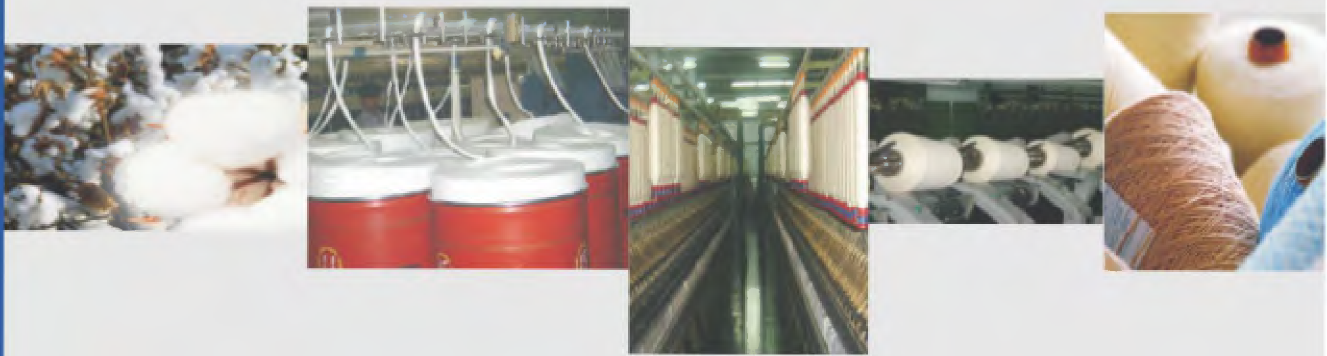
Crescent
Fibres



Annual Report
2022

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COMPANY INFORMATION

Board of Directors	Nadeem Maqbool	(Chairman, Non-Executive Director)
	Imran Maqbool	(Chief Executive Officer, Executive Director)
	Humayun Maqbool	(Executive Director)
	Naila Humayun Maqbool	(Non-Executive Director)
	Mansoor Riaz	(Non-Executive Director)
	Sheikh Muhammad Ali Asif	(Independent, Non-Executive Director)
	Syed Rizwan Husain	(Independent, Non-Executive Director)
Chief Financial Officer	Kamran Rasheed	
Company Secretary	Javaid Hussain	
Audit Committee	Sheikh Muhammad Ali Asif	(Chairman)
	Nadeem Maqbool	(Member)
	Naila Humayun Maqbool	(Member)
Human Resources & Remuneration Committee	Syed Rizwan Husain	(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 45th Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Friday the 28th of October, 2022 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, 2022 together with Auditors and Directors reports thereon.

2. To appoint Auditors and fix their remuneration. The retiring auditor's M/s. BDO Ebrahim & Company, Chartered Accountants offer themselves for re-appointment.

SPECIAL BUSINESS

3. To ratify and approve transactions conducted with related parties for the year ended June 30, 2022 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, 2022 and specified in the Statement of Material Information under section 134(3) be and are hereby ratified, approved and confirmed."

4. To authorize the Board of Directors of the Company to approve transactions with related parties for the financial years ending June 30, 2023 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, 2023."

   "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

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

September 30, 2022	**By Order of the Board**
REGISTERED OFFICE	**JAVAID HUSSAIN**
104-Shadman-1, Lahore,	**Company Secretary**

NOTES:

1. The Share Transfer Books will remain closed from 20th October, 2022 to 28th October, 2022 (both days inclusive). Transfers received in order at the office of our Share Registrar M/s. Corplink (PVT.) Limited, Wings Arcade, 1-K, Commercial, Model Town Lahore at the closed business on Thursday 19th October, 2022 will be considered in time to attend the meeting.

2. A member eligible to attend and vote at the Annual General Meeting may appoint another member as his/her proxy to attend and vote instead of him/her. Proxies in order to be valid must be received by the company duly completed not less than 48 hours before the Meeting.

3. CDC shareholders are requested to bring with them their National Identity Cards alongwith participants' ID number and their account numbers at the time of Annual General Meeting in order to facilitate identification. In case of corporate entity, a certified copy of the resolution passed by the Board of Directors/valid Power of Attorney with the specimen signature of the nominee be produced at the time of meeting.

4. Pursuant to SECP Notification S.R.O 787(I)/ 2014 dated September 8, 2014, members may inform the Company to receive the Audited Financial Statements and notices through e-mail by submitting request.

