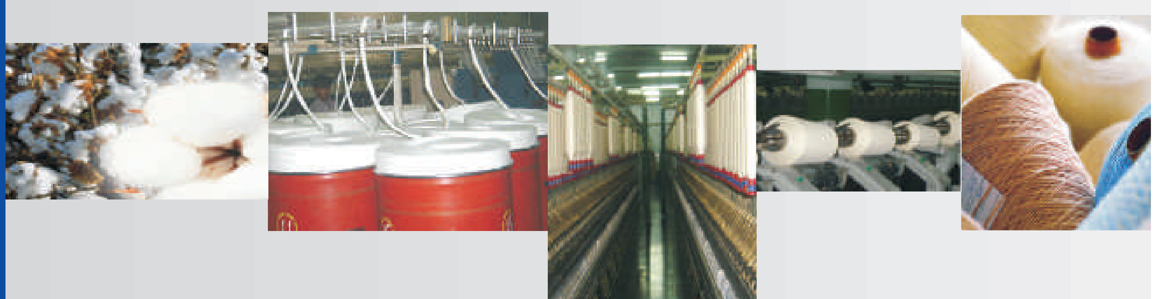
Crescent Fibres



Annual Report 2020

CONTENTS

COMPANY INFORMATION

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

Chief Financial Officer	Kamran Rasheed
Company Secretary	Javaid Hussain

Audit Committee	Jahanzeb Saeed Khan	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
Human Resources & Remuneration Committee	S.M. Ali Asif	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)

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

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 43rd Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Wednesday the 28th of October, 2020 at 9.30 a.m. at Registered Office of the Company 104-Shadman-1, Lahore to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt Audited Accounts of the Company for the year ended 30th June, 2020 together with Auditors and Directors reports thereon.
2. To appoint Auditors and fix their remuneration. The retiring auditors M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

SPECIAL BUSINESS

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

   "RESOLVED THAT the Company hereby approves and authorizes the payment of remuneration to Mr. Imran Maqbool, Chief Executive of the Company for a total sum not exceeding Rs.6.39 million per annum and perquisites, retirement benefits admissible under the Company's Rules."

   "FURTHER RESOLVED THAT the Company hereby approves and authorizes the payment of remuneration to Mr. Humayun Maqbool, Executive Director of the Company for a total sum not exceeding Rs.6.39 million per annum and perquisites, retirement benefits admissible under the Company's Rules."

4 To ratify and approve transactions conducted with related parties for the year ended June 30, 2020 by passing the following resolution in respect of related party transactions in which the majority of Directors of the Company are interested in terms of Section 207 & 208 of the Companies Act, 2017.

   "RESOLVED THAT the transactions conducted with related parties as disclosed in the note of the financial statement for the year ended June 30, 2020 and specified in the Statement of Material Information under section 134(3) be and are hereby ratified, approved and confirmed."

5. To authorize the Board of Directors of the Company to approve transactions with related parties for the financial years ending June 30, 2021 by passing the following special resolution with or without modification.

   "RESOLVED THAT the Board of Directors of the Company be and is hereby authorized to approve the transactions to be conducted with related parties on case to case basis for the financial year ending June 30, 2021."

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

OTHER BUSINESS

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

October 03, 2020
REGISTERED OFFICE
104-Shadman-1, Lahore,

By Order of the Board
JAVAID HUSSAIN
Company Secretary

NOTES:

1. The Share Transfer Books of the Company will remain closed from 20th October, 2020 to 28th October, 2020 (both days inclusive).
2. A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be valid must be received by the company duly completed not less than 48 hours before the Meeting.
3. CDC shareholders are requested to bring with them their National Identity Cards alongwith participants' ID number and their account numbers at the time of Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/valid Power of Attorney with the specimen signature of the nominee be produced at the time of meeting.
4. Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting request.

(Statement under Section 134(3) of the Act pertaining to the Special Business referred to the above is annexed to this notice of meeting , being sent to the Shareholders)

NOTICE OF ANNUAL GENERAL MEETING

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

Agenda No. 3 of the notice—Approval of the remuneration of Chief Executive and an Executive Director.

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

Agenda No. 4 of the notice- Ratification and approval of the related party transactions

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

Relation with Company	Nature of Transaction	2020 Rupees	2019 Rupees
Associated Companies / undertakings			
	Sale of Yarn / Cotton	71,054,400	92,394,450
	Insurance premium	14,284,855	16,677,237
	Rent received	644,280	585,516
	Donation Paid	100,000	120,000
Retirement benefit plans	Contribution to provident Fund	16,336,687	14,528,403
Directors/Director Close relatives	Rent paid	4,290,000	4,020,000
	Loan received	12,730,000	6,786,940
Key management personnel	Remuneration and Other benefits (note 43)	39,463,537	31,885,536

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

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

The Company shall be conducting transactions with related parties during the year ending June 30, 2021 on an arm's length basis. In some of these transactions, including rent, remuneration, sales and others, the majority of Directors have an interest and as such these must be approved by the shareholders under Section 207 & 208(to the extent applicable) of the Companies. The shareholders are being asked to authorize the Board to approve these transactions subject to them placed before the shareholders in the next AGM for their formal approval/ratification.

MISSION STATEMENT

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

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

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

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

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

CHAIRMAN'S REVIEW

I am pleased to present my review for the year ended June 30, 2020.

The textile industry in Pakistan has been going through a prolonged recessionary period characterized by weak demand, low end-product prices and eroding margins. Factors contributing to this include high cost of doing business, increased financial and commodity market volatility and low domestic cotton yield and quality. The situation has been further exacerbated by the unprecedented global pandemic sweeping the globe which has resulted in large scale loss of life and economic mayhem.

We expect the textile industry to remain under intense pressure as supply chains are disrupted, stores remain closed and the unemployment numbers rise. Even before the pandemic, the textile industry in Pakistan was already facing many challenges including continued shortfalls in cotton production, high cost of doing business, and high local taxes and surcharges. The Government must step in to save the industry from total closure by adopting an expansionary monetary policy, rapidly reducing interest rates, immediately suspending the sales tax regime, and improving liquidity by releasing long delayed income tax, sales tax and other rebates. The precise impact of the pandemic on future performance is very difficult to predict in light of uncertainty surrounding the availability of a vaccine, the deferring recovery rates in different countries and the very real possibility of a global recurrence. However, the Management will continue to rely on sound, low risk decision making to protect the interests of all stakeholders but expects a very difficult year ahead

Despite the challenges, the Company was able to report a profit of Rs. 108.8 million as compared to Rs. 113.2 million for the year ended June 30, 2019. Earnings per share was Rs. 8.76 as compared to Rs. 9.12 last year. The Director's Report will elaborate on our financial results, operations and future outlook.

I would like to extend my appreciation to the Management for remaining profitable in a very difficult environment for the textile industry which is facing daunting external and internal challenges.

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

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

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

Nadeem Maqbool,
Chairman, Board of Directors

October 03, 2020

DIRECTORS' REPORT

The Company reported after tax profit of Rs. 108.8 million for the year ended June 30, 2020 as compared to a profit of Rs. 113.2 million for the twelve months ended June 30, 2019. The earnings per share for the period under review was Rs. 8.76 as compares to Rs. 9.12 in the previous financial year.

OPERATING RESULTS

Crescent Fibres Limited

Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-20		Year Ended 30-Jun-19	
	Rs.	% of Sales	Rs.	% of Sales
Sales	5,023.6	100.0%	5,289.4	100.0%
Cost of Sales	(4,624.2)	92.0%	(4,879.0)	92.2%
Gross Profit	399.4	8.0%	410.4	7.8%
Administrative Expenses	(132.6)	2.6%	(120.3)	2.3%
Distribution Cost	(18.4)	0.4%	(18.6)	0.4%
Other Income	85.2	1.7%	37.8	0.7%
Other Expenses	(38.5)	0.8%	(22.1)	0.4%
Profit from Operations	295.0	5.9%	287.3	5.4%
Financial Charges / Other	(144.7)	2.9%	(124.7)	2.4%
Profit before Taxation	150.4	3.0%	162.6	3.1%
Taxations	(41.6)	0.8%	(49.4)	0.9%
Profit/(Loss) After Taxes	108.8	2.2%	113.2	2.1%
Earnings per Share	8.76		9.12	

Overall, sales decreased by 5% as compared to the year ending June 2019 primarily due to reduced production and some reduction in end product prices. The gross margin for the year was 8.0% as compared to 7.8% in the previous year. Distribution and administrative expenses at 3.0% were higher as compared to 2.7% in the previous period primarily attributable to the reduced production and sales. The operating margin in the period under review was at 5.9% as compared to 5.4% for the year ended June 30, 2019. The financial charges were also higher at 2.9% as compared to 2.4% for the corresponding period despite reduction in mark up rates but these came into effect very late in the financial year to have any significant impact. Overall, the net margin for the year was 2.2% as compared to 2.1% for the year ended June 30, 2019. The financial statements include impairment of Rs. 71.23 million to accurately reflect valuation of raw material stock. Also reflected is a write off liabilities amounting to Rs. 32.4 million as the company has received a nil balance certification from the financial institution and no claim has been received in respect of this amount outstanding from this financial institution of third party. Further in light of the Supreme Court of Pakistan's decision on imposition of GIDC, a charge of Rs. 10.657 million has been charged and Rs. 56.7 million related to late payment surcharge has been reversed.

DIVIDEND

In view of the global pandemic, sharp slowdown in the world economy, large scale demand destruction, financial and commodity market volatility, and uncertainty surrounding the recovery time, the Board of Director's has decided to forgo payment of dividend this year.

PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information as on June 30, 2020 have been included in the annual report.

MEETINGS

Board of Directors

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

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

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

Audit Committee

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

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

Human Resource and Remuneration Committee

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

DIRECTORS REMUNERATION

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

DIRECTOR'S TRAINING PROGRAM

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

FUTURE OUTLOOK

The textile industry in Pakistan has been going through a prolonged recessionary period characterized by weak demand, low end-product prices and eroding margins. Factors contributing to this include high cost of doing business, increased financial and commodity market volatility and low domestic cotton yield and quality. The situation has been further exacerbated by the unprecedented global pandemic sweeping the globe which has resulted in large scale loss of life and economic mayhem. Despite large scale interventions by central banks, the financial, currency and commodity markets have seen large scale volatility. As more and more countries enforce lock downs, there has been wide scale demand destruction and the industrial chain has been bought to a halt. According to the IMF, global growth is projected at –4.9 percent in 2020, 1.9 percentage points below the April 2020 World Economic Outlook (WEO) forecast. The COVID-19 pandemic has had a more negative impact on activity in the first half of 2020 than anticipated, and the recovery is projected to be more gradual than previously forecast.

We expect the textile industry to remain under intense pressure as supply chains are disrupted, stores remain closed and the unemployment numbers rise. Even before the pandemic, the textile industry in Pakistan was already facing many challenges including continued shortfalls in cotton production, high cost of doing business, and high local taxes and surcharges. The Government must step in to save the industry from total closure by adopting an expansionary monetary policy, rapidly reducing interest rates, immediately suspending the sales tax regime, and improving liquidity by releasing long delayed income tax, sales tax and other rebates. Even if all these steps are adopted, the industry will struggle to survive over the near and medium term. As a result of the pandemic, the company's factories remained closed for almost two months and the resultant impact is reflected in the financials. The precise impact of the pandemic on future performance is very difficult to predict in light of uncertainty surrounding the availability of a vaccine, the deferring recovery rates in different countries and the very real possibility of a global recurrence. However, the Management will continue to rely on sound, low risk decision making to protect the interests of all stakeholders but expects a very difficult year ahead.

