market value of similar properties. Previously revaluation was carried out in March 2010, June 2015 and 30 June 2016 by independent valuers.

7. REVENUE RESERVES

	2020	2019
General	**48,975**	48,975
Unappropriated profit	**855,652**	205,382
	904,627	254,357

8. LONG TERM FINANCING

From banking company - secured

	2020	2019
Long Term loans (Note 8.1)	**307,047**	225,539
Less: Current portion shown under current liabilities (Note 13)	**(103,305)**	(30,140)
	203,742	195,399

8.1 Long Term Loans

LENDER	2021	2020	RATE OF INTEREST PER ANNUM	NUMBER OF INSTALLMENTS	INTEREST PAYABLE	INTEREST REPRICING	SECURITY
	(RUPEES IN THOUSAND)						
Crescent Cotton Mills Limited - Holding Company							
National Bank of Pakistan	115,318	131,285	3 Month KIBOR+3.00%	Twenty equal quarterly installments starting from 26 April 2018 and ending on 26 January 2024	Quarterly	Quarterly	Temporary first charge of Rupees 318 million over the fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of Chief Executive Officer, Directors and Executive of the Company. After acquisition of new spinning unit and after repayment of first two installments of Term Finance-1, the charge has to be created on the newly acquired spinning unit and the temporary arrangement has to be released / discharged.
National Bank of Pakistan	-	18,200	3 Month KIBOR+3.00%	This facility was completely repaid on 09 March 2021	Quarterly	Quarterly	
National Bank of Pakistan	18,765	22,177	6.00%	Twenty seven equal quarterly installments starting from 30 June 2020 and ending on 31 December 2026	Quarterly	-	
National Bank of Pakistan	32,696	38,382	6.00%	Twenty seven equal quarterly installments starting from 27 July 2020 and ending on 27 January 2027	Quarterly	-	First charge of Rupees 107 million over entire fixed assets of the Company at Spinning Unit No. 1 and 2 and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan	9,809	11,515	6.00%	Twenty seven equal quarterly installments starting from 19 August 2020 and ending on 19 February 2027	Quarterly	-	
National Bank of Pakistan	3,412	3,980	6.00%	Twenty eight equal quarterly installments starting from 21 July 2020 and ending on 21 April 2027	Quarterly	-	First charge of Rupees 134 Million over fixed assets of the Company at Nishatabad, Faisalabad and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan - Loan under SBP Refinance Scheme (Note 8.1.1)	21,127	-	SBP rate +3%	Eight equal quarterly installments starting from 16 January 2021 and ending on 16 October 2022	Quarterly	-	First specific/exclusive charge for Rupees 87 million over plant and machinery i.e. solar panel system of the Company to be installed at Unit No. 4 located at 45 Km, Lahore Multan road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur and personal guarantee of Chief Executive Officer, Director and Executive of the Company.
National Bank of Pakistan - Loan under SBP Refinance Scheme (Note 8.1.1)	25,739	-	SBP rate +3%	Eight equal quarterly installments starting from 17 January 2021 and ending on 17 October 2022	Quarterly	-	
National Bank of Pakistan - Loan under SBP Refinance Scheme (Note 8.1.1)	24,974	-	SBP rate +3%	Eight equal quarterly installments starting from 03 February 2021 and ending on 03 November 2022	Quarterly	-	
National Bank of Pakistan	55,207	-	3 Month KIBOR+3.00%	Nineteen equal quarterly installments starting from 30 September 2021 and ending on 31 March 2026	Quarterly	Quarterly	
	307,047	**225,539**					

8.1.1 These term finance facilities amounting to Rupees 29.345 million, Rupees 35.761 million and Rupees 34.892 million were obtained by the Company under under SBP refinance scheme through IH&SMEFD Circular No. 06 of 2020 dated 10 April 2020 for payment of salaries and wages to the employees and workers of business concerns. These loans are recognized and measured in accordance with IFRS 9 'Financial Instruments'. Fair value adjustment is recognized at discount rate of 9.64%, 9.66% and 10.09% per annum respectively. The differential mark-up of SBP's defined interest rate and effective interest rate has been recognized as deferred government grant as mentioned in Note 9.2 to these consolidated financial statements.

	2021	2020
	(RUPEES IN THOUSAND)	
9. DEFERRED LIABILITIES		
Employees' retirement benefit (Note 9.1)	**141,054**	127,076
Deferred income - Government grant (Note 9.2)	**298**	-
Gas Infrastructure Development Cess (GIDC) payable (Note 9.3)	**7,849**	-
	149,201	127,076

9.1 EMPLOYEES' RETIREMENT BENEFIT

Reconciliation of the movements in the net liability recognized in the consolidated statement of financial position

	2021	2020
Opening balance	**127,076**	101,142
Add: Provision for the year (Note 9.1.2)	**31,644**	38,630
Experience adjustment recognized in other comprehensive income	**26,296**	8,217
	185,016	147,989
Less: Paid during the year	**(43,962)**	(20,913)
	141,054	127,076

9.1.1 Movements in the present value of defined benefit obligation

	2021	2020
Opening balance	**127,076**	101,142
Current service cost	**22,273**	25,707
Interest expense	**9,371**	12,923
Retirement benefit paid	**(43,962)**	(20,913)
Experience adjustment recognized in other comprehensive income	**26,296**	8,217
Closing balance	**141,054**	127,076

9.1.2 Provision for the year

	2021	2020
Current service cost	**22,273**	25,707
Interest expense	**9,371**	12,923
	31,644	38,630

9.1.3 Significant actuarial assumptions used

	2021	2020
Discount rate to determine defined benefit cost (per annum)	8.50%	14.25%
Expected rate of increase in salary to determine defined benefit cost (per annum)	7.50%	13.25%
Discount rate to determine defined benefit obligation (per annum)	10.00%	8.50%
Expected rate of increase in salary to determine defined benefit obligation (per annum)	9.00%	7.50%
Average duration of the benefit (years)	7	7
Mortality rates	SLIC 2001-05 set back 1 year	SLIC 2001-05 set back 1 year

9.1.4 The estimated expenses to be charged to the consolidated statement of profit or loss for the year ending on 30 June 2022 is Rupees 36.177 million.

9.1.5 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation as at reporting date to changes in the weighted principal assumption is:

	2021	2020
Discount rate	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**(8,711)**	(8,338)
Decrease in assumption (Rupees in thousand)	**10,349**	10,265
Future salary increase	**1.00%**	1.00%
Increase in assumption (Rupees in thousand)	**10,520**	10,429
Decrease in assumption (Rupees in thousand)	**9,015**	(8,671)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit plan to significant actuarial assumptions, the same method (present value of the defined benefit plan calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognized within the consolidated statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous year except for certain changes as given in Note 9.1.3

9.1.6 The defined benefit obligation exposes the actuarial risks such as:

Discount rate risk

The risk of changes in discount rate may have an impact on the Plan's liability.

Salary increase / inflation risk

The risk that the actual salary increase is higher than the expected salary increase, where benefits are linked with final salary at the time of cessation of service, is likely to have an impact on liability.

Mortality risk

Actual mortality experience may be different than that assumed in the calculation.

Withdraw risk

Actual withdrawals experience may be different from that assumed in the calculation.

		2021	2020
		(RUPEES IN THOUSAND)	
9.2	**Deferred income - Government grant**		
	Recognized during the year	**8,178**	-
	Less: Amortization during the year (Note 33)	**5,019**	-
		3,159	-
	Less: Current portion shown under current liabilities (Note 13)	**2,861**	-
	Closing balance	**298**	-

9.2.1 State Bank of Pakistan (SBP), through its Circular No. 06 of 2020 dated 10 April 2020 has introduced a temporary Refinance Scheme for Payment of Wages and Salaries to the Workers and Employees of Business Concerns (the Refinance Scheme). The Refinance Scheme is funded by SBP. Borrowers can obtain loans from the Banks and ease their cash flow constraints to avoid layoffs. One of the key feature of the Refinance Scheme is that borrowers can obtain loan at mark-up rates that are below normal lending rates. As per International Accounting Standard (IAS) 20 'Accounting for Government Grants and Disclosure of Government Assistance' the benefit of a Government loan at a below-market rate of interest is treated as a Government Grant. The Holding Company has obtained this loan as disclosed in Note 8.1.1 to these consolidated financial statements. In accordance with IFRS 9 'Financial Instruments', loan obtained under the Refinance Scheme was initially recognized at its fair value which is the present value of loan proceeds received, discounted using prevailing market rates of interest for a similar instrument. Hence, the benefit of the below-market rate of interest has been measured as the difference between the initial carrying value of the loan determined in accordance with IFRS 9 and the proceeds received. This benefit is accounted for and presented as deferred grant in accordance with IAS 20. The grant is being amortized in the consolidated statement of profit or loss, in line with the recognition of interest expense the grant is compensating.

		2021	2020
9.3	**Gas Infrastructure Development Cess (GIDC) payable**		
	Balance at the beginning of the year	**94,875**	**94,875**
	Less: Gain on remeasurement of GIDC (Note 33)	**(8,191)**	**-**
	Add: Unwinding of discount on GIDC payable (Note 34)	**5,450**	**-**
	Less: Payments made during the year	**(14,941)**	**-**
		77,193	**94,875**
	Less: Current portion shown under current liabilities (Note 13)	**69,344**	**94,875**
		7,849	**-**

9.3.1 This represents Gas Infrastructure Development Cess (GIDC) which was levied through GIDC Act 2015. During the year, Supreme Court of Pakistan vide judgement dated 13 August 2020 upheld the GIDC Act, 2015 to the constitutional and intra vires. Now the Holding Company is to pay the balance amount of GIDC in 24 equal monthly installments. This liability has been recognized at fair value using discount rate of 9.16% per annum and the difference between the fair value and the total amount of liability is recognized in consolidated statement of profit or loss as other income. Subsequent to initial recognition, the effect of unwinding of liability is recognized in consolidated statement of profit or loss as finance cost.