NOTICE OF ANNUAL GENERAL MEETING

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

Agenda No. 3 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	2022 Rupees	2021 Rupees
Associated Companies / undertakings			
	Sale of Yarn / Cotton	285,452,505	24,912,000
	Insurance premium	26,273,504	22,599,161
	Rent received	778,800	676,140
Retirement benefit plans	Contribution to provident Fund	18,363,052	17,468,112
Directors/Director Close relatives	Rent paid	4,380,000	4,380,000
	Remuneration and Other benefits (note 43)	50,191,289	45,160,533

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

Agenda No.4 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, 2023 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, 2022.

Despite the unprecedented global pandemic, the Pakistan textile industry showed good growth and profitability over the last few years. However, this trend changed in the fourth quarter which witnessed a significant slowdown in demand and falling end product prices. Factors contributing to this include a severe slowdown in the global economy, rising inflation, tightening monetary policy, volatility in the commodity and exchange rate markets, and the war in Ukraine which is leading to supply chain disruptions and low consumer confidence.

Our Company was also able to take advantage of good demand in the first three quarters and reported revenue growth of 33%. After tax profit for the year ended June 2022 was Rs. 654.7 million, as compared to a profit of Rs. 454.2 million for the twelve months ended June 30, 2021. The earnings per share for the period under review was Rs. 52.72 as compared to Rs. 36.58 in the previous financial year. The Director's Report will elaborate on our financial results, operations and future outlook.

Economies around the world are slowing more than expected, as Russia's war in Ukraine drives inflation and the cost of energy higher, forcing the OECD to scale back its projections for growth in the coming years. It forecast that economic growth would be a 3 percent this year, and an even weaker 2.2 percent next year. Soaring inflation and interest rates, fueled by the high price of energy and food, is driving the slowdown and spreading to other goods and services, weighing heavily on households and businesses. Such challenges come at a time when many countries lack fiscal space, with the share of low-income countries in or at high risk of debt distress. Higher borrowing costs, diminished credit flows, a stronger dollar and weaker growth will push even more into distress. Policy makers must adopt growth supporting reforms while ensuring prudent monetary and fiscal policies to combat inflation. A strong and stable global recovery is crucial for the survival of the local industry.

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

The results of the slow-down are already reflected in the export numbers for July 2022 which are down 13% month on month. The situation is further exacerbated by the devasting flood which have seriously damaged the local cotton crop. Textile mills will have to rely on expensive domestic and imported cotton and this combined with lower end product prices will continue to squeeze margins. We expect the next year to be a very difficult one for the industry.

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

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

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

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

Nadeem Maqbool,
Chairman, Board of Directors
September 30, 2022

DIRECTORS' REPORT

The Company reported after tax profit of Rs. 654.7 million for the year ended June 30, 2022, as compared to a profit of Rs. 454.2 million for the twelve months ended June 30, 2021. The earnings per share for the period under review was Rs. 52.72 as compared to Rs. 36.58 in the previous financial year.

OPERATING RESULTS

Crescent Fibres Limited

Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-22		Year Ended 30-Jun-21	
	Rs.	% of Sales	Rs.	% of Sales
Sales	8,098.1	100.0%	6,091.0	100.0%
Cost of Sales	(6,886.5)	85.0%	(5,246.9)	86.1%
Gross Profit	1,211.6	15.0%	844.1	13.9%
Administrative Expenses	(161.7)	2.0%	(137.8)	2.3%
Distribution Cost	(19.7)	0.2%	(20.7)	0.3%
Allowance for Expected Credit Loss	(10.1)	0.1%	(14.9)	0.2%
Other Income	58.7	0.7%	82.1	1.3%
Other Expenses	(66.2)	0.8%	(44.8)	0.7%
Profit from Operations	1,012.7	12.5%	708.1	11.6%
Financial Charges / Other	(140.3)	1.7%	(117.0)	1.9%
Profit before Taxation	872.3	10.8%	591.1	9.7%
Taxations	(217.6)	2.7%	(136.9)	2.2%
Profit/(Loss) After Taxes	654.7	8.1%	454.2	7.5%
Earnings per Share	52.72		36.58	

Overall, sales increased by 33% as compared to the year ending June 2021 primarily due to better capacity utilization and an increase in end product prices. The gross margin for the year was 15.0% as compared to 13.9 % in the previous year. Distribution and administrative expenses at 2.2% were lower as compared to 2.6% in the previous period primarily attributable to increased production and sales. The operating margin in the period under review was at 12.5% as compared to 11.6% for the year ended June 30, 2021. The financial charges were also lower at 1.7% as compared to 1.9% for the corresponding period. This decrease is attributable to better cash flows and a decrease in total leverage. However, we expect financial charges to be higher next year owing the sharp increase in interest rates and added leverage due to balancing and modernization program. Overall, the net margin for the year was 8.1% as compared to 7.5% for the year ended June 30, 2021.