CORPORATE GOVERNANCE & FINANCIAL REPORTING FRAMEWORK

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

(a) The financial statements prepared by the Management presently fairly its state of affairs, the results of its operations, cash flows and changes in equity.
(b) Proper books of account have been maintained.
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
(d) International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departure thereon has been disclosed.
(e) The system of internal control adopted by the Management is sound in design and every effort is made to ensure its effective implementation.
(f) There are no significant doubts with regard to the Company's ability to continue as a going concern.
(g) Key financial and operating data for the last six years has been included elsewhere in the annual report.
(h) There has been no significant departure from the best practices of corporate governance, as detailed in the listing regulations.
(i) All details regarding taxes and levies are disclosed in the financial statements and notes annexed to the audited accounts.
(j) The value of investments of the provident fund based on audited accounts for the Year Ended June 30, 2020 was Rs. 141,305,512.
(k) During the year, details of shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children were as follows:
    1. Mansoor Riaz, Non-Executive Director – 15,000 Shares Purchased

AUDITORS

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

APPRECIATION

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

Imran Maqbool

IMRAN MAQBOOL
Chief Executive Officer

NADEEM MAQBOOL
Director

October 03,2020

کمپنی نظماء (ڈائریکٹران) کی رپورٹ:

کمپنی نے سال مختتمہ 30 جون 2020ء میں بعد ادائیگی ٹیکس مبلغ 108.8 ملین روپے منافع حاصل کیا ہے جس کے مقابلے میں گذشتہ سال مختتمہ 30 جون 2019ء کا منافع 113.2 ملین روپے تھا۔ زیر جائزہ مدت کے لئے فی حصص آمدنی 8.76 روپے رہی جو کہ پچھلے سال اسی عرصہ میں 9.12 روپے تھی۔

کریسنٹ فائبرز لمیٹڈ

خلاصہ مالیاتی نتائج:

روپے (ملین میں)	سال مختتمہ 30 جون 2020		سال مختتمہ 30 جون 2019	
	روپے	فیصد	روپے	فیصد
فروخت	5,023.6	100%	5,289.4	100%
لاگت فروخت	(4,624.2)	92.0%	(4,879.0)	92.2%
کل منافع	399.4	8.0%	410.4	7.8%
انتظامی اخراجات	(132.6)	2.6%	(120.3)	2.3%
لاگت تقسیمی	(18.4)	0.4%	(18.6)	0.4%
دیگر آمدنی	85.2	1.7%	37.8	0.7%
دیگر اخراجات	(38.5)	0.8%	(22.1)	0.4%
چلتے ہوئے کام سے منافع	295.0	5.9%	287.3	5.4%
مالیاتی اخراجات/ دیگر	(144.7)	2.9%	(124.7)	2.4%
منافع قبل از ٹیکس	150.4	3.0%	162.6	3.1%
ٹیکس	(41.6)	0.8%	(49.4)	0.9%
منافع بعد از ٹیکس	108.8	2.2%	113.2	2.1%
آمدنی فی حصہ	8.76		9.12	

مجموعی طور پر، جون 2019 کے مقابلے میں فروخت میں 5 فیصد کمی واقع ہوئی ہے جس کی بنیادی وجہ پیداوار میں کمی اور اختتامی مصنوعات کی قیمتوں میں کچھ کمی ہے۔ اس سال کے لئے مجموعی منافع 8.0 فیصد کے مقابلے میں پچھلے سال 7.8 فیصد تھا۔ تقسیم کار اور انتظامی اخراجات 3.0 فیصد زیادہ رہے جو کہ پچھلے سال اسی عرصے میں 2.7 فیصد تھے جس کی بنیادی وجہ کم پیداوار اور فروخت تھی۔ زیر جائزہ مدت میں آپریٹنگ منافع 5.9 فیصد رہا جبکہ 30 جون 2019 کو ختم ہونے والے سال کے لئے 5.4 فیصد تھا۔ مالیاتی اخراجات بھی اسی عرصہ کیلئے 2.4 فیصد کے مقابلے میں 2.9 فیصد زیادہ رہے جبکہ شرح مارک اپ میں کمی کے باوجود یہ مالی سال میں بہت دیر سے عمل میں آئے جس کا کوئی خاص اثر نہیں پڑا۔ مجموعی طور پر، 30 جون 2019 کو ختم ہونے والے سال کے 2.1 فیصد کے مقابلے میں اس سال کیلئے خالص منافع کی شرح 2.2 فیصد رہی۔ مالیاتی حساب میں خام مال سٹاک کی درست عکاسی کرنے کیلئے 71.23 ملین روپے کی کمی کی ہے۔ اس کے علاوہ 32.4 ملین روپے آمدن میں شامل کیے گئے ہیں چونکہ کمپنی کو مالیاتی ادارے سے صفر بیلنس سرٹیفکیٹ ملا ہے اور کسی تیسرے فریق کے اس مالیاتی ادارے سے واجب الادا رقم کے سلسلے میں کوئی دعویٰ موصول نہیں ہوا۔ مزید یہ کے سپریم کورٹ آف پاکستان GIDC کے نفاذ سے متعلق فیصلے کی روشنی میں 10.657 ملین روپے وصول کیے جائیں اور دیر سے ادائیگی سے سرچارج سے متعلق 56.7 ملین روپے معاف کر دیا گیا ہے۔

منافع منقسمہ:

عالمی وبائی صورتحال کے پیش نظر عالمی معیشت میں تیزی سے سست روی، بڑے پیمانے پر طلب کی کمی، مالی اور اجناس کی منڈی میں اتار چڑھاؤ اور بحالی کے وقت کے بارے میں غیر یقینی صورتحال کے پیش نظر، بورڈ آف ڈائریکٹرز نے رواں سال منافع کی ادائیگی ترک کرنے کا فیصلہ کیا ہے۔

حصص داران کی ترتیب:

حصص داران کی ترتیب اور 30 جون 2020 تک اضافی معلومات کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اجلاس:

بورڈ آف ڈائریکٹرز:

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

ندیم مقبول، چیئرمین، نان ایگزیکٹو ڈائریکٹر (4)
عمران مقبول، چیف ایگزیکٹو، ایگزیکٹو ڈائریکٹر (4)
ہمایوں مقبول، ایگزیکٹو ڈائریکٹر (4)
جہانزیب سعید خان، آزاد، نان ایگزیکٹو ڈائریکٹر (4)
نائلہ ہمایوں مقبول، نان ایگزیکٹو ڈائریکٹر (4)۔ خاتون
منصور ریاض، نان ایگزیکٹو ڈائریکٹر (4)
ایس ایم علی آصف۔ آزاد، نان ایگزیکٹو ڈائریکٹر (4)

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

آڈٹ کمیٹی:

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

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

انسانی وسائل اور معاوضہ (R & HR) کمیٹی:

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

ڈائریکٹرز کا معاوضہ:

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

ڈائریکٹرز تربیتی پروگرام:

تمام ڈائریکٹرز نے یا تو ڈائریکٹرز کا تربیتی پروگرام مکمل کر لیا ہے یا سی سی جی میں درج تقاضوں کی وجہ سے مستثنیٰ ہیں۔

مستقبل کا منظر نامہ:

پاکستان میں ٹیکسٹائل کی صنعت طویل عرصہ سے ابتری کا شکار رہی۔ چیدہ چیدہ محرکات میں ٹیکسٹائل مصنوعات کی طلب میں کمی ہونا، مصنوعات کی قیمت فروخت میں کمی، صنعت کو متعلقہ فوائد کے حصول میں رکاوٹ، کاروباری اخراجات میں اضافہ، اسکے علاوہ مالیاتی اور مصنوعات کی مارکیٹ میں عدم استحکام میں اضافہ اور کم ملکی کپاس کی پیداوار اور کوالٹی وغیرہ ہے۔ غیر معمولی عالمی وبائیہ کی وجہ سے یہ صورتحال مزید بڑھ گئی ہے جس کے نتیجے میں بڑے پیمانے پر جانی و مالی نقصان ہوا ہے۔ مرکزی بینکوں کے ذریعے بڑے پیمانے پر مداخلت کے باوجود، مالیاتی، کرنسی اور اجناس کی منڈیوں میں بڑے پیمانے پر اُتار چڑھاؤ دیکھنے کو ملا ہے۔ چونکہ زیادہ سے زیادہ ممالک لاک ڈاؤن کو نافذ کر رہے ہیں جس کی وجہ سے وسیع پیمانے پر مانگ میں کمی ہوئی ہے اور صنعتی سلسلہ رُک گیا ہے۔ آئی ایم ایف کے مطابق، 2020 میں عالمی ترقی 4.9- فیصد رہنے کی توقع ہے جو اپریل 2020 میں ہونے والی عالمی معاشی پیش گوئی (WEO) سے بھی 1.9 فیصد کم رہی۔ وبائی مرض Covid-19 کا 2020 کی پہلی ششماہی میں توقع سے زیادہ منفی اثر پڑا اور پیش گوئی کی گئی ہے کہ اس کی بحالی زیادہ آہستہ آہستہ ہوگی۔

ہم توقع کرتے ہیں کہ ٹیکسٹائل انڈسٹری شدید دباؤ میں رہے گی کیونکہ سپلائی چین بند ہوجائے گی، دکانیں بند رہیں گی اور بے روزگاری کی تعداد میں اضافہ ہوگا۔ وبائی مرض سے پہلے ہی پاکستان میں ٹیکسٹائل کی صنعت کو بہت سارے چیلنجوں کا سامنا تھا جن میں روئی کی پیداوار میں مسلسل کمی، کاروبار کرنے میں زیادہ لاگت اور اعلیٰ مقامی ٹیکسوں اور سرچارجز شامل ہیں۔حکومت کو توسیع کی مالیاتی پالیسی اپناتے ہوئے سود کی شرحوں میں تیزی سے کمی، فوری طور پر سیلز ٹیکس حکومت کو معطل کرنے اور دیر سے انکم ٹیکس، سیلز ٹیکس اور دیگر چھوٹ کو جاری کرتے ہوئے صنعت کو مکمل بندش سے بچانے کے لئے قدم اُٹھانا چاہیے۔ یہاں تک کہ اگر یہ سارے اقدامات اپنائے جاتے ہیں تو بھی صنعت قریب اور درمیانی مدت تک زندہ رہنے کے لئے جدوجہد کرے گی۔ وبائی مرض کے نتیجے میں، کمپنی کی فیکٹریاں لگ بھگ دو ماہ تک بند رہی اور اس کے نتیجے میں مالی معاملات پر اثر پڑا۔ مستقبل کی کارکردگی پر وبائی بیماری کے عین مطابق اثرات کی ویکسین کی دستیابی، مختلف ممالک میں وصولی میں تاخیر، اور عالمی سطح پر تکرار کے حقیقی امکان کے گرد موجود غیر یقینی صورتحال کی روشنی میں پیش گوئی کرنا بہت مشکل ہے۔ تاہم انتظامیہ تمام اسٹیک ہولڈرز کے مفادات کے تحفظ کے لئے مناسب، کم رسک فیصلے کرنے پر انحصار کرتی رہے گی لیکن اس کی توقع ہے کہ ایک بہت ہی مشکل سال آگے ہے۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

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

a۔ کمپنی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور ایکوئٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔

b۔ کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔

c۔ مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔

d۔ مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے، اور کسی بھی انحراف کا موزوں انکشاف کیا گیا ہے۔

e۔ اندرونی کنٹرول کے نظام کا ڈیزائن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔

f۔ کمپنی کے گوئنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک وشبہات نہیں ہیں۔

g۔ گزشتہ چھ سال کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا منسلک ہے۔

h۔ وہاں کارپوریٹ گورنینس کے بہترین طریقوں میں سے کوئی بھی قابل ذکر روانگی لسٹنگ کے ضابطے میں تفصیلی طور پر کیا گیا ہے۔

i۔ ٹیکس، لیویز سے متعلقہ تمام تفصیل کو مالی حسابات اور ملحقہ نوٹس آڈٹ اکاؤنٹس میں ظاہر کردیئے گئے ہیں۔

j۔ آڈٹ اکاؤنٹس کی بنیاد پر 30 جون 2020 کے سال مختتمہ کے لئے پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 141,305,512 روپے تھی۔

k۔ حصص میں کمپنی کے ڈائریکٹرز، سی ای او، سی ایف او اور کمپنی سیکرٹری اور ان کے زوج اور نابالغ بچوں کی طرف سے اس سال درج ذیل خرید وفروخت کی گئی۔

i۔	منصور ریاض، نان ایگزیکٹو ڈائریکٹر۔	15,000 شیئرز خریدے

محاسب کی تقرری:

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

اعتراف:

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

Naeem Maqbool

ندیم مقبول

ڈائریکٹر

Imran Maqbool

عمران مقبول

چیف ایگزیکٹو

کراچی: تاریخ 03 اکتوبر 2020

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF CRESCENT FIBRES LIMITED ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Crescent Fibres Limited (the Company) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

KARACHI

DATED: October 03, 2020

CHARTERED ACCOUNTANTS
Engagement Partner: Zulfikar Ali Causer

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

Name of Company : Crescent Fibres Limited
Year ended: : June 30, 2020

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

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

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

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

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

a) Audit Committee	Mr.Jahnazeb Saeed Khan – Chairman Mr. Nadeem Maqbool – Member Mrs. Naila Humayun Maqbool – Member
b) HR and Remuneration Committee	Mr. S.M. Ali Asif – Chairman Mr. Nadeem Maqbool – Member Mrs. Naila Humayun Maqbool - Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. During the financial year ended June 30, 2020, the frequency of meetings of the committee were as per following:

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

15. The Board has set up an effective internal audit function which is headed by a cost and management accountant who is suitably qualified and experienced for the purpose and is well conversant with the policies and procedures of the Company.

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company.