9.3.2 This amount is exclusive of GIDC amounting to Rupees 73.610 million, related to Spinning Unit No. 3 of the Holding Company which has been sold during the year and its liabilities were taken over by the new owner of the property. Moreover, the provision of this amount has then included in trade and other payables' which will be written back after the confirmation of Sui Northern Gas Pipelines Limited (SNGPL) regarding transfer of liability of GIDC.

		2021	2020
		(RUPEES IN THOUSAND)	
10.	**TRADE AND OTHER PAYABLES**		
	Creditors	**313,642**	295,822
	Accrued liabilities (Note 10.1)	**254,739**	251,038
	Contract liabilities - unsecured	**74,066**	81,965
	Income tax deducted at source	**8,962**	10,430
	Workers' profit participation fund (Note 10.2)	**21,509**	2,446
	Workers' welfare fund (Note 32)	**7,046**	-
		679,964	641,701

10.1 These include insurance premium of Rupees 1.697 million (2020: Rupees 2.110 million) due to Premier Insurance Limited, a related party.

		2021	2020
10.2	**Workers' profit participation fund**		
	Balance as on 01 July	**2,446**	-
	Add:		
	Provision for the year (Note 32)	**21,335**	2,446
	Interest for the year (Note 34)	**174**	-
		23,955	2,446
	Less: Payments during the year	**2,446**	-
	Balance as on 30 June	**21,509**	2,446

10.2.1 Interest is paid at prescribed rate under the Companies Profits (Workers' Participation Act), 1968 on funds utilized by the Holding Company till the date of allocation to workers.

		2021	2020
11.	**ACCRUED MARK-UP**		
	Long term financing	**5,606**	7,461
	Short term borrowings	**20,219**	30,450
		25,825	37,911

	2021	2020
	(RUPEES IN THOUSAND)	
12. SHORT TERM BORROWINGS		
Holding Company		
From banking company - secured		
Cash finances (Note 12.1)	**78,033**	525,011
Others - unsecured		
Other related parties (Note 12.2)	**290,671**	300,257
Temporary book overdrawn	**-**	16,001
	290,671	316,258
	368,704	841,269
Subsidiary Company		
Samba Bank Limited - secured (Note 12.3)	**5,000**	5,000
	373,704	846,269

12.1 These form part of total credit facility of Rupees 1,250 million (2020: Rupees 1,250 million) and carries mark-up at the rates of 1 month KIBOR plus 2 percent and 3 months KIBOR plus 2 percent (2020: 1 month KIBOR plus 2 percent and 3 months KIBOR plus 2 percent) per annum. These are secured against charge, pledge and hypothecation over fixed and current assets of the Company and personal guarantee of some directors and certain executives. The rate of mark-up ranges from 9.25 percent to 9.60 percent (2020: 10.35 percent to 15.85 percent) per annum during the year on the balances outstanding.

12.2 These represent interest free loans obtained from Chief Executive Officer, Directors, Executives and Sponsors of the Company which are repayable on demand.

12.3 This represents overdue balance of long term loan obtained from Samba Bank Limited (SBL) which was secured against demand promissory note. It carries mark-up at the rate of 12 percent (2020: 12 percent) per annum. SBL filed a suit in Banking Court No. 2, Lahore for the recovery of Rupees 11.976 million. The case was dismissed in favour of the Company. Afterwards, the appeal filed by SBL in 2016 against the dismissal of above mentioned suit in Lahore High Court, Lahore which was dismissed by the Lahore High Court, Lahore on 24 September 2019 due to non-prosecution of the case by SBL. However on 15 January 2020, SBL filed Regular First Appeal (RFA) in Lahore High Court, Lahore which is pending for adjudication. In view of the opinion by the legal advisor of the Company, even in worst scenario, if the suit of Bank is decreed, even then the same cannot be decreed beyond the claimed amount of Bank as stated in the Bank's recovery suit. Therefore the mark-up on this loan is not being charged from the financial year ended 30 June 2020. This represents overdue balance of long term loan obtained from Samba Bank Limited and is secured against demand promissory note. It carries mark-up at the rate of 12 percent per annum (2014: 12 percent per annum).

	2021	2020
13. CURRENT PORTION OF NON-CURRENT LIABILITIES		
Current portion of long term financing (Note 8)	**103,305**	30,140
Deferred income - Government grant (Note 9.2)	**2,861**	-
Gas Infrastructure Development Cess (GIDC) liability (Note 9.3)	**69,344**	94,875
	175,510	125,015

14. CONTINGENCIES AND COMMITMENTS

a) Contingencies

Holding Company

i) Certain additions have been made by the assessing officers in tax years 1993, 2006 and 2010 on various grounds and have created demand of Rupees 5.635 million (2020: Rupees 6.335 million). The Company, being aggrieved, has filed appeals with Lahore High Court, Lahore and with Supreme Court of Pakistan, which are still pending. Dates of the institution of above mentioned appeals were 14 October 2002, 05 September 2016 and 05 April 2017 respectively. No provision has been made in these consolidated financial statements against the aforesaid demand as the management is hopeful for positive outcome of the appeals filed by the Company.

ii) The Company filed a suit against Crescent Fibres Limited (CFL) for the recovery of Rupees 23.000 million (2020: Rupees 23.000 million) along with mark-up in Civil Court, Lahore. CFL filed an application seeking rejection of the suit but the said application was dismissed by Civil Court, Lahore. Against this rejection, CFL filed civil revision petition before Lahore High Court, Lahore on 08 October 2016 and under order of Lahore High Court, Lahore, the proceedings before Civil Court, Lahore were stayed. No provision against this receivable has been made in these consolidated financial statements as the management is hopeful that the case will be decided in favour of the Company and all the outstanding dues will be recovered.

iii) The Company has filed a suit in Lahore High Court, Lahore, dated 15 October 2018 against the levy of cotton cess. However the related provision of Rupees 1.696 million is not accounted for in these consolidated financial statements as the management is hopeful that the case will be decided in the favour of the Company.

iv) Guarantees of Rupees 87.432 million (2020: Rupees 67.001 million) are given by the banks of the Company to Sui Northern Gas Pipelines Limited and Lahore Electric Supply Company Limited against gas and electricity connections. These include guarantees of Rupees 18.298 million given to Sui Southern Gas Pipelines Limited against gas connection of Spinning Unit No. 3, which has been sold during the year.

v) Cheques of Rupees 32.485 million (2020: Rupees 32.485 million) are issued to Nazir of Sindh High Court, Karachi as security against impugned gas rate difference suit, related to Spinning Unit No. 3 of the Company which has been sold during the year. If the outcome of the suit comes against the Company, cheques issued as security shall be encashable.

vi) Holding Company's share in contingencies of associates accounted for under equity method is Rupees 2.081 million (2020: Rupees 5.950 million).

Subsidiary Company

There was no contingency as at 30 June 2021 (2020: Rupees 0.267 million)

b) Commitments

i) Letter of credit for capital expenditure amounting to Rupees 5.889 million (2020: Rupees Nil).

ii) Letters of credit other than for capital expenditure are of Rupees 103.970 million (2020: Rupees 67.968 million).

15. PROPERTY, PLANT AND EQUIPMENT

	2020	2019
	(RUPEES IN THOUSAND)	
Operating fixed assets (Note 15.1)	**4,873,696**	4,927,364
Capital work-in-progress (Note 15.2)	**65,064**	270
	4,938,760	4,927,634

	Land - Freehold	Buildings and roads	Plant and machinery	Stand-by equipment	Electric installations	Tools and equipment	Furniture and fixtures	Vehicles	Office equipment	Service equipment	Total
	(RUPEES IN THOUSAND)										
At 30 June 2019											
Cost / revalued amount	4,116,781	279,111	1,133,671	99,315	76,368	24,579	15,831	36,131	13,432	1,105	5,796,324
Accumulated depreciation	-	(140,196)	(599,841)	(69,760)	(32,639)	(18,465)	(10,601)	(19,602)	(12,097)	(989)	(904,190)
Net book value	4,116,781	138,915	533,830	29,555	43,729	6,114	5,230	16,529	1,335	116	4,892,134
Year ended 30 June 2020											
Opening net book value	4,116,781	138,915	533,830	29,555	43,729	6,114	5,230	16,529	1,335	116	4,892,134
Additions	-	-	34,999	81,629	1,046	365	-	1,228	122	-	119,389
Disposals:											
Cost	-	-	-	-	-	-	-	(6,028)	-	-	(6,028)
Accumulated depreciation	-	-	-	-	-	-	-	3,676	-	-	3,676
	-	-	-	-	-	-	-	(2,352)	-	-	(2,352)
Depreciation charge	-	(13,624)	(54,818)	(3,929)	(4,406)	(630)	(523)	(3,227)	(612)	(38)	(81,807)
Closing net book value	4,116,781	125,291	514,011	107,255	40,369	5,849	4,707	12,178	845	78	4,927,364
At 30 June 2020											
Cost / revalued amount	4,116,781	279,111	1,168,670	180,944	77,414	24,944	15,831	31,331	13,554	1,105	5,909,685
Accumulated depreciation	-	(153,820)	(654,659)	(73,689)	(37,045)	(19,095)	(11,124)	(19,153)	(12,709)	(1,027)	(982,321)
Net book value	4,116,781	125,291	514,011	107,255	40,369	5,849	4,707	12,178	845	78	4,927,364
Year ended 30 June 2021											
Opening net book value	4,116,781	125,291	514,011	107,255	40,369	5,849	4,707	12,178	845	78	4,927,364
Additions	-	126	104,984	2,607	3,831	1,857	291	91	191	-	113,978
Transferred to investment properties:											
Cost	-	(23,153)	-	-	-	-	-	-	-	-	(23,153)
Accumulated depreciation	-	18,492	-	-	-	-	-	-	-	-	18,492
	-	(4,661)	-	-	-	-	-	-	-	-	(4,661)
Disposals:											
Cost	-	-	(268,516)	-	(13,017)	(7,143)	(2,504)	(6,403)	(530)	-	(298,113)
Accumulated depreciation	-	-	191,452	-	8,765	6,125	1,851	5,514	507	-	214,214
	-	-	(77,064)	-	(4,252)	(1,018)	(653)	(889)	(23)	-	(83,899)
Depreciation charge	-	(11,934)	(48,799)	(10,781)	(3,810)	(601)	(443)	(2,318)	(376)	(24)	(79,086)
Closing net book value	4,116,781	108,822	493,132	99,081	36,138	6,087	3,902	9,062	637	54	4,873,696
At 30 June 2021											
Cost / revalued amount	4,116,781	256,084	1,005,138	183,551	68,228	19,658	13,618	25,019	13,215	1,105	5,702,397
Accumulated depreciation	-	(147,262)	(512,006)	(84,470)	(32,090)	(13,571)	(9,716)	(15,957)	(12,578)	(1,051)	(828,701)
Net book value	4,116,781	108,822	493,132	99,081	36,138	6,087	3,902	9,062	637	54	4,873,696
Annual rate of depreciation (%)	-	5, 10	10	10	10	10, 12	10	20	10, 50	10, 25	