DIVIDEND

The world economy has seen a sharp downturn over the last few months which when combined with financial and commodity market volatility, rising interest rates, rising inflation and an expected deep recession is leading to large scale demand destruction. Lower demand has already been witnessed in the fourth quarter of this financial year and we expect the situation to get much worse before we see any improvement. In view of weakened demand, falling end product prices and uncertainty surrounding the recovery time, the Board of Director's has decided to forgo payment of dividend this year to maintain a conservative financial strategy.

PATTERN OF SHAREHOLDING

The pattern of shareholding and additional information as on June 30, 2022, 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) (Retired)
Naila Humayun Maqbool, Non-Executive Director (4) - Female
Mansoor Riaz, Non-Executive Director (4)
Sheikh Muhammad Ali Asif - Independent, Non-Executive Director (4)
Syed Rizwan Husain - Independent, Non-Executive Director (0) (Newly appointed)

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) (Retired)
Nadeem Maqbool, Member, Non-Executive (4)
Naila Humayun Maqbool, Member, Non-Executive (4)
Sheikh Muhammad Ali Asif, Chairman Independent-Non-Executive (0) (appointed Chairman)

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

Sheikh Muhammad Ali Asif, Independent, Chairman, Non-Executive (1)
Naila Humayun Maqbool, Member, Non-Executive (1)
Nadeem Maqbool, Member, Non-Executive (1)
Syed Rizwan Husain, Independent, Chairman, Non-Executive (0) (Newly appointed)

DIRECTORS REMUNERATION

The remuneration of the Board Members is approved by the shareholders through an Extra Ordinary General Meeting for a period of three years term commencing May 1, 2022. 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

The present BOD was elected on May 01, 2022, and out of seven directors, two directors are exempt from training program as mentioned in regulation no. 19, sub-regulation 2 of the Regulations. Four directors have attended the Directors' training course earlier. One director will complete training program within one year as required under the law.

FUTURE OUTLOOK

The first three quarters of this financial year were good for the Pakistan textile industry. However, this trend started to shift in the fourth quarter as a weakening global economy, rising interest rates and inflation and overall commodity and financial market volatility led to severe demand destruction. According to the data released by Pakistan Bureau of Statistics (PBS), textile exports for the year ending June 2022 amounted to USD 19.33 billion, an increase of 25.5% year on year. However, the slowdown has already started to show its impact on exports which is reflected in the export figures for July 2022 which were down 13% month on month. In light of domestic and global challenges we expect this downward trend to continue.

According to the World Bank, the world economy is expected to experience its sharpest deceleration following an initial recovery from global recession in more than 80 years. Global growth is projected to slow from 5.7 percent in 2021 to 2.9 percent in 2022 and average 3 percent in 2023-24, as Russia's invasion of Ukraine significantly disrupts activity and trade in the near term, pent-up demand fades, and policy support is withdrawn amid high inflation. Policy makers will need to balance the need to support recovery while safeguarding price stability and fiscal sustainability and to continue efforts toward promoting growth-enhancing reforms. A strong and stable recovery is crucial to the textile industry viability.

Imprudent economic policies combined with recent global events have made Pakistan's economy particularly fragile, characterized by high balance of payment and fiscal deficits, a weakening currency, rising inflation and interest rates, high external indebtedness and energy shortages. Without meaningful reforms that boost economic competitiveness, direct investment toward productive sectors that promote exports and a sustained effort to end the regulatory quagmire, Pakistan's economic recovery will continue to falter.

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

In addition, due to the devastating floods Pakistan's cotton crop will be short and the industry will have to rely on expensive imported cotton. High raw material prices combined with weakened demand will put severe pressure on textile margins and viability over the near term. We expect the next year to be a very difficult one for the textile industry.

In light of the negative outlook, the Management will continue to rely on sound, low risk decision making to protect the interests of the shareholders.