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On behalf of the Board of Director

IMRAN MAQBOOL
Chief Executive Officer

NADEEM MAQBOOL
Director

SIX YEAR FINANCIAL SUMMARY

OPERATING RESULTS:	JUNE 2020	JUNE 2019	JUNE 2018	JUNE 2017	JUNE 2016	JUNE 2015
Net Sales	5,023,570,129	5,289,441,070	4,439,239,208	3,887,436,716	3,501,765,456	3,113,640,693
Cost of Sales	4,624,193,242	4,878,999,857	4,155,531,171	3,711,106,980	3,317,253,287	2,847,729,211
Distribution and admin. Expenses	151,073,375	138,922,268	125,788,730	111,142,947	112,580,214	99,231,780
Financial Charges	144,539,290	124,520,265	80,953,892	83,428,911	78,338,532	54,841,928
Other operating expenses	38,495,093	22,056,497	17,292,155	6,760,133	2,737,661	17,007,784
Other operating income - Net	85,218,721	37,788,978	33,427,705	63,501,918	38,857,822	30,669,059
Share of associate profit	(122,082)	(163,269)	(289,164)	(272,225)	(196,009)	181,934
Pre-Tax Profit/ (Loss)	150,365,768	162,567,892	92,811,801	38,227,438	29,517,575	125,680,983
Taxation	41,596,557	49,373,469	24,882,324	13,157,812	(661,680)	81,150,146
Extraordinary item						
Net Income	108,769,211	113,194,423	67,929,477	25,069,626	30,179,255	44,530,837
PER SHARE RESULTS AND RETURN:						
Share Price	37.29	37.95	25.51	30.90	39.90	43.50
Earning Per Share	8.76	9.12	5.47	2.02	2.43	3.59
Dividend Per Share	-	-	-	-	1.00	1.50
Net Income Sales Percent	2.17%	2.14%	1.53%	0.64%	0.86%	1.43%
Return on Average Assets Percent	2.01%	2.26%	1.80%	1.00%	1.34%	2.27%
Return on Average Equity Percent	3.39%	3.64%	3.30%	2.52%	3.25%	4.89%
FINANCIAL POSITION:						
Current Assets	2,474,673,943	2,006,090,259	1,712,461,451	1,423,212,999	1,079,631,770	959,473,694
Current Liabilities	2,044,358,551	1,662,218,227	1,415,648,999	1,096,423,305	838,581,419	643,117,877
Operating Fixed Assets	1,420,943,172	1,392,445,602	1,401,920,366	1,217,342,358	1,245,262,713	1,189,920,876
Total Assets	5,654,531,666	5,150,476,597	4,873,346,695	2,678,336,858	2,345,597,530	2,169,490,899
Long Term Debt	223,368,882	226,628,927	252,406,925	375,593,904	409,598,099	400,465,535
Shareholders Equity	3,262,031,430	3,150,480,471	3,068,059,569	1,055,124,219	935,209,375	924,453,912
Break-up Value Per Share	262.69	253.71	247.07	84.97	75.31	74.45
FINANCIAL RATIOS:						
P/E Ratio	4.26	4.16	4.66	15.31	16.42	12.13
Current Ratio	1.21	1.21	1.21	1.30	1.29	1.49
Total Debt to Total Assets Percent	42.31%	38.83%	37.04%	60.61%	60.13%	57.39%
Interest Charges Cover (Times)	2.040	2.306	2.146	1.458	1.377	3.292
Inventory Turnover (Times)	7.383	7.790	7.772	10.041	13.161	13.493
Fixed Assets Turnover (Times)	3.535	3.799	3.167	3.193	2.812	2.617
Total Assets Turnover (Times)	0.888	1.027	0.911	1.451	1.493	1.435
OTHER DATA:						
Depreciation and Amortization	112,094,219	108,046,640	115,650,909	117,930,489	123,123,436	91,154,188
Capital Expenditure	141,032,790	89,787,113	32,990,558	122,013,976	186,156,001	452,880,970

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

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **CRESCENT FIBRES LIMITED** (the Company), which comprise the statement of financial position as at June 30, 2020, and the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2020 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters:

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

S. No	Key audit matters	How the matter was addressed in our audit
	As the financial statements are based on extensive number of data flows from multiple IT systems, consequently the financial reporting control environment is determined as a key audit matter.	Our audit procedures extensively consisted of several substantive procedures as well as data analysis relating to the most significant balances on the profit and loss account and statement of financial position.
2.	**Valuation of stock in trade**	
	Stock in trade has been valued following an accounting policy as stated in note 5.6. As at reporting date value of stock in trade as disclosed in note 12 to the financial statements amounted to Rs. 780.384 million. Stock in trade represented significant portion of the Company's total assets. The cost included in the valuation of stock in trade has different components, which involves judgment in relation to the allocation of overheads costs and in determining the net realizable value (estimated selling price in ordinary course of business less estimated cost of completion and estimated costs necessary to make the sale) of stock-in-trade items in line with accounting policy. Due to above factor, we have considered the valuation of stock in trade as key audit matter.	Our audit procedures in respect of valuation of stock in trade, amongst others, included the following: • understanding of internal controls over purchases and valuation of stock in trade and testing, on a sample basis, their design, implementation and operating effectiveness; • testing, on sample basis, the purchases with supporting documentation and contracts if any; • compared calculations of the allocation of directly attributable costs with the underlying supporting documents; • verified on test basis, the weighted average calculations of raw material stock as per accounting policy; • tested the calculations of the actual overhead costs and checked allocation of labor and overhead costs to the finished goods and work in process; • obtained an understanding of management's determination of net realizable value (NRV) and the key estimates adopted, including future selling prices, future costs to complete work-in process and costs necessary to make the sale and their basis; and; • Compared the NRV, on a sample basis, to the cost of finished goods to assess whether any adjustments are required to value inventory in accordance with applicable accounting and reporting standards.

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S. No	Key audit matters	How the matter was addressed in our audit
3.	Trade debts	
	As disclosed in note 13 to the accompanying financial statements of the Company for the year ended June 30, 2020, the Company has a trade debt balance amounting to Rs. 1,312.378 million, which represents a significant element of statement of financial position. A discrepancy in the valuation or existence of trade debt could cause the assets to be materially misstated, which would impact the Company's reported financial position as the valuation of aforesaid head is one of the main drivers of movements in the assets of the Company. Management estimates the collectible amount of debts. An allowance for Expected Credit Loss (ECL) is made against trade debts on the basis of lifetime ECL model as explained in note 5.1.1 whereas debts considered irrecoverable are written off. In view of the significance of trade debts in relation to the total assets of the Company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the allowance for ECL and that the existence and carrying value of trade receivables could be material to the performance of the Company.	We performed the following procedures: • We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards; • We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle. • We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components. • We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment. • We examined on a sample basis, evidence related to post year-end cash receipts. • We reviewed the methodology developed and applied by the Company to estimate the ECL in relation to trade debts. We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.

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

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

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

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

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

d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

KARACHI

DATED: October 03, 2020

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,420,943,172	1,392,445,602
Capital work-in-progress	7	-	-
		1,420,943,172	1,392,445,602
Investment property	8	1,736,101,561	1,733,087,677
Investment in equity accounted associate	9	254,212	376,294
Long-term deposits	10	22,558,778	18,476,765
		3,179,857,723	3,144,386,338
CURRENT ASSETS			
Stores, spares and loose tools	11	70,195,760	68,999,382
Stock-in-trade	12	780,383,651	651,679,222
Trade debts	13	1,312,377,711	878,576,549
Loans and advances	14	12,458,369	11,744,451
Deposits and short term prepayments	15	11,075,021	15,224,278
Other receivables		1,695,658	2,916,597
Short term investments	16	121,383,524	110,601,113
Tax refunds due from Government	17	11,451,959	133,586,217
Taxation - net	28	1,281,022	-
Cash and bank balances	18	152,371,268	132,762,450
		2,474,673,943	2,006,090,259
TOTAL ASSETS		5,654,531,666	5,150,476,597
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2019: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	19	124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment	20	1,993,825,768	1,993,825,768
Unrealized gain on investment classified as fair value through other comprehensive income	20	53,077,963	50,296,215
		2,046,903,731	2,044,121,983
Revenue reserves			
Unappropriated profit	20	1,090,948,939	982,179,728
		3,262,031,430	3,150,480,471
NON-CURRENT LIABILITIES			
Long term financing	21	223,368,882	226,628,927
Lease Liabilities	22	51,116,866	5,876,586
Deferred gain on sale and lease back		-	209,349
Deferred taxation	23	73,655,937	105,063,037
		348,141,685	337,777,899
CURRENT LIABILITIES			
Trade and other payables	24	1,185,456,175	949,901,944
Unclaimed dividend	25	2,423,578	2,509,359
Interest and mark-up accrued	26	32,886,010	41,632,158
Short-term borrowings	27	769,463,132	543,072,421
Taxation - net	28	-	12,119,583
Current portion of long term liabilities	29	54,129,656	112,982,763
		2,044,358,551	1,662,218,227
TOTAL EQUITY AND LIABILITIES		5,654,531,666	5,150,476,597
CONTINGENCIES AND COMMITMENTS	30		

The annexed notes from 1 to 53 form an integral part of these financial statements.

IMRAN MAQBOOL	**NADEEM MAQBOOL**	**KAMRAN RASHEED**
Chief Executive	Director	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
Sales - net	31	5,023,570,129	5,289,441,070
Cost of sales	32	(4,624,193,242)	(4,878,999,857)
Gross profit		399,376,887	410,441,213
General and administrative expenses	33	(132,631,369)	(120,275,187)
Distribution cost	34	(18,442,006)	(18,647,081)
Other operating income	35	85,218,721	37,788,978
Other operating expenses	36	(38,495,093)	(22,056,497)
		(104,349,747)	(123,189,787)
Operating profit		295,027,140	287,251,426
Financial charges	37	(144,539,290)	(124,520,265)
Share of loss from equity accounted associate	9.1	(122,082)	(163,269)
		(144,661,372)	(124,683,534)
Profit before taxation		150,365,768	162,567,892
Taxation	38	(41,596,557)	(49,373,469)
Profit for the year		108,769,211	113,194,423
Earnings per share - basic and diluted	39	8.76	9.12

The annexed notes from 1 to 53 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

	2020 Rupees	2019 Rupees
Profit for the year	108,769,211	113,194,423
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealized gain / (loss) on revaluation of investments classified as fair value through other comprehensive income	2,781,748	(30,773,521)
Total comprehensive income for the year	111,550,959	82,420,902

The annexed notes from 1 to 53 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	2020 Rupees	2019 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	41	190,848,446	328,885,434
Finance cost paid		(153,285,438)	(117,010,324)
Taxes paid		(86,404,262)	(62,897,486)
Net cash (used in) / generated from operating activities		(48,841,254)	148,977,624
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(141,032,790)	(89,787,113)
Long term deposits		(4,082,013)	(1,777,387)
Short term investments - net		353,664	9,237,954
Proceeds from disposal of operating fixed assets		3,988,499	8,489,003
Net cash used in investing activities		(140,772,640)	(73,837,543)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	42	85,042,000	82,957,400
Repayments of long term financing	42	(72,617,702)	(123,510,774)
Deferred gain on sale and lease back		(209,349)	(179,448)
Dividend paid		(85,781)	(5,790)
Payments of lease liabilities		(29,297,170)	(5,094,669)
Short term borrowings - net		226,390,714	(1,020,241)
Net cash generated from / (used in) financing activities		209,222,712	(46,853,522)
Net increase in cash and cash equivalents		19,608,818	28,286,559
Cash and cash equivalent at the beginning of the year		132,762,450	104,475,891
Cash and cash equivalent at the end of the year		152,371,268	132,762,450

The annexed notes from 1 to 53 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

		Capital reserve		Revenue reserves	
	Issued, subscribed and paid-up capital	Unrealized gain on investment classified as fair value through OCI	Surplus on revaluation of property, plant and equipment	Unappropriated profit	Total
	Rupees				
Balance as at July 01, 2018	124,178,760	81,069,736	1,993,825,768	868,985,305	3,068,059,569
Total comprehensive income for the year					
Profit for the year	-	-	-	113,194,423	113,194,423
Other comprehensive income					
Unrealized loss on revaluation of investments	-	(30,773,521)	-	-	(30,773,521)
	-	(30,773,521)	-	113,194,423	82,420,902
Balance as at June 30, 2019	124,178,760	50,296,215	1,993,825,768	982,179,728	3,150,480,471
Total comprehensive income for the year					
Profit for the year	-	-	-	108,769,211	108,769,211
Other comprehensive income					
Unrealized gain on revaluation of investments	-	2,781,748	-	-	2,781,748
	-	2,781,748	-	108,769,211	111,550,959
Balance as at June 30, 2020	124,178,760	53,077,963	1,993,825,768	1,090,948,939	3,262,031,430

The annexed notes from 1 to 53 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2020

1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (now Companies Act, 2017) as a public limited company. The Company's shares are listed on the Pakistan Stock Exchange. The principal business of the Company is manufacture and sale of yarn.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

The registered office of the Company is situated at 104 Shadman 1, Lahore. The Company's manufacturing facilities are located at Plot No. B/123, Road No. D-7, Industrial Area Noooriabad, District Dadu, in the Province of Sindh and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhupura in the Province of Punjab.

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan.

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

3.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain investments, investment property and certain items of property, plant and equipment which are carried at fair value.

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

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

3.3 Functional and presentation currency

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

4 NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

4.1 Standards / amendments that are effective in current year and relevant to the Company

The Company has adopted the standards / amendments to the following accounting and reporting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard:

		Effective date (annual periods beginning on or after)
IFRS 9	Financial Instruments - amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IAS 28	Investments in Associates and Joint Ventures - Amendments regarding long-term interests in associates and joint ventures	January 1, 2019
IFRS 16	Leases - Original issue	January 1, 2019

IFRS 16 - Leases

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained. The Company does not have significant leasing activities acting as a lessor.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Previously, the Company classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company and, therefore, charged leased payments to statement of profit or loss under operating leases.