15.1.1 The book value of freehold land on cost basis is Rupees 93.209 million (2020: Rupees 93.209 million).

15.1.2 Forced sales value of freehold land as per the last revaluation carried out on 30 June 2019 was Rupees 3,499.263 million.

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

	2021	2020
	(RUPEES IN THOUSAND)	
Cost of sales (Note 29)	**72,634**	76,961
Administrative expenses (Note 31)	**6,452**	4,846
	79,086	81,807

15.1.4 Particulars of immovable properties (i.e. land and buildings) are as follows:

Particulars	Location	Area of land	Covered Area of building
		Acers	Sq.ft.
Head office and manufacturing facility of embroidery	New Lahore Road, Nishatabad, Faisalabad, Punjab87.20	87.20	80 214
Manufacturing facility of Spinning and Hosiery	Chak No. 44 R.B., Kotla Kahlawan, Tehsil Shahkot, District Nankana Sahib, Punjab48.33	44.74	338 046
Manufacturing facility of Spinning	45-Km Lahore Multan Road, Dina Nath, Phool Nagar, Tehsil Pattoki, District Kasur, Punjab12.29	11.47	178 417

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

Description	Quantity	Cost	Accumulated depreciation	Net Book Value	Sale Proceeds	(Loss)/ Gain	Mode of disposal	Particulars of Purchasers
		RUPEES IN THOUSAND						
Plant and machinery								
Card DK-715	13	18,464	12,837	5,627	3,500	(2,127)	Negotiation	Iqbal and Sons, Karachi
Card DK-740	7	9,942	6,912	3,030	2,094	(936)	Negotiation	Ideal Trading Company, Faisalabad
Ring Frames EJM-128	18	46,891	30,323	16,568	27,540	10,972	Negotiation	Bombal Textile Mills (Private) Limited, Karachi.
Ring Frames EJM-128	11	28,655	18,531	10,124	12,650	2,526	Negotiation	Ali Akbar Textiles (Private) Limited, Kasur.
Auto Plucker, Trutzschler	1	11,686	9,222	2,464	4,359	1,895	Negotiation	Ideal Trading Company, Faisalabad
Simplex FA-415	4	7,543	4,382	3,161	1,949	(1,212)	Negotiation	Iqbal and Sons, Karachi
Drawing Finisher	1	1,886	1,096	790	10,500	9,710	Negotiation	Qasur Textile Mills (Private) Limited, Karachi.
FL-16 Simplex	3	5,657	3,287	2,370	2,564	194	Negotiation	Owais Usman Fibers, Lahore
Drawing / Breaker	10	18,857	10,956	7,901	1,282	(6,619)	Negotiation	Ideal Trading Company, Faisalabad
FL-16 Simplex	1	1,886	1,096	790	855	65	Negotiation	Waqas Rafiq International, Kasur.
Reiter D-35 Drawing Finisher	2	3,771	2,191	1,580	3,800	2,220	Negotiation	Bombal Textile Mills (Private) Limited, Karachi.
Ring Frames	5	13,025	8,423	4,602	300	(4,302)	Negotiation	Pervaiz Hussain Khan, Karachi
Schlafhorst-338	2	8,289	5,334	2,955	2,577	(378)	Negotiation	Iqbal and Sons, Karachi
Murata Machconer 7/11	3	12,433	8,002	4,431	2,051	(2,380)	Negotiation	Owais Usman Fibers, Lahore
Auto cone 7/11	1	4,144	2,667	1,477	250	(1,227)	Negotiation	Iqbal and Sons, Karachi
Murata Machconer 7/11	3	12,433	8,002	4,431	2,051	(2,380)	Negotiation	Ideal Trading Company, Faisalabad
A/C Humification Plant	1	6,453	5,381	1,072	2,137	1,065	Negotiation	Ideal Trading Company, Faisalabad
Dust Collecting System Filter Carding	1	3,616	3,009	607	1,068	461	Negotiation	Ideal Trading Company, Faisalabad
		215,631	141,651	73,980	81,527	7,547		
Vehicle								
Toyota Corolla AXQ-815	1	1,504	974	530	800	270	Negotiation	Iqbal and Sons, Karachi
Aggregate of other items of property, plant and equipment with individual book values not exceeding Rupees 500,000		80,978	71,589	9,389	16,663	7,274		
		298,113	**214,214**	**83,899**	**98,990**	**15,091**		

15.2 CAPITAL WORK-IN-PROGRESS

	2021				2020			
	Balance as at 01 July 2020	Additions	Transfer to operating fixed assets	Balance as at 30 June 2021	Balance as at 01 July 2019	Additions	Transfer to operating fixed assets	Balance as at 30 June 2020
	RUPEES IN THOUSAND							
Buildings and roads	-	886	(126)	760	-	-	-	-
Plant and machinery	270	169,335	(107,591)	62,014	390	34,879	(34,999)	270
Advance against purchase of vehicles	-	2,290	-	2,290	-	-	-	-
	270	172,511	(107,717)	65,064	390	34,879	(34,999)	270

16. INVESTMENT PROPERTIES

Balance as on 01 July	**287,792**	281,746
Add:		
Transferred from operating fixed assets	**4,661**	-
Fair value gain (Note 33)	**3,505**	6,046
	295,958	287,792
Less: Disposal	**28,229**	-
Balance as on 30 June	**267,729**	287,792

16.1 The fair value of investment properties of the Holding Company comprising freehold land and buildings thereon at Nishatabad, Faisalabad, Punjab has been determined on 30 June 2021 by an independent valuer, Messrs Evaluation Focused Consulting. The investment properties of the Holding Company comprise of 4.38 acres having covered area of 184 128 square feet.

16.2 Following the approval of the Board of Directors and subsequent ratification by the members of the Subsidiary Company through resolution passed in Extra-Ordinary General Meeting (EOGM) of the Subsidiary Company dated 24 November 2020, entire investment properties, major portion of plant and equipment along with leasehold land on which the investment properties were manufactured, have been sold during the year to Meko Denim Mills (Private) Limited against the aggregate consideration of Rupees 500 million.

16.3 Forced sales value of investment properties is Rupees 227.570 million (2020: Rupees 243.445 million inclusive of disposed of investment properties of Subsidiary Company).

17. INVESTMENTS IN EQUITY ACCOUNTED ASSOCIATES

17.1 Reconciliation of investments in associates under equity method:

	Shakarganj Limited		Jubilee Spinning & Weaving Milss Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited		Total	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)									
Cost	-	14,877	**427**	427	**75**	75	-	2,500	**502**	17,879
Share of post acquisition reserves:										
As at 01 July	**33,619**	46,832	**2,272**	1,845	**(75)**	(61)	**(486)**	(33)	**35,330**	48,583
Share of (loss) / profit after income tax (Note 17.1.1)	**(5,842)**	(7,440)	**(153)**	422	**(798)**	(1,139)	**(988)**	(453)	**(7,781)**	(8,610)
Share of other comprehensive income / (loss)	**(967)**	685	**11**	5	**1,782**	1,105	**-**	-	**826**	1,795
Share of items directly credited in equity	**294**	(1,393)	**-**	-	**-**	20	**-**	-	**294**	(1,373)
Partial disposal of investment	**-**	(5,065)	**-**	-	**-**	-	**-**	-	**-**	(5,065)
As at 30 June	**(6,515)**	(13,213)	**(142)**	427	**984**	(14)	**(988)**	(453)	**(6,661)**	(13,253)
	27,104	33,619	**2,130**	2,272	**909**	(75)	**(1,474)**	(486)	**28,669**	35,330
Adjustment of carrying amount of investment due to loss of significant influence	**(27,104)**	-	**-**	-	**-**	-	**1,474**	-	**(25,630)**	-
As at 30 June	**-**	48,496	**2,557**	2,699	**984**	-	**-**	2,014	**3,541**	53,209

17.1.1 Last year the share of loss in Premier Insurance Limited exceeded its total carrying amount by Rupees 0.095 million, therefore the excess amount was recognized in current year in these consolidated financial statements.