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, 2022, was Rs. 99,130,026.
(k) During the year, details of shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children were as follows:

Sr. No.	NAME	Sale	Purchase	Gift Out	Gift In
1	Mr. Imran Maqbool (Director)	-	66,500	-	-
2	Mr. Humayun Maqbool (Director)	-	65,645	-	-
3	Mr. Nadeem Maqbool (Director)	-	-	166,099	-
4	Mr. Mansoor Riaz (Director)	-	143,237	300,000	-
5	Mrs. Nazia Maqbool W/o Mr. Nadeem Maqbool	-	-	-	166,099
6	Mrs. Sadia Mansoor Riaz W/o. Mr. Mansoor Riaz	-	-	-	150,000
7	Mr. Sameer Mansoor Riaz S/o. Mr. Mansoor Riaz	-	-	-	150,000

AUDITORS

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

APPRECIATION

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

IMRAN MAQBOOL
Chief Executive Officer
September 30, 2022

NADEEM MAQBOOL
Director

کمپنی نظماء (ڈائریکٹران) کی رپورٹ

کمپنی نے ختم ہونے والے سال 30 جون 2022ء میں ٹیکس ادائیگی کے بعد 654.7 ملین روپے منافع حاصل کیا ہے جس کے مقابلے میں گذشتہ ختم ہونے والے سال 30 جون 2021ء میں منافع 454.2 ملین روپے تھا۔ زیر جائزہ مدت کے لئے فی حصص آمدنی 52.72 روپے رہی جو کہ پچھلے سال اسی عرصہ میں 36.58 روپے تھی۔

کریسنٹ فائبرز لمیٹڈ

خلاصہ مالیاتی نتائج:

روپے (ملین میں)	سال مختتمہ 30 جون 2022ء		سال مختتمہ 30 جون 2021ء	
	روپے	فیصد	روپے	فیصد
فروخت	8,098.1	100.0%	6,091.0	100.0%
لاگت فروخت	(6,886.5)	85.0%	(5,246.9)	86.1%
کل منافع	1,211.6	15.0%	844.1	13.9%
انتظامی اخراجات	(161.7)	2.0%	(137.8)	2.3%
لاگت تقسیمی	(19.7)	0.2%	(20.7)	0.3%
متوقع کریڈٹ نقصان کے لیے الاؤنس	(10.1)	0.1%	(14.9)	0.2%
دیگر آمدنی	58.7	0.7%	82.1	1.3%
دیگر اخراجات	(66.2)	0.8%	(44.8)	0.7%
چلتے ہوئے کام سے منافع	1,012.7	12.5%	708.1	11.6%
مالیاتی اخراجات/ دیگر	(140.3)	1.7%	(117.0)	1.9%
منافع قبل از ٹیکس	872.3	10.8%	591.1	9.7%
ٹیکس	(217.6)	2.7%	(136.9)	2.2%
منافع بعد از ٹیکس	654.7	8.1%	454.2	7.5%
آمدنی فی حصہ	52.72		36.58	

مجموعی طور پر، فروخت میں 33 فیصد اضافہ ہوا جو جون 2021 کو ختم ہونے والے سال کے مقابلے میں بنیادی طور پر بہتر صلاحیت کے استعمال اور اختتامی مصنوعات کی قیمتوں میں اضافے کی وجہ سے ہے۔ اس سال کا مجموعی منافع 15.0 فیصد تھا جو کہ پچھلے سال 13.9 فیصد تھا۔ تقسیم کار اور انتظامی اخراجات 2.2 فیصد کم رہے جو کہ پچھلے سال اسی عرصہ میں 2.6 فیصد تھے جس کی بنیادی وجہ زیادہ پیداوار اور فروخت تھی۔ زیر جائزہ مدت میں آپریٹنگ مارجن 30 جون 2021 کو ختم ہونے والے سال کے 11.6 فیصد کے مقابلے میں 12.5 فیصد تھا۔ مالیاتی اخراجات بھی 1.7 فیصد کم رہے جو کہ پچھلے سال اسی عرصہ میں 1.9 فیصد تھے۔ یہ کمی بہتر نقد بہاؤ اور مجموعی فائدہ میں کمی کی وجہ سے ہے۔ تاہم، ہم توقع کرتے ہیں کہ سود کی شرح میں تیزی سے اضافے اور توازن اور جدیدکاری کے پروگرام اور اضافی فائدہ کی وجہ سے اگلے سال مالیاتی اخراجات زیادہ ہوں گے۔ مجموعی طور پر، سال کا خالص منافع 30 جون 2021 کو ختم ہونے والے سال کے 7.5 فیصد کے مقابلے میں 8.1 فیصد تھا۔

منافع منقسمہ:

عالمی معیشت میں گزشتہ چند مہینوں کے دوران شدید مندی دیکھی گئی ہے جسے مالیاتی اور اجناس کی منڈی کے اُتار چڑھاؤ، بڑھتی ہوئی شرح سود، بڑھتی ہوئی افراط زر اور متوقع گہری کساد بازاری کے ساتھ مل کر بڑے پیمانے پر طلب کی تباہی کا باعث بن رہی ہے۔ اس مالی سال کی چوتھی سہ ماہی میں کم طلب پہلے ہی دیکھی جا چکی ہے اور ہمیں توقع ہے کہ کوئی بہتری دیکھنے سے پہلے ہی صورتحال مزید خراب ہو جائے گی۔ کمزور مانگ، گرتی ہوئی مصنوعات کی قیمتوں اور بحالی کے وقت کے ارد گرد کی غیر یقینی صورتحال کے پیش نظر، بورڈ آف ڈائریکٹرز نے قدامت پسند مالیاتی حکمت عملی کو برقرار رکھنے کے لئے اس سال ڈیویڈنڈ کی ادائیگی ترک کرنے کا فیصلہ کیا ہے۔

حصص داران کی ترتیب:

30 جون 2022 تک حصص داران کی ترتیب اور اضافی معلومات کو سالانہ رپورٹ میں شامل کیا گیا ہے۔

اجلاس:

بورڈ آف ڈائریکٹرز:

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

ندیم مقبول، چیئرمین، نان ایگزیکٹو ڈائریکٹر (4)
عمران مقبول، چیف ایگزیکٹو آفیسر، ایگزیکٹو ڈائریکٹر (4)
ہمایوں مقبول، ایگزیکٹو ڈائریکٹر (4)
جہانزیب سعید خان، آزاد، نان ایگزیکٹو ڈائریکٹر (4) (ریٹائرڈ)
نائلہ ہمایوں مقبول، نان ایگزیکٹو ڈائریکٹر (4) - خاتون
منصور ریاض، نان ایگزیکٹو ڈائریکٹر (4)
شیخ محمد علی آصف - آزاد، نان ایگزیکٹو ڈائریکٹر (4)
سید رضوان حسین - آزاد، نان ایگزیکٹو ڈائریکٹر (0) (نئے تعینات)

Annual Report 2022

Crescent Fibres

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) (ریٹائرڈ)
ندیم مقبول، رکن، نان ایگزیکٹو (4)
نائلہ ہمایوں مقبول، رکن، نان ایگزیکٹو (4)
شیخ محمد علی آصف، چیئرمین، آزاد، نان ایگزیکٹو (0) (چیئرمین مقرر)

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:

شیخ محمد علی آصف، آزاد، چیئرمین، نان ایگزیکٹو (1)
نائلہ ہمایوں مقبول، رکن، نان ایگزیکٹو (1)
ندیم مقبول، رکن، نان ایگزیکٹو (1)
سید رضوان حسین، آزاد، چیئرمین، نان ایگزیکٹو (0) (نئے تعینات)

ڈائریکٹرز کا معاوضہ:

01 مئی 2022 سے شروع ہونے والی تین سال کی مدت کے لئے بورڈ ممبران کے معاوضے کی منظور شیئر ہولڈرز کے ذریعے ایک غیر معمولی اجلاس عام کے ذریعے دی جاتی ہے۔ کمپنی کے معاوضے کی پالیسیاں صنعتی رجحانات اور کاروباری طریقوں کے مطابق بنائی گئی ہے۔ مینجمنٹ کے معاوضے کے بارے میں معلومات کے لئے، براہ کرم مالیاتی گوشواروں کے نوٹس کا حوالہ دیا گیا ہے۔

ڈائریکٹرز تربیتی پروگرام:

موجودہ BOD کا انتخاب 01 مئی 2022 کو ہوا تھا اور سات ڈائریکٹرز میں سے دو ڈائریکٹرز کو تربیتی پروگرام سے استثنیٰ حاصل ہے جیسا کہ 19 ضوابط کا ذیلی ضابطہ 2 سے منکور ہے۔ اس سے قبل چار ڈائریکٹرز ڈائکٹرز کے تربیتی کورس پی شرکت کر چکے ہیں ایک ڈائکٹر ایک سال کے اندر تربیتی پروگرام مکمل کرے گا۔ جیسا کہ قانون کے تحت ضرورت ہے۔

مستقبل کا منظر نامہ:

رواں مالی سال کی پہلی تین سہ ماہی پاکستان ٹکسٹائل انڈسٹری کے لئے اچھی رہی۔ تاہم، یہ رجحان چوتھی سہ ماہی میں تبدیل ہونا شروع ہوا کیونکہ کمزور ہوتی عالمی معیشت، بڑھتی ہوئی شرح داور افراط زر اور مجموعی طور پر اجناس اور مالیاتی منڈی میں اُتار چڑھاؤ کی وجہ سے طلب میں شدید کمی واقع ہوئی۔ پاکستان بیو آف سٹیٹسٹکس (پی بی ایس) کے جاری کردہ اعداد و شمار کے مطابق جون 2022 کو ختم ہونے والے سال میں ٹیکسٹائل کی برآمدات 19.33 بلین امریکہ ڈالر رہی، جو کہ سالانہ 25.5 فیصد زیادہ ہے تاہم، سست روی نے پہلے ہی برآمدت پر اپنا اثر دکھانا شروع کر دیا ہے جو جولائی 2022 کے برآمدی اعداد و شمار سے ظاہر ہوتا ہے جو ماہانہ 13 فیصد کم تھے۔ تاہم، اس رفتار اور منافع کو برقرار رکھنے کے لئے صنعت کو ملکی اور عالمی سطح پر کئی چیلنجز کا سامنا ہے۔

ورلڈ بینک کے مطابق توقع ہے کہ 80 سال سے زائد عرصے میں عالمی کساد بازاری سے ابتدائی بحالی کے بعد عالمی معیشت اپنی تیز ترین گراوٹ کا تجربہ کرے گی۔ عالمی نمو 2021 میں 5.7 فیصد سے 2022 میں 2.9 فیصد اور 2023-24 میں اوسطاً 3 فیصد رہنے کا امکان ہے، کیونکہ روس کے یوکرین پر حملے نے سرگرمی اور تجارت کو قریب کی مدت میں، مانگ میں کمی اور پالیسی سپورٹ اور بڑھتی ہوئی مہنگائی نے نمایاں طور پر متاثر کیا ہے۔ پالیسی سازوں کو قیمتوں کے استحکام اور مالی استحکام کی حفاظت کرتے ہوئے بازیابی میں مدد کی ضرورت کو متوازن کرنے کی ضرورت ہوگی اور ترقی کو بڑھانے والی اصلاحات کو فروغ دینے کے لئے کوشش جاری رکھنے کی ضرورت ہوگی۔ ایک مضبوط اور مستحکم بحالی ٹیکسٹائل انڈسٹری کے لئے اہم ہے۔

حالیہ عالمی واقعات کے ساتھ مل کر غلط معاشی پالیسیوں نے پاکستان کی معیشت کو خاص طور پر نازک بنا دیا ہے، جس کی وجہ سے ادائیگیوں کے بلند توازن اور مالیاتی خسارے، کمزور ہوتی کرنسی، بڑھتی ہوئی افراط زر اور شرح سود، بلند بیرونی قرضوں اور توانائی کی قلت ہے۔ بہتر برآمدات اور ترسیلات زر کے باوجود، مستحکم زرمبادلہ کی شرح برقرار رکھنا ایک مسئلہ ہے۔ معاشی مسابقت کو بڑھانے والی بامعنی اصلاحات کے بغیر، برآمدات کو فروغ دینے والے پیداواری شعبوں کی طرف براہ راست سرمایہ کاری اور ریگولیٹری دلدل کو ختم کرنے کی مسلسل کوشش کے بغیر، پاکستان کی معاشی بحالی رک جائے گی۔

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

اس کے علاوہ تباہ کن سیلاب کی وجہ سے پاکستان میں کپاس کی فصل کم ہوگی اور صنعت کو مہنگی درآمدی کپاس پر انحصار کرنا پڑے گا۔ کمزور مانگ کے ساتھ مل کر خام مال کی اونچی قیمتیں ٹیکسٹائل کے مارجن اور مستقبل قریب میں قابل عمل ہونے پر شدید دباؤ ڈالیں گی۔ ہم توقع کرتے ہیں کہ اگلا سال ٹیکسٹائل انڈسٹری کے لئے بہت مشکل ہوگا۔

منفی نقطہ نظر کی روشنی میں، انتظامیہ شیئر ہولڈرز کے مفادات کے تحفظ کے لئے درست، کم خطرے والے فیصلے پر انحصار کرتی رہے گی۔

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 2022 کے سال مختتمہ کے لئے پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 99,130,026 روپے تھی۔

k۔ سال کے دوران، ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکرٹری اور ان کی شریک حیات اور نابالغ بچوں کے شیئرز کی تفصیلات حسب ذیل تھیں۔