On adoption of IFRS 16, the Company recognized a right-of-use asset and lease liability for all contracts that are or contain a lease at the commencement date except for short-term leases of 12 months or less and low value. Right-of-use assets are measured at their carrying amounts as if IFRS 16 had been applied since the commencement date of lease contract.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included in property, plant and equipment, the lease liability is shown separately as current and non-current in the statements of financial position, and interest on the lease liability is included in finance cost.

Transition method and practical expedients utilized

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- elected not to apply the requirement of IFRS 16 to leases for which the lease term ends within 12 months of the date of initial application; and
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

The Company does not have significant impact of IFRS 16 due to short term lease contracts. However, the previously classified leased assets are now classified as right-of-use assets as per IFRS 16 in these financial statements.

4.2 Amendments that are effective in current year and not relevant to the Company

The Company has adopted the standard / amendments to the following approved accounting standards as applicable in Pakistan which became effective during the year from the dates mentioned below against the respective standard which are not relevant to the Company:

		Effective date (annual periods beginning on or after)
IFRS 8	Operating Segments - Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	January 1, 2019
IFRS 14	Regulatory Deferral Accounts - Original issue	July 1, 2019
IAS 19	Employee benefits - Amendments regarding plan amendments, curtailments or settlements	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IFRS 3	Business Combinations	January 01, 2019
IFRS 11	Joint Arrangements	January 01, 2019
IAS 12	Income Taxes	January 01, 2019
IAS 23	Borrowing Costs	January 01, 2019

4.3 Amendments not yet effective

The following amendments to the accounting and reporting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard:

Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38,IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update these pronouncements with regard to references to and quotes from the framework or to indicate where they refer to different version of the Conceptual Framework.		January 01, 2020
IFRS 3	Business Combinations - amendments to clarify the definition of a business	January 01, 2020
IFRS 3	Business Combinations - amendments updating a reference to the Conceptual Framework	January 1, 2022
IFRS 4	Insurance Contracts - Amendments regarding the expiry date of the deferral approach	January 01, 2023
IFRS 7	Financial Instruments: Disclosures - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020
IFRS 9	Financial Instruments - Amendments regarding the interaction of IFRS 4 and IFRS 9	January 01, 2023
IFRS 16	Leases - Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	January 01, 2020
IAS 1	Presentation of Financial Statements - amendments regarding the definition of materiality	January 01, 2020
IFRS 17	Insurance Contracts - Amendments to address concerns and implementation challenges that were identified after IFRS 17 was published	January 01, 2023

		Effective date (annual periods beginning on or after)
IAS 1	Presentation of Financial Statements - Amendments regarding the classification of liabilities	January 01, 2022
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors - amendments regarding the definition of materiality	January 01, 2020
IAS 16	Property, Plant and Equipment - Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use	January 01, 2022
IAS 37	Provisions, Contingent Liabilities and Contingent Assets - Amendments regarding the costs to include when assessing whether a contract is onerous	January 01, 2022
IAS 39	Financial Instruments: Recognition and Measurement - Amendments regarding pre-replacement issues in the context of the IBOR reform	January 01, 2020

The annual improvements to IFRSs that are effective from the dates mentioned below against respective standards:

Annual improvements to IFRSs (2018 – 2020) Cycle:

IFRS 1	First-time Adoption of International Financial Reporting Standards	January 01, 2022
IFRS 9	Financial Instruments	January 01, 2022
IFRS 41	Agriculture	January 01, 2020

Standards or interpretations not yet effective

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

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

The Company expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Company's financial statements in the period of initial application.

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Financial instruments

5.1.1 Financial assets

i. Classification and measurement of financial assets and financial liabilities

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

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

ii. Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

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

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

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

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

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

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

iii. Derecognition

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

5.2 Property, plant and equipment

a) Owned

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

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

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

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

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

b) Investment property

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

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

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

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

c) Leases

Right of use assets

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

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

Lease Liability

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

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

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

Operating leases

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

d) Capital work in progress

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

5.3 Impairment of non-financial assets

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

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

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

5.4 Investment in equity accounted associate

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

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

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

5.5 Stores, spares and loose tools

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

5.6 Stock in trade

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

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

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

Cost of work in process and finished goods comprises of cost of direct material, labour and appropriate portion of manufacturing overheads. Adequate provision is made for slow moving and obsolete items.

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

5.7 Trade debts and other receivables

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

5.8 Taxation

a) Current

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

b) Deferred

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

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

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

5.9 Cash and bank balance

Cash in hand and at bank are carried at nominal amounts.

5.10 Trade and other payables

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

5.11 Provisions

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

5.12 Borrowings cost

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

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

5.13 Employee retirement benefits

a) Defined contribution plan

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

5.14 Revenue recognition

Revenue comprises of the fair value of the consideration received or receivable from the sale of goods and services in the ordinary course of the Company's activities. Revenue from sale of goods is shown net of sales tax and sales discounts, if any.

Revenue is recognized when it is probable that the economic benefits associated with the transactions will flow to the Company and the amount of revenue can be measured reliably. The revenue arising from different activities of the Company is recognized on the following basis:

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

- Scrap sales are recognized on delivery to customers at realized amounts.
- Rental income is recognized on accrual basis.
- Profit on bank deposits is accrued on time proportion.
- Dividend income is recognized when the right to receive is established.

5.15 Cash and cash equivalents

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

5.16 Foreign currency translation

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

5.17 Related party transactions

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

5.18 Share capital

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

5.19 Dividend and appropriation to reserves

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

5.20 Earnings per share

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

5.21 Segment reporting

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 transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. The Company has only one reportable segment.

5.22 Significant accounting judgements and critical accounting estimates / assumptions

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

a) Property, plant and equipment

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

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

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

c) Allowance for expected credit loss

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

d) Provision for taxation

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

6 OPERATING FIXED ASSETS

6.1 The following is the statement of operating fixed assets:

Description	Owned											Total Owned	Right-of-use assets		Total Right-of-use assets	Total assets
	Freehold land note (6.1.1)	Leasehold Land note (6.1.2)	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Tools and equipment	Electric installation	Service equipment		Vehicles	Plant and machinery		
	Rupees															
Net carrying value basis year ended June 30, 2020																
Opening net book value (NBV)	316,536,000	1,664,296	64,308,309	73,980,181	877,284,786	683,969	36,625,311	557,039	418,517	8,671,856	15,338	1,380,745,602	11,700,000	-	11,700,000	1,392,445,602
Additions (at cost)	-	-	-	-	16,578,058	-	244,800	-	-	-	-	16,822,858	-	85,042,000	85,042,000	101,864,858
Transfer from capital work-in-progress to own assets (at cost)	-	-	39,167,932	-	-	-	-	-	-	-	-	39,167,932	-	-	-	39,167,932
Disposals (NBV)	-	-	-	-	(408,717)	-	(32,285)	-	-	-	-	(441,002)	-	-	-	(441,002)
Depreciation charge	-	(16,809)	(3,215,415)	(3,699,009)	(87,983,012)	(68,397)	(7,369,913)	(111,408)	(41,852)	(867,186)	(3,068)	(103,376,069)	(2,340,000)	(6,378,150)	(8,718,150)	(112,094,219)
Closing net book value	316,536,000	1,647,487	100,260,826	70,281,172	805,471,115	615,572	29,467,913	445,631	376,665	7,804,670	12,270	1,332,919,322	9,360,000	78,663,850	88,023,850	1,420,943,172
Gross carrying value basis year ended June 30, 2020																
Cost	316,536,000	2,468,754	114,971,342	115,667,567	1,959,087,450	6,267,684	83,548,178	8,579,182	4,498,949	34,394,117	1,033,627	2,647,052,850	23,286,731	85,042,000	108,328,731	2,755,381,581
Accumulated depreciation / impairment	-	(821,267)	(14,710,516)	(45,386,395)	(1,153,616,335)	(5,652,112)	(54,080,265)	(8,133,551)	(4,122,284)	(26,589,447)	(1,021,357)	(1,314,133,529)	(13,926,731)	(6,378,150)	(20,304,881)	(1,334,438,410)
Net book value	316,536,000	1,647,487	100,260,826	70,281,172	805,471,115	615,572	29,467,913	445,631	376,665	7,804,670	12,270	1,332,919,322	9,360,000	78,663,850	88,023,850	1,420,943,172
Net carrying value basis year ended June 30, 2019																
Opening net book value (NBV)	316,536,000	1,681,277	67,692,957	77,873,874	884,230,332	759,966	26,483,954	696,300	465,019	9,635,395	19,172	1,386,074,245	15,846,120		15,846,120	1,401,920,365
Additions (at cost)	-	-	-	-	55,390,582	-	20,873,100	-	-	-	-	76,263,682	-	-	-	76,263,682
Revaluation surplus	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfer to investment property	-	-	-	-	-	-	1,221,120	-	-	-	-	1,221,120	(1,221,120)	-	(1,221,120)	-
Transfer from leased assets to own assets (NBV)	-	-	-	-	27,221,118	-	-	-	-	-	-	27,221,119	-	-	-	27,221,119
Disposals (NBV)	-	-	-	-	-	-	(4,912,924)	-	-	-	-	(4,912,924)	-	-	-	(4,912,924)
Depreciation charge	-	(16,981)	(3,384,648)	(3,893,693)	(89,557,246)	(75,997)	(7,039,939)	(139,261)	(46,502)	(963,539)	(3,834)	(105,121,640)	(2,925,000)	-	(2,925,000)	(108,046,640)
Closing net book value	316,536,000	1,664,296	64,308,309	73,980,181	877,284,786	683,969	36,625,311	557,039	418,517	8,671,856	15,338	1,380,745,602	11,700,000	-	11,700,000	1,392,445,602
Gross carrying value basis year ended June 30, 2019																
Cost	316,536,000	2,468,754	99,988,658	115,667,567	1,930,999,141	6,267,684	83,335,663	8,579,182	4,498,949	34,394,117	1,033,627	2,603,769,342	23,286,731	-	23,286,731	2,627,056,073
Accumulated depreciation / impairment	-	(804,458)	(35,680,349)	(41,687,386)	(1,053,714,355)	(5,583,715)	(46,710,352)	(8,022,143)	(4,080,432)	(25,722,261)	(1,018,289)	(1,223,023,740)	(11,586,731)	-	(11,586,731)	(1,234,610,471)
Net book value	316,536,000	1,664,296	64,308,309	73,980,181	877,284,786	683,969	36,625,311	557,039	418,517	8,671,856	15,338	1,380,745,602	11,700,000	-	11,700,000	1,392,445,602
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%		20%	10%		

6.1.1 This represents freehold land of 4 marla, 52.63 acre and 46.64 kanal are located at Plot No. 57, Block-Q, Phase VII, Defence Housing Authority, Lahore and at 17-KM, Faisalabad Road, Bhikhi, District Sheikhpura and New Lahore Road, Nishatabad, Faisalabad respectively. The Company's freehold land was revalued by a professional valuer namely Sardar Enterprises and Evaluation Focused Consultants as on November 06, 2017 and September 27, 2017 respectively on the basis of market value method. The resulting revaluation surplus aggregating to Rs. 265.797 million are included in the carrying values of such assets with a corresponding amount appearing as "Surplus on revaluation of property, plant and equipment". Management believes that the assessed value would not be significantly different from the value of the property as of June 30, 2020.

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

	Note	2020 Rupees	2019 Rupees

6.2 The depreciation charge for the year has been allocated as follows:

	Note	2020 Rupees	2019 Rupees
Cost of sales	32	102,201,435	97,862,610
General and administrative expenses	33	9,892,784	10,184,030
		112,094,219	108,046,640

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

	2020 Rupees	2019 Rupees
Freehold land	47,164,656	47,164,656

6.3.1 Fair value of freehold land is considered to be based on level 2 in the fair value hierarchy due to significant observable input used in the valuation.

Valuation techniques used to derive level 2 fair values

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

7 CAPITAL WORK-IN-PROGRESS

Description	Cost			
	As at July 01	Additions during the year	Transferred to operating fixed assets	As at June 30
	Rupees			
Extension in blowroom building-Unit 2	-	39,167,932	39,167,932	-
Total - 2020	-	39,167,932	39,167,932	-
Total - 2019	13,697,687	13,523,431	27,221,118	-

8 INVESTMENT PROPERTY

	2020 Rupees	2019 Rupees
Opening balance	1,733,087,677	1,728,028,250
Fair value adjustment	3,013,884	5,059,427
	1,736,101,561	1,733,087,677

8.1 The carrying value of investment property is the fair value of the property as determined by approved independent valuer M/s. Evaluation Focused Consulting as on June 30, 2020 on the basis of market value. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition as the Company's investment property.

8.2 Fair value measurement

Fair value measurement of investment property is based on the valuations carried out by an independent valuer M/s. Evaluation Focused Consulting as on June 30, 2020 on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

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

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

8.4 **Forced sales value - Investment property**

Forced sales value of investment property as at June 30, 2020 amounted to Rs. 1,475.686 million.