17.2 Summarized statement of financial position

	Shakarganj Limited		Jubilee Spinning & Weaving Milss Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited	
	As at 30 September 2020	As at 30 September 2019	As at 30 June 2020	As at 30 June 2019	As at 31 December 2020	As at 31 December 2019	As at 30 June 2020	As at 30 June 2019
	(RUPEES IN THOUSAND)							
Current assets	-	992,065	**139,342**	121,417	**1,761,455**	1,489,136	-	10,243
Non-current assets	-	12,358,918	**703,431**	696,778	**1,487,825**	1,468,163	-	16,953
		13,350,983	**842,773**	818,195	**3,249,280**	2,957,299		27,196
Current liabilities	-	4,170,356	**162,977**	125,248	**1,896,854**	1,782,882	-	6,439
Non-current liabilities	-	1,320,827	**12,352**	15,758	**15,518**	17,395	-	12,900
		5,491,183	**175,329**	141,006	**1,912,372**	1,800,277		19,339
Net assets	-	7,859,800	**667,444**	677,189	**1,336,908**	1,157,022	-	7,857
Reconciliation to carrying amounts:								
Opening balance	-	8,764,155	**677,189**	647,969	**1,157,022**	1,212,638	-	20,016
Movement in reserves	-	(140,684)	**-**	-	**-**	-	-	(8,076)
(Loss) / profit after income tax	-	(728,411)	**(10,481)**	28,891	**(117,112)**	(239,761)	-	(4,081)
Other comprehensive income / (loss)	-	63,412	**736**	329	**296,998**	184,145	-	-
Closing balance	-	7,958,472	**667,444**	677,189	**1,336,908**	1,157,022	-	7,859
Group's share (%)	-	0.99%	**1.46%**	1.46%	**0.60%**	0.60%	-	11.11%
Group's share and carrying amount	-	48,496	**2,557**	2,699	**984**	-	-	2,014

17.3 Summarized statement of comprehensive income

	Shakarganj Limited		Jubilee Spinning & Weaving Mills Limited		Premier Insurance Limited		Premier Financial Services (Private) Limited	
	As at 30 September 2020	As at 30 September 2019	As at 30 June 2020	As at 30 June 2019	As at 31 December 2020	As at 31 December 2019	As at 30 June 2020	As at 30 June 2019
	(RUPEES IN THOUSAND)							
Revenue	-	6,256,738	**7,336**	23,682	**195,194**	223,329	-	-
(Loss) / profit for the year	-	(728,411)	**(10,481)**	28,891	**(117,112)**	(239,761)	-	(4,081)
Other comprehensive income / (loss)	-	63,412	**736**	329	**296,998**	184,145	-	-
Total comprehensive income / (loss)	-	(664,999)	**(9,745)**	29,220	**179,886**	(55,616)	-	(4,081)

17.4 All companies are associated companies due to common directorship.

17.5 Interests in equity accounted associates

Name of associated company	Country of incorporation	% of ownership interest		Measurement method	Quoted fair value		Carrying amount	
		2021	2020		2021	2020	2021	2020
					(RUPEES IN THOUSAND)			
Shakarganj Limited (Note 17.5.1)	Pakistan	**-**	0.99%	Equity method	**-**	61,315	**-**	48,496
Jubilee Spinning and Weaving Mills Limited (Note 17.5.2)	Pakistan	**1.46%**	1.46%	Equity method	**2,694**	1,542	**2,557**	2,699
Premier Financial Services (Private) Limited (Note 17.5.3)	Pakistan	**-**	11.11%	Equity method	**-***	-*	**-**	2,014
Premier Insurance Limited (Note 17.5.4)	Pakistan	**0.60%**	0.60%	Equity method	**1,669**	1,517	**984**	-

17.5.1 Shakarganj Limited has ceased to be the associated company. Therefore the Group has reclassified its investment in Shakarganj Limited as investment in equity instruments at fair value through other comprehensive income. This resulted in gain of Rupees 51.577 million which has been recognized in consolidated statement of profit or loss as per provisions of IAS 28 'Investments in Associates and Joint Ventures'.

17.5.2 Jubilee Spinning and Weaving Mills Limited is engaged in the business of manufacturing and selling of yarn, buying, selling and otherwise dealing in yarn and raw cotton. The Company also operates electric power generation facilities.

17.5.3 Premier Financial Services (Private) Limited has ceased to be the associated company. Therefore the Group has reclassified its investment in Premier Financial Services (Private) Limited as investment in equity instruments at fair value through other comprehensive income. This resulted in loss of Rupees 0.153 million which has been recognized in consolidated statement of profit or loss as per provisions of IAS 28.

17.5.4 Premier Insurance Limited is engaged in general insurance business.

*No quoted price available.

	2021	2020
	(RUPEES IN THOUSAND)	
18. OTHER LONG TERM INVESTMENTS		
At fair value through other comprehensive income		
Quoted		
Crescent Fibres Limited 71 820 (2020: 71 820) ordinary shares of Rupees 10 each fully paid. Equity held 0.58% (2020: 0.58%)	**615**	615
Security Papers Limited 522 (2020: 522) ordinary shares of Rupees 10 each fully paid.	**1**	1
Unquoted		
Crescent Modaraba Management Company Limited 119 480 (2020: 119 480) ordinary shares of Rupees 10 each fully paid. Equity held 6.52% (2020: 6.52%)	**285**	285
Crescent Bahuman Limited 1 043 988 (2020: 1 043 988) ordinary shares of Rupees 10 each fully paid. Equity held 1.28% (2020: 1.28%)	**-**	-
Crescent Spinning Mills Limited 696 000 (2020: 696 000) ordinary shares of Rupees 10 each fully paid. Equity held 4.59% (2020: 4.59%)	**-**	-
Premier Financial Services (Private) Limited 2 500 (2020: 2 500) ordinary shares of Rupees 1,000 each fully paid. Equity held 11.11% (2020: Nil) (Note 17.5.3)	**873**	-
	1,774	901
Add: Fair value adjustment	**3,123**	684
	4,897	1,585

	2021	2020
	(RUPEES IN THOUSAND)	

19. LONG TERM ADVANCES

	2021	2020
Considered good:		
Employees - against salary	**355**	-
Less: Current portion shown under current assets (Note 24)	**240**	-
	115	-

19.1 These represent interest free loans given to employees for meeting their personal expenditure and are secured against balances to the credit of employees in the retirement benefit. These are recoverable in equal monthly installments.

19.2 The fair value adjustment in accordance with the requirements of IFRS 9 'Financial Instruments' arising in respect of staff loans is not considered material and hence not recognized.

20. DEFERRED INCOME TAX ASSET

	2021	2020
Taxable temporary difference		
Tax depreciation allowance	**(101,313)**	(105,917)
Deductible temporary differences		
Unused tax losses and minimum tax	**84,064**	119,105
Deferred income - Government grant	**849**	-
Provision for GIDC	**20,737**	-
Provision for gratuity	**37,892**	34,473
Investments in associates	**456**	5,300
Provision for doubtful receivables	**4,418**	5,535
	148,416	164,413
	47,103	58,496

	2021	2020
	(RUPEES IN THOUSAND)	

20.1 Movement in deferred income tax asset balance is as follows:

	2021	2020
At beginning of the year	**58,496**	46,776
Add / (less):		
- tax depreciation allowance	**4,604**	(7,585)
- provision for gratuity	**3,419**	7,037
- provision for GIDC	**849**	-
- deferred income - Government grant	**20,737**	-
- provision for doubtful receivables	**(1,117)**	2,103
- fair value reserve of investments	**-**	(173)
- investment in associates	**(4,844)**	(1,987)
- unused tax losses and minimum tax	**(35,041)**	12,325
Net movement of temporary differences (Note 20.1.1)	**(11,394)**	11,720
Closing deferred income tax liability	**47,103**	58,496

20.1.1 Charged to the consolidated statement of profit or loss:

	2021	2020
Net movement of temporary differences (Note 20.1)	**11,394**	(11,720)
- experience adjustment on gratuity	**7,064**	(22)
Charged to the consolidated statement of profit or loss	**18,458**	(11,742)

21. STORES, SPARE PARTS AND LOOSE TOOLS

	2021	2020
Stores	**22,640**	28,085
Spare parts	**43,674**	42,872
Loose tools	**164**	193
	66,478	71,150
Less: Provision for obsolete stores, spare parts and loose tools (Notes 21.1)	**-**	1,423
	66,478	69,727

		2021	2020
		(RUPEES IN THOUSAND)	
21.1	**Provision for obsolete stores, spare parts and loose tools**		
	Balance as on 01 July	**1,423**	**1,325**
	Add: Provision during the year	**-**	**98**
		1,423	**1,325**
	Less: Reversal during the year	**(1,423)**	**-**
	Balance as on 30 June	**-**	**1,423**

21.2 Entire stores, spare parts and loose tools of the Subsidiary Company have been disposed of during the year against consideration of Rupees 1.137 million. The provision for obsolete stores, spare parts and loose tools has been adjusted with book value of stores, spare parts and loose tools.