نمبر شمار	نام	فروخت	خرید	تحفہ دیا گیا	تحفہ لیا گیا
1	جناب عمران مقبول (ڈائریکٹر)	—	66,500	—	—
2	جناب ہمایوں مقبول (ڈائریکٹر)	—	65,645	—	—
3	جناب ندیم مقبول (ڈائریکٹر)	—	—	166,099	—
4	جناب منصور ریاض (ڈائریکٹر)	—	143,237	300,000	—
5	محترمہ نازیہ مقبول زوجہ ندیم مقبول	—	—	—	166,099
6	محترمہ سعدیہ منصور زوجہ منصور ریاض	—	—	—	150,000
7	جناب سمیر منصور ریاض ولد منصور ریاض	—	—	—	150,000

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۔

Imran Maqbool
عمران مقبول
چیف ایگزیکٹو

Naeem Maqbool
ندیم مقبول
ڈائریکٹر

کراچی: تاریخ 30 ستمبر 2022ء

BDO

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Pakistan

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, 2022 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, 2022.

KARACHI

BDO Ebrahim & Co

DATED: 30 SEP 2022

CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan

UDIN: CR202210166k02UP4jZf

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

Name of Company: **Crescent Fibres Limited**
Year ended: **June 30, 2022**

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 the Board is as follows:

Category	Names
Independent Directors	Syed Rizwan Husain Sheikh Muhammad Ali Asif
Non-Executive Directors	Mr. Nadeem Maqbool, Mrs. Naila Humayun Maqbool Mr. Mansoor Riaz
Executive Directors	Mr. Imran Maqbool Mr. Humayun Maqbool
Female Director	Mrs. Naila Humayun Maqbool

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

4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.

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

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board.

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

9. Out of seven Directors, two Directors are exempt from training program as mentioned in regulation no. 19, sub-regulation 2 of the Regulations. Four directors attended the Directors' training course earlier. One director will complete the training programmed in due course of time as required by regulations.

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.

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

Audit Committee	Sheikh Muhammad Ali Asif -Chairman Mr. Nadeem Maqbool – Member Mrs. Naila Humayun Maqbool – Member
HR and Remuneration Committee	Syed Rizwan Husain - Chairman Mr. Nadeem Maqbool – Member Mrs. Naila Humayun Maqbool - Member

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

14. The frequency of meetings of the committee were as per following:

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

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

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

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

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

On behalf of the Board of Director

IMRAN MAQBOOL Chief Executive Officer	**NADEEM MAQBOOL** Director

SIX YEARS FINANCIAL SUMMARY

OPERATING RESULTS:	JUNE 2022	JUNE 2021	JUNE 2020	JUNE 2019	JUNE 2018	JUNE 2017
Net Sales	8,098,145,390	6,091,013,443	5,023,570,129	5,289,441,070	4,439,239,208	3,887,436,716
Cost of Sales	6,886,499,102	5,246,900,680	4,624,193,242	4,878,999,857	4,155,531,171	3,711,106,980
Distribution and admin. Expenses	181,395,415	158,459,456	151,073,375	138,922,268	125,788,730	111,142,947
Financial Charges	140,149,470	116,908,698	144,539,290	124,520,265	80,953,892	83,428,911
Other operating expenses	76,244,392	59,672,113	38,495,093	22,056,497	17,292,155	6,760,133
Other operating income - Net	58,666,627	82,073,537	85,218,721	37,788,978	33,427,705	63,501,918
Share of associate profit	(196,063)	(58,149)	(122,082)	(163,269)	(289,164)	(272,225)
Pre-Tax Profit/ (Loss)	872,327,575	591,087,884	150,365,768	162,567,892	92,811,801	38,227,438
Taxation	217,605,015	136,913,625	41,596,557	49,373,469	24,882,324	13,157,812
Extraordinary item						
Net Income	654,722,560	454,174,259	108,769,211	113,194,423	67,929,477	25,069,626
PER SHARE RESULTS AND RETURN:						
Share Price	55.65	62.00	37.29	37.95	25.51	30.90
Earning Per Share	52.72	36.58	8.76	9.12	5.47	2.02
Dividend Per Share	-	1.50	-	-	-	-
Net Income Sales Percent	8.08%	7.46%	2.17%	2.14%	1.53%	0.64%
Return on Average Assets Percent	10.63%	8.03%	2.01%	2.26%	1.80%	1.00%
Return on Average Equity Percent	16.24%	13.00%	3.39%	3.64%	3.30%	2.52%
FINANCIAL POSITION:						
Current Assets	3,490,642,297	2,307,888,352	2,474,673,943	2,006,090,259	1,712,461,451	1,423,212,999
Current Liabilities	2,013,171,719	1,299,076,293	2,044,358,551	1,662,218,227	1,415,648,999	1,096,423,305
Operating Fixed Assets	1,371,619,679	1,358,022,110	1,420,943,172	1,392,445,602	1,401,920,366	1,217,342,358
Total Assets	6,659,019,463	5,654,531,666	5,654,531,666	5,150,476,597	4,873,346,695	2,678,336,858
Long Term Debt	113,434,557	164,035,855	223,368,882	226,628,927	252,406,925	375,593,904
Shareholders Equity	4,339,256,233	3,723,848,125	3,262,031,430	3,150,480,471	3,068,059,569	1,055,124,219
Break-up Value Per Share	349.44	299.88	262.69	253.71	247.07	84.97
FINANCIAL RATIOS:						
P/E Ratio	1.06	1.70	4.26	4.16	4.66	15.31
Current Ratio	1.73	1.78	1.21	1.21	1.21	1.30
Total Debt to Total Assets Percent	34.84%	34.14%	42.31%	38.83%	37.04%	60.61%
Interest Charges Cover (Times)	7.224	6.056	2.040	2.306	2.146	1.458
Inventory Turnover (Times)	10.753	8.183	5.886	7.244	7.772	10.041
Fixed Assets Turnover (Times)	5.904	4.485	3.535	3.799	3.167	3.193
Total Assets Turnover (Times)	1.216	1.077	0.888	1.027	0.911	1.451
OTHER DATA:						
Depreciation and Amortization	104,347,308	106,769,633	112,094,218	108,046,640	115,650,909	117,930,489
Capital Expenditure	189,042,282	38,766,849	141,032,790	89,787,113	32,990,558	122,013,976