8.5 **Location and area - Investment property**

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

9 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE

	Note	2020 Rupees	2019 Rupees
Investment in equity accounted associate	9.1	254,212	376,294

9.1 Investment in equity accounted associate

	2020	2019
Premier Insurance Limited		
69,621 shares of Rs. 10 each (2019 : 69,621 shares of Rs.10/- each)		
Cost of investment	930	930
Accumulated share of post acquisition profit - net of dividend received	464,371	627,640
Accumulated impairment	(89,007)	(89,007)
Share of loss for the year	(122,082)	(163,269)
	253,282	375,364
	254,212	376,294

Market value of investment in equity accounted associate was Rs. 348,105 (2019: Rs. 419,815).

Financial statements of associated company for the year ended June 30, 2020 (Un-audited) have been used for the purpose of application of equity method.

The percentage of equity held in associate is 0.1377% (2019: 0.1377%).

Summarised financial information of Premier Insurance Limited as of June 30, 2020 (Un-audited) is set out below:

	2020	2019
Total assets	2,738,941,000	3,041,685,000
Total liabilities	1,583,375,000	2,124,460,000
Net assets	1,155,566,000	917,225,000
Underwriting results	(250,681,000)	(80,600,000)
Investment (loss) / income	24,565,000	(102,182,000)
Loss after tax	(88,667,000)	(118,581,000)
Company's share of associate's net assets	1,591,053	1,262,891

10 LONG-TERM DEPOSITS

	Note	2020	2019
Security deposits			
Leases		11,603,900	7,534,087
Electricity deposit		9,039,103	9,039,103
Others		1,915,775	1,903,575
	10.1	22,558,778	18,476,765

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

11 STORES, SPARES AND LOOSE TOOLS

	Note	2020 Rupees	2019 Rupees
In hand			
Stores		53,879,253	50,964,686
Spares		24,175,877	24,175,877
Loose tools		43,702	43,702
		78,098,832	75,184,265
Less: Provision for slow moving items	11.2	(7,903,072)	(6,184,883)
		70,195,760	68,999,382

11.1 Stores and spares also include items which may result in capital expenditure but are not distinguishable at the time of purchase. However, the stores and spares consumption resulting in capital expenditure are capitalized in cost of respective assets.

11.2 Provision for slow moving items

	2020	2019
Balance at the beginning of the year	6,184,883	4,396,861
Provision recognized during the year	1,718,189	1,788,022
Balance at the end of the year	7,903,072	6,184,883

12 STOCK-IN-TRADE

	2020	2019
Raw material in hand	595,937,986	537,034,562
Work-in-process	78,313,474	83,313,557
Finished goods	106,132,191	31,331,103
	780,383,651	651,679,222

12.1 During the year no inventories of finished goods were carried at net realizable value (2019: nil).

13 TRADE DEBTS

	Note	2020	2019
Unsecured - considered good			
Due from associated companies	13.1	6,121,143	51,500
Others		1,306,256,568	878,525,049
		1,312,377,711	878,576,549
Considered doubtful		42,942,249	16,600,009
		1,355,319,960	895,176,558
Less: Allowance for expected credit loss	13.2	(42,942,249)	(16,600,009)
		1,312,377,711	878,576,549

13.1 This represents due from Suraj Cotton Mills Limited, an associated company.

13.2 Allowance for expected credit loss

	2020	2019
Opening balance	16,600,009	12,927,455
Allowance recognized during the year	26,342,240	3,672,554
Closing balance	42,942,249	16,600,009

13.3 The aging of related party balances at the reporting date is as follows:

	2020	2019
Not past due	6,085,404	51,531

13.4 The maximum amount due from related parties at the end of any month during the year was Rs. 11.752 million (2019: Rs. 23.227 million).

		Note	2020 Rupees	2019 Rupees
14	**LOANS AND ADVANCES**			
	Loans (unsecured)			
	To employees	14.2	1,594,373	565,655
	Advances (unsecured)			
	To suppliers / contractors	14.3	4,829,635	4,707,893
	Against imports	14.4	6,034,361	6,470,903
			10,863,996	11,178,796
			12,458,369	11,744,451

14.1 Chief Executive Officer and Directors have not taken any loans and advances from the Company.

14.2 These loans are granted to employees of the Company which do not carry mark-up in accordance with their terms of employment.

14.3 This represents advances to suppliers / contractors in the normal course of business and does not carry any interest or mark-up.

14.4 This represents advances against imports for stores and spares in the normal course of business and does not carry any interest or mark-up.

		Note	2020 Rupees	2019 Rupees
15	**DEPOSITS AND SHORT TERM PREPAYMENTS**			
	Security deposits	15.1	10,067,239	8,825,239
	Prepayments		1,007,782	6,399,039
			11,075,021	15,224,278

15.1 This includes short term bank guarantee and Letter of Credit (LC) margin in the normal course of business and does not carry any interest or mark-up.

		Note	2020 Rupees	2019 Rupees
16	**SHORT TERM INVESTMENTS**			
	At fair value through other comprehensive income	16.1	83,958,227	81,176,479
	At fair value through profit or loss	16.2	36,225,297	28,224,634
	At amortised cost	16.3	1,200,000	1,200,000
			121,383,524	110,601,113

		Note	2020 Rupees	2019 Rupees
16.1	**Fair value through other comprehensive income**			
	At cost		43,529,179	43,529,179
	Revaluation surplus			
	As at July 01		50,296,215	81,069,736
	Surplus / (deficit) for the year		2,781,748	(30,773,521)
	As at June 30		53,077,963	50,296,215
	Impairment loss		(12,648,915)	(12,648,915)
		16.1.1	83,958,227	81,176,479

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

Number of shares 2020	Number of shares 2019		Market value 2020 Rupees	Market value 2019 Rupees
		Quoted - At fair value		
1,389,541	1,389,541	The Crescent Textile Mills Limited	28,930,244	30,236,412
1,089	1,089	Crescent Cotton Mills Limited	43,233	30,906
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	927,410	644,907
1,011,751	1,011,751	Shakarganj Mills Limited	50,081,675	47,400,534
50,060	50,060	Crescent Jute Products Limited	170,204	170,204
479,739	479,739	Samba Bank Limited	3,746,762	2,633,767
		Unquoted - At breakup value		
25,000	25,000	Crescent Modaraba Management Company Limited	58,700	59,750
533,623	533,623	Crescent Bahuman Limited	-	-
			83,958,227	81,176,480

	Note	2020 Rupees	2019 Rupees
16.2 Fair value through profit or loss			
At cost		34,689,360	33,741,891
Gain / (loss) on revaluation of investments		1,535,937	(5,517,257)
	16.2.1	36,225,297	28,224,634

16.2.1 Details of Investment in units of mutual funds - at fair value through profit or loss are as under:

Number of units 2020	Number of units 2019	Quoted - At fair value	Market value 2020 Rupees	Market value 2019 Rupees
-	355,883	MCB Pakistan Stock Market Fund	-	28,224,634
359,272	-	MCB Cash Management - Optimizer Growth Fund	36,225,297	-
			36,225,297	28,224,634

	Note	2020 Rupees	2019 Rupees
16.3 Amortised cost			
Term deposit certificates	16.3.1	1,200,000	1,200,000

16.3.1 These term deposit certificates carry mark-up at rates ranging from 6.50% to 10.25% per annum (2019: 4.75% to 7.05% per annum).

		Note	2020 Rupees	2019 Rupees
17	**TAX REFUNDS DUE FROM GOVERNMENT**			
	Sales tax refundable		-	110,475,721
	Income tax refundable		11,451,959	23,110,496
			11,451,959	133,586,217
18	**CASH AND BANK BALANCES**			
	Cash in hand		995,690	210,205
	Bank balances			
	Conventional mode			
	Current accounts		48,999,221	44,530,673
	PLS Saving accounts	18.1	102,376,357	88,021,572
			151,375,578	132,552,245
			152,371,268	132,762,450

18.1 The balance in saving accounts carry profit at average rates ranging from 6.5% to 10.25% per annum (2019: 4.5% to 10.25% per annum).

19 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of ordinary shares of Rs. 10/- each 2020	2019		2020 Rupees	2019 Rupees
9,128,510	9,128,510	Fully paid in cash	91,285,100	91,285,100
535,533	535,533	Fully paid issued to financial institution against conversion of loan	5,355,330	5,355,330
2,753,833	2,753,833	Fully paid bonus shares	27,538,330	27,538,330
12,417,876	12,417,876		124,178,760	124,178,760
57,825	57,825	Shares held by associated undertakings	578,250	578,250

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

20 RESERVES

	2020 Rupees	2019 Rupees
Capital reserve		
Surplus on revaluation of property, plant and equipment	1,993,825,768	1,993,825,768
Unrealized gain on investments classified as fair value through other comprehensive income	53,077,963	50,296,215
	2,046,903,731	2,044,121,983
Revenue reserves		
Unappropriated profit	1,090,948,939	982,179,728
	3,137,852,670	3,026,301,711

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

21 LONG TERM FINANCING

	Note	2020 Rupees	2019 Rupees
From banking companies - secured			
Conventional mode			
United Bank Limited - Term finance - 1	21.1	81,833,199	109,110,932
MCB - Term finance - 2	21.2	-	5,757,111
MCB - Term finance - 3	21.3	3,659,700	10,979,100
MCB - Term finance - 4	21.4	19,786,336	26,381,780
United Bank Limited - Term finance - 5	21.5	15,666,668	26,111,112
MCB - Term finance - 6	21.6	30,949,000	33,160,000
MCB - Term finance - 7	21.7	16,676,000	23,346,000
MCB - Term finance - 8	21.8	15,365,778	17,560,889
MCB - Term finance - 9	21.9	48,000,000	48,000,000
MCB - Term finance - 10	21.10	27,000,000	27,000,000
		258,936,681	327,406,924
Islamic mode			
Orix Modaraba - Term finance - 11	21.11	1,457,404	2,429,000
Orix Modaraba - Term finance - 12	21.12	574,849	1,957,378
Orix Modaraba - Term finance - 13	21.13	1,453,894	3,247,228
		3,486,147	7,633,606
		262,422,828	335,040,530
Less: Current portion shown under current liabilities	29	(39,053,946)	(108,411,603)
		223,368,882	226,628,927

21.1 This facility has been obtained from United Bank Limited for extension of Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 2.25% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from May 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million. The sanctioned limit of the facility is Rs. 300 million (2019: Rs. 300 million).

21.2 This facility has been obtained from MCB Bank Limited for expansion of Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 4.5 years after a grace period of 18 months. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 51.814 million (2019: Rs. 51.814 million). This facility has been repaid during the year.

21.3 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 9.00% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2016. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 32.937 million (2019: Rs. 32.937 million).

21.4 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 59.359 million (2019: Rs. 59.359 million).

21.5 This facility has been obtained from United Bank Limited to import of plant and machinery. The rate of mark-up is 4.50% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million (2019: Rs. 400 million).

21.6 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 10 years after a grace period of 18 months with installments starting from November 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 41 million (2019: Rs. 41 million).

21.7 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from October 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 32 million (2019: Rs. 32 million).

21.8 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 20 million (2019: Rs. 20 million).

21.9 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 48 million (2019: Rs. 48 million).

21.10 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 27 million (2019: Rs. 27 million).

21.11 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of Crescent Fibres Limited. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2 years after a grace period of 12 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Rs. 2.429 million (2019: Rs. 2.429 million).

21.12 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of Crescent Fibres Limited. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2.5 years after a grace period of 6 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Rs. 2.149 million (2019: Rs. 2.149 million).

21.13 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of crescent Fibres Limited. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 3 years starting from May 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Rs. 3.379 million (2019: Rs. 3.379 million).

22 LEASE LIABILTIES

	Note	2020 Rupees	2019 Rupees
Secured			
Balance as July 01		10,447,746	15,542,415
Additions during the year		68,000,000	-
		78,447,746	15,542,415
Payments / adjustments during the year		(12,255,170)	(5,094,669)
		66,192,576	10,447,746
Less: Current portion	29	(15,075,710)	(4,571,160)
	22.1& 22.2	51,116,866	5,876,586

22.1 This represents finance leases entered into with financial institutions for vehicles. Financing rates ranging from 13.19% to 21.77% (2019: 8.93% to 15%) per annum have been used as a discounting factor. At the end of the lease period the ownership of assets shall be transferred to the Company on payment of residual values of the assets. These facilities are secured by security deposit and personal guarantees of directors and hypothecation charge on leased assets.

22.2 This also includes leases entered into with the financial institution for imported machinery. Financing ranging from 13.92% (2019: Nil) per annum have been used as a discounting factor. At the end of the lease period the ownership of the machine shall be transferred to the Company on payment of residual value. This facility is secured by security deposit and personal guarantees of directors amounting to Rs. 65 million.