22. STOCK-IN-TRADE

	2021	2020
Raw materials (Note 22.1)	**295,438**	292,986
Work-in-process	**30,777**	26,831
Finished goods (Note 22.2)	**160,066**	215,800
Waste	**1,806**	4,564
	488,087	540,181

22.1 These include stock in transit of Rupees 15.165 million (2020: Rupees 0.607 million).

22.2 These include stock of Rupees 155.730 million (2020: Rupees 78.329 million) sent to outside parties for weaving.

23. TRADE DEBTS

Considered good:

	2021	2020
Unsecured	**197,994**	287,648
Less: Allowance for expected credit lossess (Note 23.4)	**3,475**	7,327
	194,519	280,321

23.1 As at 30 June 2021, trade debts of Rupees 98.305 million (2020: Rupees 163.730 million) were past due but not impaired. These relate to a number of independent customers from whom there is no recent history of default. The ageing analysis of these trade debts is as follows:

	2021	2020
Upto 1 month	**93,664**	32,686
1 to 6 months	**2,174**	93,780
More than 6 months	**2,467**	37,264
	98,305	163,730

	2021	2020
	(RUPEES IN THOUSAND)	

23.2 Trade debts in respect of foreign and local jurisdictions are as follows:

	2021	2020
America	**16,056**	-
Africa	**53,500**	93,173
Europe	**17,385**	-
Pakistan	**107,578**	187,148
	194,519	280,321

23.3 Revenue from the sale of goods is recognized at the time of delivery, while payment is generally due within 30 to 45 days from delivery in case of local sales, and 30 to 90 days in case of export sales.

23.4 **Allowance for expected credit losses**

	2021	2020
As at 01 July	**7,327**	10,761
Add: Recognized during the year (Note 32)	**1,763**	3,898
	9,090	14,659
Less: Bad debts written off	**-**	(7,332)
Recovered during the year (Note 33)	**(5,615)**	-
	(5,615)	(7,332)
As at 30 June	**3,475**	7,327

24. LOANS AND ADVANCES

Considered good:

	2021	2020
Employees - interest free:		
Against expenses	**4,382**	5,922
Against salary	**875**	482
	5,257	6,404
Current portion of long term advances (Note 19)	**240**	-
Advances to suppliers / contractors / service providers	**10,255**	51,282
Letter of credit	**379**	161
	16,131	57,847

	2021	2020
	(RUPEES IN THOUSAND)	

25. DEPOSIT AND OTHER RECEIVABLES

	2021	2020
Considered good:		
Sales tax and excise duty refundable	**64,340**	116,255
Profit on deposits with banks receivable	**1,793**	3,262
Duty drawback and export rebate	**10,505**	650
Margin deposits	**1,562**	255
Others	**74,445**	77,507
Prepayments	**2,020**	3,311
	154,665	201,240
Less: Allowance for doubtful other receivables	**11,760**	11,760
	142,905	189,480

26. SHORT TERM INVESTMENTS

At fair value through other comprehensive income

	2021	2020
Quoted		
Samba Bank Limited 2 579 313 (2020: 2 579 313) ordinary shares of Rupees 10 each fully paid. Equity held 0.26% (2020: 0.26%)	**7,091**	7,091
The Crescent Textile Mills Limited 4 026 391 (2020: 4 359 891) ordinary shares of Rupees 10 each fully paid. Equity held 5.03% (2020: 5.45%)	**75,939**	82,228
Shakarganj Limited 1 143 693 (2020: 1 238 693) ordinary shares of Rupees 10 each fully paid. Equity held 0.91% (2020: 0.99%) (Note 17.5.1)	**40,601**	-
	123,631	89,319
Add: Fair value adjustment	**57,827**	21,599
	181,458	110,918

	2021	2020
	(RUPEES IN THOUSAND)	

27. CASH AND BANK BALANCES

	2021	2020
With banks:		
Current accounts	**243,010**	41,635
PLS / Deposit account (Note 27.1)	**395,493**	2,800
	638,503	44,435
Cash in hand	**677**	634
	639,180	45,069

27.1 Rate of profit on PLS / deposit accounts was ranging from 5.75% to 7% (2020: 7.40 percent) per annum.

28. REVENUE

Revenue from contracts with customers:

	2021	2020
Local sales (Note 28.1)	4,761,200	5,149,890
Export sales (Note 28.2)	634,423	365,392
Export rebate and duty drawback	10,320	1,902
	5,405,943	5,517,184

28.1 Local Sales

	2021	2020
Yarn	**5,489,048**	5,883,780
CMT income	**-**	731
Cloth	**5,753**	37,894
Waste	**34,006**	46,817
	5,528,807	5,969,222
Less: Sales tax	**767,607**	819,332
	4,761,200	5,149,890

28.2 Export Sales

	2021	2020
Yarn	**-**	2,322
Cloth	**297,607**	352,427
Hosiery	**118,284**	10,643
Made-ups	**218,532**	-
	634,423	365,392

28.3 The Group has recognized revenue of Rupees 80.503 million (2020: Rupees 36.875 million) from amounts included in contract liabilities at the year end.

28.4 The revenue has been recognized at the point of time when the goods have been transferred to the customers.

		2021	2020
		(RUPEES IN THOUSAND)	
29.	**COST OF SALES**		
	Raw materials consumed	**3,062,348**	3,871,272
	Salaries, wages and other benefits (Note 30.1)	**341,042**	383,080
	Stores, spare parts and loose tools consumed	**150,096**	137,962
	Fuel and power	**747,761**	755,067
	Outside weaving / other charges	**122,374**	23,283
	Other manufacturing overheads	**20,395**	11,149
	Insurance	**8,432**	8,853
	Repair and maintenance	**2,134**	1,796
	Depreciation (Note 15.1.3)	**72,634**	76,961
		4,527,216	5,269,423
	Work-in-process		
	Opening stock	**26,831**	37,241
	Closing stock	**(30,777)**	(26,831)
		(3,946)	10,410
	Cost of goods manufactured	**4,523,270**	5,279,833
	Finished goods		
	Opening stock	**220,364**	80,343
	Closing stock	**(161,872)**	(220,364)
		58,492	(140,021)
		4,581,762	5,139,812
	Cost of goods purchased for resale	**98,558**	12,014
		4,680,320	5,151,826

29.1 Salaries, wages and other benefits include staff retirement benefit amounting to Rupees 21.934 million (2020: Rupees 29.341 million).

30.	**DISTRIBUTION COST**		
	Freight and forwarding	**31,337**	24,734
	Commission to selling agents	**30,919**	20,940
	Insurance	**348**	624
	Loading and handling	**9,579**	7,829
	Others	**2,052**	566
		74,235	54,693

		2021	2020
		(RUPEES IN THOUSAND)	
31.	**ADMINISTRATIVE EXPENSES**		
	Salaries and other benefits (Note 31.1)	**128,723**	119,294
	Workers' welfare	**2,860**	2,458
	Traveling and conveyance	**5,193**	4,678
	Insurance	**3,701**	2,653
	Rent, rates and taxes	**5,627**	6,036
	Entertainment	**3,769**	2,705
	Fee and subscription	**2,250**	1,528
	Communication	**2,539**	2,851
	Vehicles' running	**16,781**	14,981
	Repair and maintenance	**10,379**	8,592
	Utilities	**8,470**	7,664
	Printing and stationery	**1,755**	1,686
	Books and periodicals	**47**	51
	Advertisement	**533**	50
	Auditors' remuneration:		
	Statutory audit - standalone	**1,505**	1,325
	Statutory audit - consolidation	**150**	150
	Other certifications including half yearly review	**400**	400
	Out of pocket expenses	**45**	45
		2,100	1,920
	Legal and professional	**9,110**	3,468
	Miscellaneous	**5,065**	4,442
	Depreciation (Note 15.1.3)	**6,452**	4,846
		215,354	189,903

32.1 Salaries and other benefits include staff retirement benefit amounting to Rupees 9.710 million (2020: Rupees 9.289 million).

33.	**OTHER EXPENSES**		
	Donations (Note 32.1)	**18**	179
	Workers' profit participation fund (Note 10.2)	**21,335**	2,446
	Loss on sale of stores, spare parts and loose tools	**6,279**	-
	Net exchange loss	**5,311**	-
	Trade debts / debit balances written off	**24**	172
	De-recognition of accrued interest on debt instruments	**-**	153
	Allowance for expected credit losses (Note 23.4)	**1,763**	3,898
	Provision for obsolete stores, spare parts and loose tools	**-**	98
	Workers' welfare fund (Note 10)	**7,046**	-
	Loss due to loss of significant influence over investee company (Note 17.5.3)	**153**	-
		41,929	6,946

		2021	2020
		(RUPEES IN THOUSAND)	
33.1	There is no interest of any director or his / her spouse in donees' fund.		
34.	**OTHER INCOME**		
	Income from financial assets		
	Exchange gain	**-**	8,786
	Reversal of allowance for expected credit losses (Note 23.4)	**5,615**	-
	Profit on PLS / deposit accounts	**10,166**	207
	Gain on sale of investments	**-**	2,136
	Gain due to loss of significant influence over investee company (Note 17.5.1)	**51,577**	-
	Profit on sale of right offer	**2,078**	-
	Dividend income (Note 33.1)	**1,939**	2,620
		71,375	13,749
	Income from non-financial assets		
	Rental income	**28,807**	25,319
	Scrap sales	**1,386**	990
	Gain on sale of property, plant, equipment and leasehold land	**485,625**	344
	Amortization of deferred grant (Note 9.2)	**5,019**	-
	Gain on remeasurement of GIDC liability (Note 9.3)	**8,191**	-
	Credit balances written back	**3,415**	-
	Gain on remeasurement of fair value of investment properties (Note 16)	**3,505**	6,046
		535,948	32,699
		607,323	46,448
34.1	**FINANCE COST**		
	Mark-up / interest on:		
	Long term financing	**27,344**	30,495
	Short term borrowings	**47,672**	70,601
	Workers' profit participation fund (Note 10.2)	**174**	-
	Unwinding of discount on GIDC payable (Note 9.3)	**5,450**	-
	Bank charges and commission	**6,358**	3,174
		86,998	104,270
35.	**TAXATION**		
	Current:		
	For the year (Note 35.1)	**77,378**	81,415
	Prior year	**(12,445)**	(41,337)
		64,933	40,078
	Deferred (Note 20.1.1)	**18,458**	(11,742)
		83,391	28,336

35.1 Provision for current taxation represents the final tax against export sales, minimum tax on local sales and tax on different heads of other income under the relevant provisions of the Income Tax Ordinance, 2001. Unused tax losses of the Holding Company represents unabsorbed depreciation amounting to Rupees 128.928 million (2020: Rupees 337.374 million). Total minimum tax available for carry forward by Holding Company under section 113 of the Income Tax Ordinance, 2001 as at 30 June 2021 is of Rupees 368.280 million, while deferred income tax asset is recognized on minimum tax to the extent of Rupees 46.675 million. Reconciliation of tax expenses and product of accounting profit multiplied by the applicable tax rate is not required in view of unused tax losses of the Holding Company.

35.2 The minimum tax would expire as follows:

Accounting year to which the minimum tax relates	Amount of minimum tax	Accounting year in which minimum tax will expire
	RUPEES IN THOUSAND	
2021	71,491	2026
2020	77,248	2025
2019	89,066	2024
2018	69,251	2023
2017	37,207	2022
2016	24,017	2021
	368,280	

36. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED

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

		2021	2020
Profit attributable to ordinary shareholders of the Holding Company	(Rupees in thousand)	**823,259**	19,048
Weighted average number of ordinary shares	(Numbers)	**22 660 126**	22 660 126
Earnings per share	(Rupees)	**36.33**	0.84

	2021	2020
	(RUPEES IN THOUSAND)	

37. CASH GENERATED FROM OPERATIONS

	2021	2020
Profit before taxation	**906,649**	47,384
Adjustments for non cash charges and other items:		
Depreciation	**79,086**	81,807
Provision for employees' retirement benefit	**31,644**	38,630
Gain on sale of property, plant, equipment and leasehold land	**(485,625)**	(344)
Gain on remeasurement of fair value of investment properties	**(3,505)**	(6,046)
Gain on sale of investment	**-**	(2,136)
Share of loss from equity accounted associates	**7,781**	8,610
Allowance for expected credit losses	**(3,852)**	3,898
Trade debts / debit balances written off	**24**	172
De-recognition of accrued interest on debt instruments	**-**	153
Gain on remeasurement of GIDC liability	**(8,191)**	-
Amortization of dererred grant	**(5,019)**	-
Provision for obsolete stores, spare parts and loose tools	**-**	98
Credit balance written back	**(3,415)**	-
Gain due to loss of significant influence over investee company	**(51,577)**	-
Loss due to loss of significant influence over investee company	**153**	-
Finance cost	**86,998**	104,270
Working capital changes (Note 37.1)	**253,039**	(210,173)
	804,190	66,323

37.1 Working capital changes

Decrease / (increase) in current assets

	2021	2020
Stores, spare parts and loose tools	**3,249**	8,216
Stock-in-trade	**52,094**	(65,575)
Trade debts	**89,630**	(84,057)
Loans and advances	**41,716**	8,573
Deposits, prepayments and other receivables	**46,575**	(28,093)
	233,264	(160,936)
Increase / (decrease) trade and other payables	**19,775**	(49,237)
	253,039	(210,173)

37.2 Reconciliation of movement of liabilities to cash flows arising from financing activities:

	2021			
	Long term financing	Short term financing	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)			
Balance as at 01 July	225,539	846,269	3,980	1,075,788
Financing obtained	155,205	-	-	155,205
Short term borrowings obtained - net	-	(472,565)	-	(472,565)
Repayment of financing	(70,538)	-	-	(70,538)
Dividend paid	-	-	(9)	(9)
Balance as at 30 June	310,206	373,704	3,971	687,881

	2020			
	Long term financing	Short term financing	Unclaimed dividend	Total
	(RUPEES IN THOUSAND)			
Balance as at 01 July	190,136	665,837	4,028	860,001
Financing obtained	76,907	-	-	76,907
Short term borrowings obtained - net	-	180,432	-	180,432
Repayment of financing	(41,504)	-	-	(41,504)
Dividend paid	-	-	(48)	(48)
Balance as at 30 June	225,539	846,269	3,980	1,075,788

38. TRANSACTIONS WITH RELATED PARTIES

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

Name of Company	Basis of relationship	Nature of transaction	2021	2020
			(RUPEES IN THOUSAND)	
Associated company				
Premier Insurance Limited	Common directorship	Insurance premium	11,804	11,502
Other related parties				
Directors / executives / sponsors	Members of Board of Directors, key management personnel and sponsors	Loan (paid) / received-net	(9,586)	15,434

38.1 Detail of compensation to key management personnel comprising of Chief Executive Officer, Directors and Executives is given in Note 39.

39. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

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

	Chief Executive Officer		Directors		Executives	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Managerial remuneration	**7,345**	7,502	**11,148**	10,019	**18,493**	20,632
Allowances:						
Housing	**3,305**	3,376	**5,017**	4,446	**8,322**	9,221
Utilities	**735**	750	**1,115**	988	**1,850**	2,049
Group insurance	**-**	-	**11**	11	**11**	34
Reimbursable expenses	**735**	750	**1,115**	988	**1,850**	2,038
	12,120	12,378	**18,406**	16,452	**30,526**	33,974
Number of persons	**1**	1	**2** (Note 39.4)	2	**6**	6

39.1 Aggregate amount charged in these consolidated financial statements for meeting fee to five directors of the Holding Company (2020: five directors) was Rupees 640,000 (2020: Rupees 620,000).

39.2 The Chief Executive Officer, Directors and Executives of the Holding Company are provided with Company maintained vehicles.

39.3 Apart from the meeting fee as disclosed in Note 40.1, no remuneration was paid to non-executive directors of the Holding Company.

39.4 Mr. Muhammad Arshad, Chief Executive Officer (CEO) of the Holding Company died on 13 June 2021. Afterwards, Mr. Abid Mehmood, already a director, became the succeeding CEO of the Holding Company with effect from 24 June 2021. Hence the remuneration of Mr. Abid Mehmood has been included in the remuneration of CEO since 24 June 2021.

		2021	2020
		(NUMBER OF PERSONS)	
40.	**NUMBER OF EMPLOYEES**		
	Number of employees as on 30 June	**1 597**	**991**
	Average number of employees during the year	**1 310**	**1 006**

40.1 These include only permanent employees of the Group.

41. SEGMENT INFORMATION

	Textiles		Trading		Elimination of inter - segment transactions		Total - Group	
	2021	**2020**	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
	-----------------------------------	----------	----------	(RUPEES IN THOUSAND)	----------	----------	----------	----------
Revenue								
External	**4,884,887**	5,132,369	**521,056**	384,815	**-**		**5,405,943**	5,517,184
Intersegment	**240,927**	383,618	**-**	-	**(240,927)**		**-**	-
	5,125,814	5,515,987	**521,056**	384,815	**(240,927)**	(383,618)	**5,405,943**	5,517,184
Cost of sales	**(4,469,165)**	(5,194,522)	**(452,082)**	(340,922)	**240,927**	(383,618)	**(4,680,320)**	(5,151,826)
Gross profit	**656,649**	321,465	**68,974**	43,893	**-**	383,618	**725,623**	365,358
						-		
Distribution cost	**(43,635)**	(35,965)	**(30,600)**	(18,728)	**-**		**(74,235)**	(54,693)
Administrative expenses	**(213,921)**	(185,337)	**(1,433)**	(4,565)	**-**	-	**(215,354)**	(189,903)
Other income	**607,323**	37,778	**-**	8,670	**-**	-	**607,323**	46,448
Finance cost	**(83,928)**	(102,357)	**(3,070)**	(1,913)	**-**	-	**(86,998)**	(104,270)
						-		
Profit before taxation and unallocated expenses	**922,488**	35,584	**33,871**	27,357	**-**	-	**956,359**	62,940
Other expenses							**(41,929)**	(6,946)
Share of loss from equity accounted investees							**(7,781)**	(8,610)
Taxation							**(83,391)**	(28,336)
Profit after taxation							**823,259**	19,048

42. Reconciliation of reportable segment assets and liabilities:

	Textiles		Trading		Total - Group	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Total assets for reportable segments	**7,070,049**	6,650,276	**73,213**	94,141	**7,143,262**	6,744,417
Unallocated assets:						
Investments in equity accounted investees					**3,541**	53,209
Deferred income tax asset					**47,103**	58,496
Total assets as per consolidated statement of financial position					**7,193,906**	6,856,122
Total liabilities for reportable segments	**1,562,804**	1,955,295	**49,113**	22,056	**1,611,917**	1,977,351
Unallocated liability:						
Provision for taxation					**77,378**	171,468
Total liabilities as per consolidated statement of financial position					**1,689,295**	2,148,819

42.2 Geographical information

The Group's revenue from external customers by geographical location is detailed below:

	Textiles		Trading		Total - Group	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Africa	**-**	-	**289,267**	352,426	**289,267**	352,426
America	**126,095**	14,868	**16,867**	-	**142,962**	14,868
Asia	**2,509**	-	**210,005**	-	**212,514**	-
Pakistan	**4,756,283**	5,117,501	**4,917**	32,389	**4,761,200**	5,149,890
	4,884,887	5,132,369	**521,056**	384,815	**5,405,943**	5,517,184

42.3 All non-current assets of the Group as at reporting date are located and operated in Pakistan.

42.4 Revenue from major customers

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

42.5 The Group's revenue from external customers in respect of product is detailed below:

	Textiles		Trading		Total - Group	
	2021	2020	2021	2020	2021	2020
	(RUPEES IN THOUSAND)					
Major products/service lines						
Yarn / waste / others	**4,761,156**	5,121,101	**-**	-	**4,761,156**	5,121,101
Cloth	**-**	-	**302,524**	384,815	**302,524**	384,815
Hosiery	**123,731**	10,643	**-**	-	**123,731**	10,643
Made-ups	**-**	-	**218,532**	-	**218,532**	-
CMT income	**-**	625	**-**	-	**-**	625
	4,884,887	5,132,369	**521,056**	384,815	**5,405,943**	5,517,184

42. INTERESTS IN OTHER ENTITIES

Non-Controlling Interest (NCI)

Set out below is summarized financial information for Crescot Mills Limited - Subsidiary Company that has non-controlling interest which is material to the Group. The amount disclosed for Subsidiary Company is before inter-company eliminations.