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

	2020			2019		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	21,640,207	55,196,169	76,836,376	5,178,775	5,924,085	11,102,860
Financial charges not due	(6,564,497)	(4,079,303)	(10,643,800)	(607,615)	(47,499)	(655,114)
Present value of minimum lease payments	15,075,710	51,116,866	66,192,576	4,571,160	5,876,586	10,447,746
Payable within one year shown under current liabilities	(15,075,710)	-	(15,075,710)	(4,571,160)	-	(4,571,160)
	-	51,116,866	51,116,866	-	5,876,586	5,876,586

22.3 Amounts recognised in the statement of profit or loss:

	Note	2020	2019
Interest expense on lease liability	37	6,868,474	938,309
Expense relating to short-term leases	33	7,490,120	5,893,238
Total amount recognised in statement of profit or loss		14,358,594	6,831,547

22.4 Cash outflow for leases:

The Company had total cash outflows for leases of Rs. 29.297 million (2019: Rs. 5.095 million). The Company had non-cash addition to right-of-use assets and lease liabilities of Rs. 68 million (2019: Rs. Nil).

23 DEFERRED TAXATION

	Note	2020 Rupees	2019 Rupees
Deferred Taxation	23.1	73,655,937	105,063,037

23.1 The net balance for deferred taxation is in respect of following temporary differences:

	2020 Rupees	2019 Rupees
Deferred tax liabilities		
Accelerated tax depreciation allowance	187,110,034	171,636,066
Deferred tax assets		
Lease rentals	(19,195,847)	(3,029,846)
Turnover tax / Alternative Corporate tax	(79,513,107)	(56,935,564)
Allowance for expected credit loss	(12,453,252)	(4,814,003)
Provision for slow moving items	(2,291,891)	(1,793,616)
	(113,454,097)	(66,573,029)
	73,655,937	105,063,037

23.2 The gross movement in the deferred tax liability during the year is as follows:

	2020 Rupees	2019 Rupees
Balance as at July 1,	105,063,037	125,746,510
Charged during the year - net	(31,407,100)	(20,683,473)
	73,655,937	105,063,037

24 TRADE AND OTHER PAYABLES

	Note	2020 Rupees	2019 Rupees
Creditors	24.1	452,948,947	264,298,511
Accrued liabilities	24.2	651,532,746	646,431,497
Sales tax payable		25,101,621	-
Advance from customer		9,142,642	9,471,921
Payable to provident fund		1,991,016	2,086,902
Workers' Profit Participation Fund	24.3	8,084,181	8,736,729
Due to related party	24.4	23,689,715	10,932,882
Withholding tax payable		1,598,916	192,341
Workers' Welfare Fund		9,181,092	5,999,420
Other liabilities		2,185,299	1,751,741
		1,185,456,175	949,901,944

24.1 This includes balance amounting to Rs. 10.273 million (2019: Rs. 12.888 million) due to an associated company.

24.2 This includes an amount of Rs. 324.383 million (2019: Rs. 370.421 million) payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. Subsequent to the year end, based on appeal filed by the Government, the Supreme Court of Pakistan in its judgement dismissed all the petition filed against the aforesaid matter and decided in favour of Federal Government.

Accordingly, as per the direction given in the said judgement, Company would be required to pay the amount of levy payable upto July 2020 in twenty four equal monthly installment commenced from August, 2020. Late payment surcharge amounting to Rs. 56.695 is reversed during the year which is no more payable as per the aforesaid judgment.

Based on appeal filed by the Company, High Court of Sindh issued a stay order dated September 29, 2020. As per the direction given, the Federal Government is restrained from taking any coercive action against the Company for the non payment of installments of GIDC till the next date of hearing.

	Note	2020 Rupees	2019 Rupees
24.3 Workers' Profit Participation Fund			
Balance as at July 01,		8,736,729	4,989,302
Add: Allocation for the year		8,084,181	8,736,729
Add: Interest on funds utilized in the Company's business		748,519	292,610
		17,569,429	14,018,641
Less: Amount paid during the year		(9,485,248)	(5,281,912)
		8,084,181	8,736,729

24.4 This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 5.170 million (2019: Nil), Rs.1.220 million (2019: Rs.1.222 million) and Rs. 17.300 million (2019: Rs.9.713 million) respectively. These balances do not carry any interest and are repayable on demand.

25 UNCLAIMED DIVIDEND

	Note	2020 Rupees	2019 Rupees
Unclaimed dividend	25.1	2,423,578	2,509,359

25.1 The reconciliation of the carrying amount is as follows:

		2020 Rupees	2019 Rupees
Opening balance		2,509,359	2,509,359
Dividend declared		-	-
Interest on dividend		-	-
Less: Dividend paid		(85,781)	-
		2,423,578	2,509,359

26 INTEREST AND MARK-UP ACCRUED

		2020 Rupees	2019 Rupees
Interest and markup accrued on:			
Long-term financing from Banks and Modaraba			
Islamic mode		-	-
Conventional mode		10,538,130	5,235,154
		10,538,130	5,235,154

	Note	2020 Rupees	2019 Rupees
Short-term borrowings from Banks			
Islamic mode		8,242,036	36,397,004
Conventional mode		14,105,844	-
		22,347,880	36,397,004
		32,886,010	41,632,158

27 SHORT-TERM BORROWINGS

	Note	2020 Rupees	2019 Rupees
From banking companies - secured			
Running / cash finance			
Islamic mode		205,545,535	-
Conventional mode		563,917,597	531,072,421
	27.1	769,463,132	531,072,421
Bills discounting			
Conventional mode	27.2	-	12,000,000
		769,463,132	543,072,421

27.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 1,030 million (2019: Rs. 1030 million). The rate of mark up on these finance facilities ranges between 1 month and 6 months KIBOR plus 1.25% to 2% per annum (2019: 1 month and 3 months KIBOR plus 1.25% to 2.50% per annum) and is payable quarterly.

The Company has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 300 million (2019: Rs. 200 million) from a commercial bank. The unutilized balance at the end of the year was Rs. 94.454 million (2019: Rs. 151.653 million).

These financing facilities are secured by way of pledge and floating charge over the current assets and personal guarantee of Directors and lien on import documents.

27.2 In prior years, the management of the Company had determined that the liabilities relating to short term borrowings and mark-up accrued thereon amounting to Rs. 12 million and Rs. 20.385 million up to June 30, 2012, respectively, were payable to a financial institution (now Samba Bank Limited). No provision for mark-up had been recorded on this balance since June 30, 2012. The Company had received a nil balance certificate from the Bank and no claim had been received in respect of the amount outstanding from this financial institution or third party.

Based on the legal opinion, the management of the Company determined that the liabilities relating to short term borrowings and mark-up accrued thereon amounting to Rs. 32.385 million is no more payable and is written back accordingly in these financial statements.

28 TAXATION - NET

	Note	2020 Rupees	2019 Rupees
Advance income tax		77,495,285	50,596,604
Provision for taxation	38	(76,214,263)	(62,716,187)
		1,281,022	(12,119,583)

29 CURRENT PORTION OF LONG TERM LIABILITIES

	Note	2020 Rupees	2019 Rupees
Long term financing	21	39,053,946	108,411,603
Lease liabilities	22	15,075,710	4,571,160
		54,129,656	112,982,763

30 CONTINGENCIES AND COMMITMENTS

30.1 Contingencies

a) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 92.888 million (2019: Rs. 78.381 million).

b) Crescent Cotton Mills Limited formerly (Crescent Sugar Mills and Distillery Limited) has filed a case against the Company for an amount of Rs. 53.850 million on the basis of case documents filed. The Company has a recorded liability of Rs. 17.542 million as the best estimate of amounts owed. No provision for the difference amount has been made as management is of the view that the basis is frivolous and in view of counter claims available with the Company, management is confident that the balance amount shall not be payable.

c) Finance Act, 2017 introduced a new section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which for tax year 2017 and onward, a tax shall be imposed at the rate of 7.5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

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

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

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

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

30.2 Commitments

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

a) Letters of credit against import of raw cotton amounting to Rs. 2.843 million (2019: Rs. 48.347 million).

b) The amount of future Ijarah rentals for Ijarah financing and the period in which these payments will become due are as follows.

		Note	2020 Rupees	2019 Rupees
	Not later than one year		37,178	545,379
	Later than one year and not later than five years.		-	37,178
			37,178	582,557
31	**SALES - NET**			
	Gross Sales			
	Local yarn		5,712,172,171	6,111,576,694
	Local waste		42,431,008	47,161,370
			5,754,603,179	6,158,738,064
	Local trading		174,860,665	98,119,800
			5,929,463,844	6,256,857,864
	Sales Tax		(848,512,984)	(909,116,100)
	Brokerage & Commission		(57,380,731)	(58,300,694)
			5,023,570,129	5,289,441,070
32	**COST OF SALES**			
	Material consumed	32.1	3,336,026,013	3,533,517,345
	Salaries, wages and other benefits	32.2	423,623,048	416,458,166
	Power and fuel		472,990,191	550,304,288
	Depreciation	6.2	102,201,435	97,862,610
	Packing material consumed		60,654,363	64,440,188
	Stores, spares and loose tools consumed		96,811,358	83,029,449
	Insurance		12,831,876	11,457,631
	Repairs and maintenance		9,278,851	5,228,122
	Provision for slow moving stores, spares and tools		1,718,189	1,788,022
	Other manufacturing overheads		24,475,879	23,056,918
	Manufacturing cost		4,540,611,203	4,787,142,739
	Opening work-in-process		83,313,557	73,417,725
	Closing work-in-process		(78,313,474)	(83,313,557)
			5,000,083	(9,895,832)
	Cost of goods manufactured		4,545,611,286	4,777,246,907
	Cost of goods purchased for trading		153,383,044	73,739,738
			4,698,994,330	4,850,986,645
	Opening stock of finished goods		31,331,103	59,344,315
	Closing stock of finished goods		(106,132,191)	(31,331,103)
			(74,801,088)	28,013,212
			4,624,193,242	4,878,999,857
32.1	**Material consumed**			
	Opening stock		537,034,562	430,336,832
	Purchases including related expenses		3,394,929,437	3,640,215,075
			3,931,963,999	4,070,551,907
	Closing stock		(595,937,986)	(537,034,562)
			3,336,026,013	3,533,517,345

32.2 Salaries, wages and other benefits include Rs. 12.842 million (2019: Rs. 11.498 million) in respect of staff retirement benefits.

	Note	2020 Rupees	2019 Rupees
33 GENERAL AND ADMINISTRATIVE EXPENSES			
Staff salaries and other benefits	33.1	54,269,817	49,573,631
Directors' remuneration		16,843,200	15,567,200
Repairs and maintenance		5,934,004	4,322,043
Vehicles running and maintenance		7,312,797	7,325,433
Insurance		3,081,797	2,458,524
Telephone and postage		1,385,175	1,407,440
Traveling and conveyance		10,153,426	7,104,675
Fee and subscription		4,617,014	5,770,303
Legal and professional charges		641,700	877,200
Depreciation	6.2	9,892,784	10,184,030
Utilities		3,456,308	3,257,558
Rent, rates and taxes	22.3	7,490,120	5,893,238
Entertainment		3,265,201	2,817,381
Printing and stationery		757,178	870,664
Donation	33.2	100,000	120,000
Others		3,430,848	2,725,867
		132,631,369	120,275,187

33.1 Staff salaries and other benefits include Rs. 3.495 million (2019: Rs. 2.868 million) in respect of staff retirement benefits.

33.2 This represents donation paid to Maqbool Trust, an associated undertaking in which Directors are interested.

	Note	2020 Rupees	2019 Rupees
34 DISTRIBUTION COST			
Local freight and insurance		16,912,496	16,334,890
Ocean freight		-	44,040
Other		1,529,510	2,268,151
		18,442,006	18,647,081
35 OTHER OPERATING INCOME			
Gain on sale of investments	35.1	6,528,833	143,145
Rental income		24,669,156	22,419,128
Gain on valuation of investment property	8	3,013,884	5,059,427
Interest on bank deposits		9,667,083	4,544,610
Dividend income	35.2	833,725	-
Liabilities written back	27.2	32,385,234	-
Scrap sales - store items		2,538,466	1,867,141
Gain on sale of fixed assets		3,547,497	3,576,079
Unrealized gain on revaluation of investments		1,825,494	-
Deferred gain on sale and lease back		209,349	179,448
		85,218,721	37,788,978

		Note	2020 Rupees	2019 Rupees
35.1	**Gain on sale of investments**			
	Shakarganj Mills Limited		64,108	-
	MCB Cash Management Optimizer Fund		-	143,145
	MCB Pakistan Stock Market Fund		6,464,725	-
			6,528,833	143,145

35.2 Dividend income received on the shares of the Crescent Textile Mills Limited.

		Note	2020 Rupees	2019 Rupees
36	**OTHER OPERATING EXPENSES**			
	Auditors' remuneration:			
	Statutory audit		660,000	660,000
	Half yearly review		175,000	150,000
			835,000	810,000
	Allowance for expected credit loss		26,342,240	3,672,554
	Loss on revaluation of investments		-	5,517,257
	Workers' Profit Participation Fund		8,084,181	8,736,729
	Workers' Welfare Fund		3,233,672	3,319,957
			38,495,093	22,056,497
37	**FINANCIAL CHARGES**			
	Mark-up / interest on:			
	Long-term financing			
	Islamic mode		697,147	255,897
	Conventional mode		31,976,398	28,852,348
			32,673,545	29,108,245
	Short-term borrowing			
	Islamic mode		12,772,133	-
	Conventional mode		63,906,847	66,380,844
			76,678,980	66,380,844
	Financial charges on leases	22.3	6,868,474	938,309
	Workers' Profit Participation Fund		748,519	292,610
			116,969,518	96,720,008
	LC discounting charges		27,569,772	27,800,257
			144,539,290	124,520,265
38	**TAXATION**			
	Current	38.1	76,214,263	62,716,187
	Prior	38.2	(3,210,606)	7,340,755
			73,003,657	70,056,942
	Deferred		(31,407,100)	(20,683,473)
			41,596,557	49,373,469

38.1 This represents current year's total tax liability of the Company amounting to Rs. 76.214 which is fully covered under Section 113 "Minimum tax" of the Income Tax Ordinance, 2001.