	2020	2019
	(RUPEES IN THOUSAND)	
Summarized statement of financial position		
Current assets	**502,400**	18,342
Current liabilities	**(23,487)**	(24,506)
Net current assets / (liabilities)	**478,913**	(6,164)
Non-current assets	**3,100**	24,854
Net assets	**482,013**	18,690
Accumulated non-controlling interest	**163,161**	6,327
Summarized statement of comprehensive income		
Income	**482,276**	4,282
Profit for the year	**463,323**	1,336
Other comprehensive income	**-**	-
Total comprehensive income	**463,323**	1,336
Profit allocated to non-controlling interest	**156,835**	452
Summarized cash flows		
Cash flows used in operating activities	**(4,338)**	-
Cash flows from investing activities	**497,400**	-
Cash flows from financing activities	**-**	-
Net increase in cash and cash equivalents	**493,062**	-

43. PLANT CAPACITY AND ACTUAL PRODUCTION

			2021	2020
a)	**Holding Company - Crescent Cotton Mills Limited**			
	Spinning:			
	100% plant capacity converted to 20s count based on 3 shifts per day for 1095 shifts (2020: 1060 shifts)	Kgs.	**19 042 148**	26 654 697
	Actual production converted to 20s count based on 3 shifts per day for 1095 shifts (2020: 1060 shifts)	Kgs.	**18 083 980**	23 681 117

Embroidery and Hosiery:
Capacity of such units cannot be determined due to nature of their operations.

b) **Subsidiary Company - Crescot Mills Limited**
Crescot Mills Limited has ceased its operations since August 1998.

43.1 Reason For Low Production

The under utilization of available capacity of spinning segment is mainly due to normal repair and maintenance. The Holding Company, following the approval of the Board of Directors (BOD) of the Holding Company by resolution through circulation on 10 October 2020, which was later ratified and approved in the BOD's meeting dated 29 October 2020, has disposed of entire plant and machinery related to Spinning Unit at S.I.T.E. Kotri, District Jamshoro. Therefore, the available capacity of the Company has reduced.

44. FINANCIAL RISK MANAGEMENT

44.1 Financial risk factors

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

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

a) **Market risk**

(i) **Currency risk**

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

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

	2021	2020
Trade debts - USD	**550,953**	553,778
Trade and other payables - CNY	**(1,785,000)**	-

Following significant exchange rates were applied during the year:

Rupees per US Dollar		
Average rate	**163.03**	164.00
Reporting date rate	**157.80**	168.25
Rupees per CNY		
Average rate	**24.38**	-
Reporting date rate	**24.76**	-

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the USD with all other variables held constant, the impact on profit after taxation for the year would have been Rupees 1.990 million (2020: Rupees 4.426 million) higher / lower mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. Currency risk sensitivity to foreign exchange movements has been calculated on a symmetric basis.

(ii) **Other price risk**

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

Sensitivity analysis

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

Index	Impact on statement of other comprehensive income (fair value reserve)	
	2021	2020
	(RUPEES IN THOUSAND)	
PSX 100 (5% increase)	**9,299**	5,625
PSX 100 (5% decrease)	**(9,299)**	(5,625)

(iii) Interest rate risk

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

The Group's interest rate risk arises from PLS / deposit accounts, long term financing and short term borrowings. Financial instruments obtained at variable rates expose the Group to cash flow interest rate risk. Financial instruments at fixed rate expose the Group to fair value interest rate risk.

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

Fixed rate instruments		
Financial assets		
Bank balance - PLS / deposit accounts	**395,493**	2,800
Financial liabilities		
Long term finance	**136,522**	76,054
Floating rate instruments		
Financial liabilities		
Long term financing	**170,525**	149,485
Short term borrowings	**78,033**	525,011

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, profit after taxation for the year would have been Rupees 2.314 million (2020: Rupees 6.408 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate financial instruments. This analysis is prepared assuming that amounts of financial instruments outstanding at reporting date were outstanding for the whole year.

b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties and continually assessing the credit worthiness of counterparties. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2021	2020
	(RUPEES IN THOUSAND)	
Investments	**186,355**	112,503
Loans and advances	**1,230**	482
Deposits	**5,467**	5,466
Trade debts	**194,519**	280,321
Other receivables	**63,700**	69,009
Bank balances	**638,503**	44,435
	1,089,774	512,216

Credit risk primarily arises from trade debts, investments, balances with banks, other receivables, deposits, loans and advances. To manage exposure to credit risk in respect of trade debts, management performs credit reviews taking into account the customer's financial position, past experience and other relevant factors. Where considered necessary, advance payments are obtained from certain parties. Credit risk on bank balances is limited as the counterparties are banks with reasonably high crediting ratings. The management has set a maximum credit period limit for each type of customers in order to reduce the credit risk.

The Company applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade debts. Management uses actual historical credit loss experience, credit risk characteristics and past days due, adjusted for forward-looking factors specific to the debtors and the economic environment to determine expected credit loss allowance.

Based on the past experience and deliberations management has recognized expected credit losses in respect of trade debts as given in Note 23.4 to the financial statements.

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

	Rating			2021	2020
	Short Term	Long Term	Agency	(RUPEES IN THOUSAND)	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	**60,849**	3,132
Allied Bank Limited	A1+	AAA	PACRA	**89**	59
Bank Alfalah Limited	A1+	AA+	PACRA	**3,470**	7,734
Habib Bank Limited	A-1+	AAA	VIS	**21,072**	4,109
Habib Metropolitan Bank Limited	A1+	AA+	PACRA	**311,337**	6,211
MCB Bank Limited	A1+	AAA	PACRA	**4,798**	56
United Bank Limited	A-1+	AAA	VIS	**7,910**	9,647
Askari Bank Limited	A1+	AA+	PACRA	**977**	3,312
Bank Al-Habib Limited	A1+	AA+	PACRA	**4,155**	1,189
The Bank of Punjab	A1+	AA+	PACRA	**1,041**	251
JS Bank Limited	A1+	AA-	PACRA	**200,539**	19
Faysal Bank Limited	A1+	AA	PACRA	**57**	76
Sindh Bank Limited	A-1	A+	VIS	**75**	89
Meezan Bank Limited	A-1+	AAA	VIS	**22,099**	8,492
MCB Islamic Bank Limited	A1	A	PACRA	**35**	59
				638,503	44,435

The Group's exposure to credit risk and allowances for expected credit losses related to trade debts is disclosed in Note 23.

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

c) Liquidity risk

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

The Group manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. At 30 June 2021, the Holding Company had Rupees 1,181.760 million (2020: Rupees 724.989 million) available borrowing limits from financial institutions. Moreover the Group had Rupees 639.180 million (2020: Rupees 45.069 million) cash and bank balances. Management believes the liquidity risk to be low. Following are the contractual maturities of financial liabilities, including interest payments. The amounts disclosed in the tables are undiscounted cash flows.

	Carrying Amount	Contractual cash flows	6 months or less	6-12 months	1-2 Years	More than 2 Years
	RUPEES IN THOUSAND					
Contractual maturities of financial liabilities as at 30 June 2021:						
Non-derivative financial liabilities:						
Long term financing	307,047	333,352	67,676	65,595	94,732	105,349
Trade and other payables	568,381	568,381	568,381	-	-	-
Unclaimed dividend	3,971	3,971	3,971	-	-	-
Accrued mark-up	25,825	25,825	25,825	-	-	-
Short term borrowings	373,704	377,445	377,445	-	-	-
	1,278,928	1,308,974	1,043,298	65,595	94,732	105,349
Contractual maturities of financial liabilities as at 30 June 2020:						
Non-derivative financial liabilities:						
Long term financing	225,539	289,927	18,511	36,440	77,655	157,321
Trade and other payables	546,861	546,861	546,861	-	-	-
Unclaimed dividend	3,980	3,980	3,980	-	-	-
Accrued mark-up	37,911	37,911	37,911	-	-	-
Short term borrowings	846,269	880,229	880,229	-	-	-
	1,660,560	1,758,908	1,487,492	36,440	77,655	157,321

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark-up rates effective at the year end. The rates of interest / mark-up have been disclosed in Note 8 and Note 12 to these consolidated financial statements.

44.2 Financial instruments by categories

	2021			2020		
	At amortized cost	At FVTOCI	Total	At amortized cost	At FVTOCI	Total
	RUPEES IN THOUSAND					
Assets as per consolidated statement of financial position						
Investments	**-**	**186,355**	**186,355**	-	112,503	112,503
Loans and advances	**1,230**	**-**	**1,230**	482	-	482
Deposits	**5,467**	**-**	**5,467**	5,466	-	5,466
Trade debts	**194,519**	**-**	**194,519**	280,321	-	280,321
Other receivables	**63,700**	**-**	**63,700**	69,009	-	69,009
Cash and bank balances	**639,180**	**-**	**639,180**	45,069	-	45,069
	904,096	**186,355**	**1,090,451**	400,347	112,503	512,850

	2021	2020
	Financial liabilities at amortized cost	
	(RUPEES IN THOUSAND)	
Liabilities as per consolidated statement of financial position		
Long term financing	**307,047**	225,539
Accrued mark-up	**25,825**	37,911
Short term borrowings	**373,704**	846,269
Trade and other payables	**568,381**	546,861
Unclaimed dividend	**3,971**	3,980
	1,278,928	1,660,560

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

	2021			2020		
	Financial assets	Other than financial assets	Total as per statement of financial position	Financial assets	Other than financial assets	Total as per statement of financial position
	RUPEES IN THOUSAND					
Assets as per consolidated statement of financial position						
Investments	**1,230**	**15,016**	**16,246**	482	57,365	57,847
Loans and advances	**5,467**	**-**	**5,467**	5,466	-	5,466
Deposits	**194,519**	**-**	**194,519**	280,321	-	280,321
Trade debts	**66,498**	**74,845**	**141,343**	72,320	116,905	189,225
Other receivables	**639,180**	**-**	**639,180**	45,069	-	45,069
Cash and bank balances	**186,355**	**3,541**	**189,896**	112,503	53,209	165,712
	1,093,249	**93,402**	**1,186,651**	516,161	227,479	743,640

	2021			2020		
	Financial liabilities	Other than financial liabilities	Total as per statement of financial position	Financial liabilities	Other than financial liabilities	Total as per statement of financial position
	RUPEES IN THOUSAND					
Liabilities as per statement of financial position						
Long term financing	**307,047**	**-**	**307,047**	225,539	-	225,539
Trade and other payables	**568,381**	**111,583**	**679,964**	546,861	94,840	641,701
Unclaimed dividend	**3,971**	**-**	**3,971**	3,980	-	3,980
Accrued mark-up	**25,825**	**-**	**25,825**	37,911	-	37,911
Short term borrowings	**373,704**	**-**	**373,704**	846,269	-	846,269
	1,278,928	**111,583**	**1,390,511**	1,660,560	94,840	1,755,400

44.4 Offsetting financial assets and financial liabilities

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

44.5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend to be paid to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry and the requirements of the lenders, the Group monitors the capital structure on the basis of gearing ratio. This ratio is calculated as borrowings divided by total capital employed. Borrowings represent long term financing and short term borrowings obtained by the Group as referred to in Note 8 and Note 12, respectively. Total capital employed includes 'total equity' as shown in the consolidated statement of financial position plus 'borrowings'.

		2021	2020
Borrowings	Rupees in thousand	**680,751**	1,071,808
Total equity	Rupees in thousand	**5,504,611**	4,707,303
Total capital employed	Rupees in thousand	**6,185,362**	5,779,111
Gearing ratio	Percentage	**11.01**	18.55

Increase in gearing ratio resulted primarily from increase in borrowings of the Group.

45. FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

(i) Fair value hierarchy

Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. The judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into three levels. An explanation of each level follows underneath the table.

Recurring fair value measurements At 30 June 2021	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Financial assets				
At fair value through other comprehensive income	185,986	-	369	186,355
Total financial assets	185,986	-	369	186,355

Recurring fair value measurements At 30 June 2020	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Financial assets				
At fair value through other comprehensive income	112,503	-	-	112,503
Total financial assets	112,503	-	-	112,503

The above table does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to the short-term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. Further there was no transfer in and out of level 3 measurements except for the transfer of investment in equity accounted investee which was ceased to be associates due to loss of significant influence.
The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

Level 1: The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1.

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

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

(ii) Valuation techniques used to determine fair values

Specific valuation technique used to value listed financial instruments was the use of quoted market prices.

46. FAIR VALUE MEASUREMENTS - NON-FINANCIAL ASSETS

(i) Fair value hierarchy

Judgments and estimates are made in determining the fair values of the non-financial assets that are recognized and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its non-financial assets into the following three levels.

At 30 June 2021	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Investment properties	-	267,729	-	267,729
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,384,510	-	4,384,510

At 30 June 2020	Level 1	Level 2	Level 3	Total
	RUPEES IN THOUSAND			
Investment properties	-	287,792	-	287,792
Freehold land	-	4,116,781	-	4,116,781
Total non-financial assets	-	4,404,573	-	4,404,573

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

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

(ii) Valuation techniques used to determine level 2 fair values

The Group obtains independent valuations for its investment properties annually and for its freehold land (classified as property, plant and equipment) at least after every three years. The management updates the assessment of the fair value of each property, taking into account the most recent independent valuations. The management determines property's value within a range of reasonable fair value estimates. The best evidence of fair value of freehold land is current prices in an active market for similar lands. The best evidence of fair value of buildings is to calculate fair depreciated market value by applying an appropriate annual rate of depreciation on the new construction / replacement value of the same building.

Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at the end of each financial year and for freehold land at least after every three years. As at 30 June 2021, the fair value of the investment properties has been determined by Messrs Evaluation Focussed Consulting. The valuation of freehold land has been performed by Messrs Evaluation Focussed Consulting as at 30 June 2019.

Changes in fair values are analyzed at each reporting date during the annual valuation discussion between the Chief Financial Officer of the Holding Company and the valuer. As part of this discussion the team presents report which explains the reason for the fair value movements.

47. DATE OF AUTHORIZATION

These consolidated financial statements were authorized for issue on October 06, 2021 by the Board of Directors of the Holding Company.

48. CORRESPONDING FIGURES

Corresponding figures have been rearranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made except for the following:

Particulars	RECLASSIFICATION		AMOUNT
	FROM	TO	Rupees in Thousand
Gas Infrastructure Development Cess (GIDC) payable	Trade and other payables	Current portion of deferred liabilities	94,875
Income tax	Prepayments and balances with statutory authority	Face of statement of financial position	227,912
Share of associates' reserve	Revenue reserves	Capital reserves	53,442
Deposits, prepayments and other receivables	Prepayments and balances with statutory authority	Deposits, prepayments and other receivables	119,566
Employees' retirement benefit	Employees' retirement benefit	Deferred liabilities	127,076
Loans and advances	Loans and advances	Other receivables	11,851

49. GENERAL

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

CHIEF EXECUTIVE OFFICER

DIRECTOR

CHIEF FINANCIAL OFFICER

CCML
Crescent Cotton Mills Ltd.

FORM OF PROXY
Annual General Meeting

I/We____of __________ a member/members of **Crescent Cotton Mills Limited** and holder of ___________ shares as per Folio #__________ /CDC Participant's ID #________and Sub Account # __________ /CDC Investor Account ID #___________ do hereby appoint ____ of _____________ or failing him ____ of _______________ who is also member of the Company vide Folio No. ___________ /CDC Participant's ID #________ and Sub Account # __________ /CDC Investor Account ID #___________ as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at 09:30 a.m. on Thursday the October 28, 2021 at the Registered Office of the Company New Lahore Road, Nishatabad, Faisalabad and at any adjournment thereof.

As witness my hand this _____________________ day of _______________2021.

_________________________ **Member's Signature**	**Affix revenue stamps of Rs. 5/-**

Witnesses:

Signature:_________________
Name: ___________________
Address: _________________
____

Signature:________________
Name: __________________
Address: _________________
____

Note:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instrument 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, New Lahore Road, Nishatabad, Faisalabad, 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 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 CNICs 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.

کریسنٹ کاٹن ملز لمیٹڈ پراکسی فارم (مختارنامہ)

میں/ہم ____

بحیثیت رکن کریسنٹ کاٹن ملز لمیٹڈ اور حامل ________________ حصص بمطابق فولیو نمبر ________________

سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر ____________ اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________/سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر ____________

محترم/محترمہ ________________________ یا اسکی غیر موجودگی میں ________________

فولیو نمبر ____________/سی ڈی سی پارٹیسپیشن (شرکت) آئی ڈی نمبر ________________

اور سب اکاؤنٹ (ذیلی کھاتہ) نمبر ____________/سی ڈی سی انویسٹر اکاؤنٹ آئی ڈی نمبر ____________ کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر 2021 بروز جمعرات 9:30 بجے بمقام رجسٹرڈ آفس نشاط آباد فیصل آباد پر منعقد ہونے والے کریسنٹ کاٹن ملز لمیٹڈ کے سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقریر اور شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا/ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں/کرتے ہیں۔

آج بروز.................. بتاریخ.................. 2021 کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1

دستخط: ________________

نام: ________________

پتہ: ________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ________________

-/5 روپے کا رسیدی ٹکٹ یہاں چسپاں کریں۔

2

دستخط: ________________

نام: ________________

پتہ: ________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ________________

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

نوٹ:

1- اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔

2- پراکسی اور مختارنامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختارنامہ کے نوٹریلی مصدقہ کاپی، کمپنی کے شیئرز رجسٹرار دفتر وژن کنسلٹنگ لمیٹڈ لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کروائے جانے چاہئیں۔

3- سی ڈی سی اکاؤنٹ ہولڈرز کو پراکسیز تقرری کیلئے 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 کے سیکورٹیز انڈر رجسٹریشن تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختارنامہ) جمع کرانا ہونگے۔

ii- پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

iii- بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختارنامہ) کے ہمراہ جمع کرانا ہونگی۔

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/مختارنامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامہ) کے ہمراہ کمپنی جمع کرانا ہوگا۔