38.2 The prior year tax included the tax credit of Rs.4.130 million under section 65B at rate of 5%.

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

38.4 Finance Act, 2017 introduced a new section 5A to the Income Tax Ordinance, 2001 on the subject of tax on undistributed profit, according to which for tax year 2017 and onward, a tax shall be imposed at the rate of 7.5% of its accounting profit before tax on every public company, other than a scheduled bank or a modaraba, that drives profit for a tax year but does not distribute at least 40% of its after tax profits within six months of the end of the tax year through cash or bonus shares.

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

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

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

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

	2020 Rupees	2019 Rupees
39 EARNINGS PER SHARE - BASIC AND DILUTED		
Profit for the year	108,769,211	113,194,423
Weighted average number of ordinary shares outstanding	12,417,876	12,417,876
Earnings per share - basic and diluted	8.76	9.12

40 DEFINED CONTRIBUTION PLAN

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

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

	Note	2020 Rupees	2019 Rupees
41 CASH GENERATED FROM OPERATIONS			
Profit before taxation		150,365,768	162,567,892
Adjustment for non-cash charges and other items:			
Gain on disposal of operating fixed assets		(3,547,497)	(3,576,079)
Financial charges		144,539,290	124,520,265
Depreciation		112,094,219	108,046,640
Gain on sale of investments		(6,528,833)	(143,145)
Loss/(gain) on revaluation of short term investments		(1,825,494)	5,517,257
Gain on revaluation of investment property		(3,013,884)	(5,059,427)
Share of loss from equity accounted associate		122,082	163,269
Allowance for expected credit loss		26,342,240	3,672,554
Provision for slow moving items		1,718,189	1,788,022
		269,900,312	234,929,356
Profit before working capital changes		420,266,080	397,497,248
Working capital changes	41.1	(229,417,634)	(68,611,814)
		190,848,446	328,885,434

41.1 Working capital changes

	2020 Rupees	2019 Rupees
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(2,914,567)	(7,554,726)
Stock in trade	(128,704,429)	(88,580,350)
Trade debts	(460,143,402)	(195,838,500)
Loans and advances	(713,918)	(5,663,858)
Trade deposits and short term prepayments	4,149,257	325,852
Other receivables	1,220,939	(1,751,202)
Tax refund due from the Government	122,134,258	(17,125,628)
	(464,971,862)	(316,188,412)
Increase in current liabilities		
Trade and other payables	235,554,228	247,576,598
	(229,417,634)	(68,611,814)

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

Description	Liabilities	Total
	Rupees	
Balance as at July 1, 2019	345,488,276	345,488,276
Repayment of long term loan	(72,617,702)	(72,617,702)
Repayment of lease liabilities	(29,297,170)	(29,297,170)
Balance as at June 30, 2020	272,870,574	272,870,574

43 REMUNERATION OF CHIEF EXECUTIVE OFFICER DIRECTORS AND EXECUTIVES

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

	2020			2019		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	Rupees			Rupees		
Managerial remuneration	5,808,000	5,808,000	13,351,808	5,368,000	5,368,000	9,275,621
House rent	2,613,600	2,613,600	5,054,383	2,415,600	2,415,600	3,375,490
Company's contribution to Provident Fund Trust	580,800	580,800	1,328,277	536,800	536,800	927,564
Reimbursable expenses	617,088	588,684	518,497	661,623	568,741	435,697
Total	9,619,488	9,591,084	20,252,965	8,982,023	8,889,141	14,014,372
Number of persons	1	1	7	1	1	4

43.1 The Chief Executive Officer, a Director and some executives are also provided with Company's maintained cars.

43.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.160 million (2019: Rs. 0.160 million).

43.3 The current and corresponding year figures include remunerations of Company's Executives whose basic salary exceeds twelve hundred thousand rupees in a financial year.

44 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

Relationship with company	Nature of transaction	2020 Rupees	2019 Rupees
Associated companies / undertakings	Sale of yarn / Cotton	71,054,400	92,394,450
	Insurance premium	14,284,855	16,677,237
	Rent received	644,280	585,516
	Donation paid	100,000	120,000
Retirement benefit plans	Contribution to provident fund	16,336,687	14,528,403

Relationship with company	Nature of transaction	2020 Rupees	2019 Rupees
Directors	Rent paid	4,290,000	4,020,000
	Loan Received	5,170,000	-
Directors Close Relative	Loan Received	7,560,000	6,786,940
Key management personnel	Remuneration and other benefits (note 43)	39,463,537	31,885,536

44.1 Year end balances

Associated companies	Trade debts	6,085,404	51,531
	Trade and other payables	10,273,030	12,888,879
Retirement benefit plans	Trade and other payables	1,991,014	2,086,902
Directors	Trade and other payables	23,689,715	10,932,882

44.2 Names of related parties, nature and basis of relationship

a) Associated companies / undertakings

Amil Exports (Private) Limited (Common Directorship)
Crescent Powertec Limited (Common Directorship)
Mohd Amin Mohd Bashir Inter (Private) Limited (Common Directorship)
Premier Financial Services(Pvt) Limited (Common Directorship)
Premier Insurance Limited (Common Directorship)
Suraj Cotton Mills Limited (Common Directorship)

b) Board of Directors

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

c) Key Executives

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

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

45 CAPACITY AND PRODUCTION

Spinning units	2020			2019		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	28,608	38,448	67,056	28,608	38,448	67,056
Number of spindles worked	28,608	38,448	67,056	28,608	38,448	67,056
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - Kgs	11,083,232	14,895,417	25,978,649	11,083,232	14,895,417	25,978,649
Actual production of yarn after conversion into 20/s count - Kgs	9,162,127	9,980,098	19,142,226	10,113,905	11,902,359	22,016,264

46 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

46.1 Risk management policies

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

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

46.2 Credit risk

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

Exposure to credit risk

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

	2020 Rupees	2019 Rupees
Deposits	21,022,117	27,302,004
Investments	121,383,524	110,601,113
Trade debts	1,312,377,711	878,576,549
Loans	10,863,996	565,655
Other receivables	1,695,658	2,916,597
Bank balances	151,375,578	132,552,245
	1,618,718,584	1,152,514,163

The aging of trade receivables at the reporting date is:

Not past due	515,162,716	452,574,915
Past due 1-30 days	192,527,258	242,520,482
Past due 30-90 days	375,361,103	140,765,253
Past due 90 days	229,326,635	42,715,899
	1,312,377,711	878,576,549

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

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

Concentration of credit risk

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

Impaired assets

During the year, the Company has charged an allowance for expected credit loss on trade debts amounting to Rs. 26.342 million (2019: Rs. 3.673 million).

46.3 Liquidity risk

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

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
				Rupees			
2020							
Long term financing	262,422,828	320,474,172	1,302,281	51,350,355	142,925,542	106,685,701	18,210,293
Lease liabilities	66,192,576	69,582,567	12,465,509	10,079,478	20,158,956	26,878,624	-
Trade and other payables	1,141,490,365	1,141,490,365	1,141,490,365	-	-	-	-
Interest and markup accrued	32,886,010	32,886,010	32,886,010	-	-	-	-
Short-term borrowings	769,463,132	769,463,132	769,463,132	-	-	-	-
	2,272,454,911	2,333,896,246	1,957,607,297	61,429,833	163,084,498	133,564,325	18,210,293

	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months	One to two years	Two to five years	Over five years
2019				Rupees			
Long term financing	335,040,530	394,515,495	68,148,108	60,178,916	122,574,082	113,564,950	30,049,438
Lease liabilities	10,447,746	11,102,859	2,589,387	2,589,387	5,924,085	-	-
Trade and other payables	937,482,812	937,482,812	937,482,812	-	-	-	-
Interest and markup accrued	41,632,158	41,632,158	41,632,158	-	-	-	-
Short-term borrowings	543,072,421	543,072,421	543,072,421	-	-	-	-
	1,867,675,667	1,927,805,745	1,592,924,886	62,768,303	128,498,167	113,564,950	30,049,438

46.4 YIELD / MARK UP RATE RISK

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

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
			2020				
	%	Rupees					
Financial assets							
At fair value through other comprehensive income							
Investments		83,958,227	-	-	-	-	83,958,227
At fair value through other profit or loss							
Investments		36,225,297	-	-	-	-	36,225,297
Amortized cost							
Investments	7.70% - 9.02%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	1,312,377,711	-	-	-	-	1,312,377,711
Trade deposits	-	21,022,117	-	-	-	-	21,022,117
Other receivables	-	1,695,658	-	-	-	-	1,695,658
Cash and bank balances	6.5% - 10.25%	152,371,268	102,376,357	-	-	102,376,357	49,994,911
		1,608,850,278	103,576,357	-	-	103,576,357	1,505,273,921
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	3.25% - 16.40%	262,422,828	39,053,946	195,652,215	27,716,667	262,422,828	-
Lease liabilities	13.19% - 21.77%	66,192,576	15,075,710	51,116,866	-	66,192,576	-
Trade and other payables		1,141,490,365	-	-	-	-	1,141,490,365
Interest and markup accrued		32,886,010	-	-	-	-	32,886,010
Short-term borrowings	9.58% - 15.85%	769,463,132	769,463,132	-	-	769,463,132	-
		(2,272,454,911)	(823,592,788)	(246,769,081)	(27,716,667)	(1,098,078,536)	(1,174,376,375)
On balance sheet gap		(663,604,633)	(720,016,431)	(246,769,081)	(27,716,667)	(994,502,179)	330,897,546
Off balance sheet items							
Guarantees on behalf of the Company		92,888,000	-	-	-	-	92,888,000
Letter of credit for import of raw cotton		2,843,000	-	-	-	-	2,843,000
		95,731,000	-	-	-	-	95,731,000
Total gap		(759,335,633)	(720,016,431)	(246,769,081)	(27,716,667)	(994,502,179)	235,166,546

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk: Maturity upto one year	Maturity over one year to five years	Maturity over five years	Sub- total	Not exposed to yield / mark-up rate risk
			2019				
	%	Rupees					
Financial assets							
At fair value through other comprehensive income							
Investments		81,176,479	-	-	-	-	81,176,479
At fair value through other profit and loss							
Investments		28,224,634	-	-	-	-	28,224,634
Amortized cost							
Investments	4.75% - 7.05%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	878,576,549	-	-	-	-	878,576,549
Trade deposits	-	27,302,004	-	-	-	-	27,302,004
Other receivables	-	2,916,597	-	-	-	-	2,916,597
Cash and bank balances	4.5% - 10.25%	132,762,450	88,021,572	-	-	88,021,572	44,740,878
		1,152,158,713	89,221,572	-	-	89,221,572	1,062,937,141
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	3.25% - 15.62%	335,040,530	108,411,603	198,912,260	27,716,667	335,040,530	-
Lease liabilities	8.93% - 15%	10,447,746	4,571,160	5,876,586	-	10,447,746	-
Trade and other payables		937,482,812	-	-	-	-	937,482,812
Financial charges payable		41,632,158	-	-	-	-	41,632,158
Short-term borrowings	8.15% - 14.30%	543,072,421	543,072,421	-	-	543,072,421	-
		1,867,675,667	(656,055,184)	(204,788,846)	(27,716,667)	(888,560,697)	(979,114,970)
On balance sheet gap		(715,516,954)	(566,833,612)	(204,788,846)	(27,716,667)	(799,339,125)	83,822,171
Off balance sheet items							
Guarantee issued on behalf of Company		78,381,000	-	-	-	-	78,381,000
Letter of credit for capital expenditure		48,347,000	-	-	-	-	48,347,000
		126,728,000	-	-	-	-	126,728,000
Total gap		(842,244,954)	(566,833,612)	(204,788,846)	(27,716,667)	(799,339,125)	(42,905,829)

46.5 Market risk

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

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. The Company exposure to foreign currency risk as follows:

	2020	2019
	Rupees	Rupees
Outstanding letter of credit	2,843,000	48,347,000

b) Interest rate risk

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

	2020	2019	2020	2019
	Effective rate (In percent)	Effective rate (In percent)	Carrying amount Rupees	
Financial liabilities				
Fixed rate instrument				
Long term financing	3.25%-9%	3.25%-9%	93,951,368	120,596,212
Short term borrowings	8%	8%	-	12,000,000
Variable rate instruments				
Long term financing	4.50% - 16.40%	8.40% - 9.65%	168,471,460	148,883,429
Short term borrowings	9.58% - 15.85%	7.51% - 8.25%	769,463,132	531,072,421
Lease liabilities	13.19% - 21.77%	8.93% to 15%	66,192,576	10,447,746

Cash flow sensitivity analysis for variable rate instruments

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

	Profit and loss	
	100 bp increase	100 bp decrease
As at June 30, 2020		
Cash flow sensitivity - Variable rate financial liabilities	(10,041,272)	10,041,272
As at June 30, 2019		
Cash flow sensitivity - Variable rate financial liabilities	(6,904,036)	6,904,036

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

c) **Market risk**

Market price risk

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

Exposure

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

Risk management

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

	2020 Rupees	2019 Rupees
As at June 30, 2020, the fair value of equity securities exposed to price risk were as follows:		
At fair value through profit or loss	36,225,297	28,224,634
At fair value through other comprehensive income	83,958,227	81,176,479

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

	2020 Rupees	2019 Rupees
Price sensitivity	4,197,911	4,058,824

46.6 Financial instruments by category

Financial assets		
At fair value through other comprehensive income		
Investments	83,958,227	81,176,479
At fair value through other profit and loss		
Investments	36,225,297	28,224,634
Amortized cost		
Investments	1,200,000	1,200,000
Trade debts	1,312,377,711	878,576,549
Trade deposits	21,022,117	27,302,004
Other receivables	1,695,658	2,916,597
Bank balances	152,371,268	132,762,450
	1,608,850,278	1,152,158,713
Financial liabilities		
Financial liabilities carried at amortized cost		
Long-term financing	262,422,828	335,040,530
Lease liabilities	66,192,576	10,447,746
Trade and other payables	1,141,490,365	937,482,812
Interest and markup accrued	32,886,010	41,632,158
Short-term borrowings	769,463,132	543,072,421
	2,272,454,911	1,867,675,667

47 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

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

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

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

Level 1: quoted prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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

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

As at June 30, 2019, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	'Rupees			
At fair value through profit or loss				
Short term investment	28,224,634	-	-	28,224,634
At fair value through other comprehensive income				
Short term investment	81,116,730	-	59,750	81,176,480

Valuation techniques

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

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

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

Transfers during the year

During the year to June 30, 2020:

- There were no transfers between Level 1 and Level 2 fair value measurements
- There were no transfers into or out of Level 3 fair value measurements

The following table presents the movement in level 3 instruments.

	2020 Rupees	2019 Rupees
Opening balance	59,750	59,638
Unrealized (loss) / gain during the year	(1,050)	112
Closing balance	58,700	59,750

48 CAPITAL MANAGEMENT

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

The proportion of debt to equity at the year end was:

	2020	2019
Total Borrowings (notes 21, 22 & 27)	1,098,078,536	888,560,697
Less: Cash and bank balances (note 18)	(152,371,268)	(132,762,450)
Net debt	945,707,268	755,798,247
Total equity	1,268,205,662	1,156,654,703
Total capital	2,213,912,930	1,912,452,950
Gearing ratio	43%	40%

49 SIGNIFICANT EVENT DURING THE YEAR

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

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

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

50 **DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on October 03, 2020 by the Board of Directors of the Company.

51 **NUMBER OF EMPLOYEES**

	2020	2019
	No. of employees	
a) Number of employees as at June 30	1039	1047
Average number of employees	1056	1037
b) Number of factory employees as at June 30	999	978
Average number of factory employees during the year	982	975

52 **CORRESPONDING FIGURES**

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

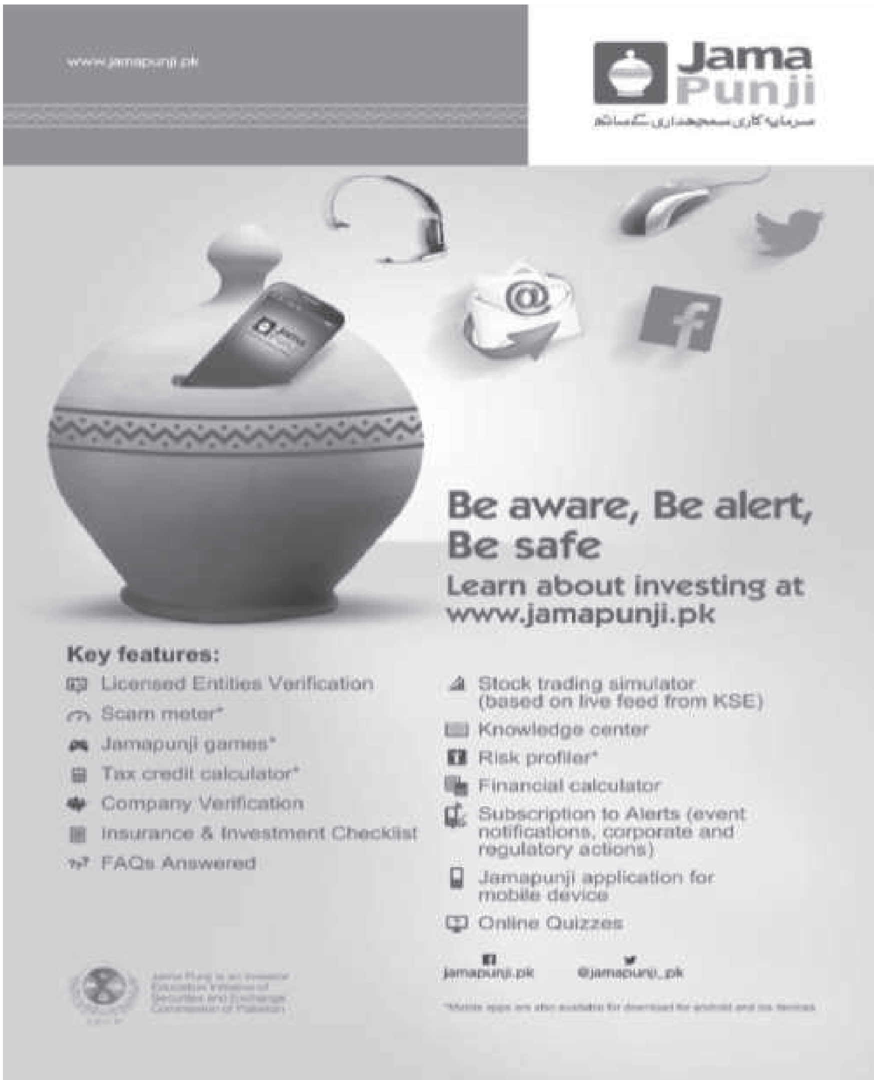
53 **GENERAL**

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

IMRAN MAQBOOL
Chief Executive

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer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PATTERN OF SHAREHOLDING AS AT JUNE 30, 2020

FORM-34

SHAREHOLDERS	FROM	TO	TOTAL SHARES	PERCENTAGE
683	1	100	21,772	0.18
432	101	500	96,415	0.78
95	501	1,000	66,341	0.53
125	1,001	5,000	250,380	2.02
35	5,001	10,000	254,701	2.05
12	10,001	15,000	159,188	1.28
12	15,001	20,000	200,655	1.62
7	20,001	25,000	156,061	1.26
8	25,001	30,000	231,033	1.86
6	30,001	35,000	192,340	1.55
2	35,001	40,000	75,500	0.61
4	40,001	45,000	170,626	1.37
1	45,001	50,000	45,229	0.36
1	50,001	55,000	51,173	0.41
1	55,001	60,000	58,233	0.47
1	60,001	65,000	65,000	0.52
2	65,001	70,000	136,106	1.10
2	70,001	75,000	145,420	1.17
3	75,001	80,000	235,218	1.89
1	125,001	130,000	127,661	1.03
1	145,001	150,000	147,217	1.19
1	150,001	155,000	153,580	1.24
1	205,001	210,000	208,600	1.68
1	350,001	355,000	351,657	2.83
1	395,001	400,000	399,558	3.22
1	630,001	635,000	633,015	5.10
1	850,001	855,000	852,681	6.87
1	1,105,001	1,110,000	1,109,917	8.94
1	1,305,001	1,310,000	1,306,831	10.52
1	1,330,001	1,335,000	1,330,400	10.71
1	1,345,001	1,350,000	1,347,875	10.85
1	1,835,001	1,840,000	1,837,493	14.80
1,445			**12,417,876**	**100.00**

Categories of Shareholder

Directors, Chief Executive Officer, Their Spouse and Children

Chief Executive		
IMRAN MAQBOOL	1,347,875	10.85
Directors		
HUMAYUN MAQBOOL	1,330,400	10.71
NADEEM MAQBOOL	1,306,831	10.52
NAILA HUMAYUN MAQBOOL	500	0.00
MANSOOR RIAZ	1,109,917	8.94
JAHANZEB SAEED KHAN	500	0.00
S.M. ALI ASIF	500	0.00
ASMA IMRAN MAQBOOL W/O. IMRAN MAQBOOL	6,501	0.05
NAZIA MAQBOOL W/O. NADEEM MAQBOOL	3,399	0.03
SAMEER MANSOOR RIAZ S/O. MANSOOR RIAZ	6,463	0.05
	5,112,886	**41.17**
Associated Companies, Undertakings & Related Parties		
PREMIER INSURANCE LIMITED	30,000	0.24
CRESCENT POWER TEC LIMITED	27,825	0.22
	57,825	**0.47**
NIT & ICP (Name Wise Detail)		
INVESTMENT CORPORATION OF PAKISTAN	5,671	0.05
Banks, DFI's, NBFI's		
Banks, DFI's, NBFI's	130,408	1.05
Insurance Companies		
Insurance Companies	1,102	0.01
Modaraba and Mutual Funds		
Modaraba and Mutual Funds	948,302	7.64
Other Companies		
Other Companies	669,699	5.39
General Public		
Local	5,491,983	44.23
TOTAL NUMBER OF SHARES	**12,417,876**	**100**

Shareholders More Than 10%

KHAWAR MAQBOOL	1,837,493	14.80
IMRAN MAQBOOL	1,347,875	10.85
HUMAYUN MAQBOOL	1,330,400	10.71
NADEEM MAQBOOL	1,306,831	10.52

Trade in Shares of the Company carried out by Directors, Executives, their Spouse(s) and Minor Children

Mr. Mansoor Riaz, Director purchased 15,000 shares during the year.

Crescent Fibres

FORM OF PROXY

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

I/We ____

of ____

being a member of **CRESCENT FIBRES LIMITED**, hereby appoint______________________

____ or

failing him____(being a member of the Company) as my/our proxy to attend, act and vote for me/us and on my/our behalf at the 43rd Annual General Meeting of the Company to be held on Wednesday the 28th October, 2020 at 9.30 a.m. at Registered office of the Company 104 -Shadman-1, Lahore and at any adjournment thereof.

Witnesses:

1. Signature: ____________________
   Name : ____________________
   C.N.I.C. : ____________________
   Address : ____________________
   ____

2. Signature: ____________________
   Name : ____________________
   C.N.I.C. : ____________________
   Address : ____________________
   ____

Please affix here
Revenue
Stamps of Rs. 50/-

____
Members' Signature

Date:

Notes:

1. A member entitled to attend and vote at a General Meeting is entitled to appoint a proxy.
2. The instruments appointing a proxy, together with the power of attorney, if any, under which it is signed or a notarially certified copy thereof, should be deposited at the Registered Office, 104 -Shadman-1, Lahore, not less than 48 hours before the time of holding the Meeting.
3. CDC account holders will further have to follow the under mentioned guidelines as laid down in circular # 1 dated January 26, 2000 of the Securities & Exchange Commission of Pakistan for appointing Proxies:

i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall submit the proxy form as per the above requirement.

ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.

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

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

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

کریسنٹ فائبرز لمیٹڈ

پراکسی فارم (مختارنامہ)

سی ڈی سی شرکت آئی ڈی نمبر	سب اکاؤنٹ (ذیلی کھاتہ) نمبر	کمپیوٹرائزڈ قومی شناختی کارڈ نمبر	حصہ دار (شیئر ہولڈنگ)

میں/ہم ____________________

ساکن ____________________

بحثیت رکن کریسنٹ فائبرز لمیٹڈ، محترم/محترمہ ____________________ یا اس

کی غیر موجودگی میں ____________________ (بحثیت

کمپنی کے رکن) کو اپنے/ ہمارے ایماء پر مورخہ 28 اکتوبر، 2020 بروز بدھ صبح 9:30 بجے بمقام کمپنی کے رجسٹرڈ آفس 104 شادمان-1، لاہور پر منعقد ہونے والے کریسنٹ فائبرز لمیٹڈ کے 43ویں 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 ______ 2020ء کو میرے/ ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1:

دستخط: ____________________

نام: ____________________

پتہ: ____________________

____

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: ______________

-/50 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 کرسکتا ہے۔

2: پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے شیئر رجسٹرڈ دفتر 104 شادمان-1، 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 کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان کے مورخہ 26 جنوری 2000 کو جاری کردہ سرکلر نمبر 1 میں دی گئی مندرجہ ذیل گائیڈ لائنز کی پیروی کرنا ہوگی۔

(i) بصورت افراد، اکاؤنٹ ہولڈر اور/ یا سب اکاؤنٹ ہولڈر جن کی سیکورٹیز اینڈ رجسٹریشن تفصیلات قواعد وضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) 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 (مختار نامہ) 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/مختار نامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختار نامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