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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, 2022, 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, 2022 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.	Valuation of stock in trade	
	Stock in trade has been valued following an accounting policy as stated in note 5.8. As at reporting date value of stock in trade as	Our audit procedures in respect of valuation of stock in trade, amongst others, included the following:

S. No	Key audit matters	How the matter was addressed in our audit
	disclosed in note 13 to the financial statements amounting to Rs. 742.731 million which represents 11.154% of the 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 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.	• 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.
2.	**Trade debts**	
	As disclosed in note 14 to the accompanying financial statements of the Company, the Company has a trade debt balance amounting to Rs. 2,185.089 million, which represents a significant element of statement of financial position.	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;

S. No	Key audit matters	How the matter was addressed in our audit
	A discrepancy in the valuation or existence of trade debt could cause the asset to be materially misstated, which would impact the Company's reported financial position as the reporting date 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 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 / collections. • We circularize confirmations on a sample basis to assure the existence of reported balances. • 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.

- 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, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: 30 SEP 2022

UDIN: AR202210166QU0Eomhxw

BDO Ebrahim & Co

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,267,631,946	1,349,149,824
Capital work-in-progress	7	103,987,733	8,872,286
		1,371,619,679	1,358,022,110
Intangible assets	8	8,778,168	-
Investment property	9	1,756,577,720	1,752,738,250
Investment in equity accounted associate	10	-	196,063
Advances and deposits	11	31,401,599	34,166,748
		3,168,377,166	3,145,123,171
CURRENT ASSETS			
Stores, spares and loose tools	12	106,245,383	82,525,721
Stock-in-trade	13	742,731,116	349,327,257
Trade debts	14	2,185,089,164	1,514,688,864
Loans and advances	15	97,520,894	17,081,881
Deposits and short term prepayments	16	9,241,112	10,661,068
Other receivables		3,370,315	2,539,638
Short term investments	17	74,251,580	94,939,218
Tax refunds due from Government	18	24,382,978	8,026,640
Taxation - net	30	-	6,674,826
Cash and bank balances	19	247,809,755	221,423,239
		3,490,642,297	2,307,888,352
TOTAL ASSETS		6,659,019,463	5,453,011,523
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2021: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	20	124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment	21	1,996,280,568	1,996,280,568
Unrealized gain on investment classified as fair value through other comprehensive income	21	37,512,961	58,200,599
		2,033,793,529	2,054,481,167
Revenue reserves			
Unappropriated profit	21	2,181,283,944	1,545,188,198
		4,339,256,233	3,723,848,125
NON-CURRENT LIABILITIES			
Long term financing	22	113,434,557	164,035,855
Lease liabilities	23	23,301,894	32,952,510
Deferred Capital Grant		-	1,034,419
GIDC payable	24	46,486,767	88,395,561
Deferred taxation	25	123,368,293	143,668,760
		306,591,511	430,087,105
CURRENT LIABILITIES			
Trade and other payables	26	1,212,793,507	885,225,484
Unclaimed dividend	27	3,040,376	2,423,134
Interest and mark-up accrued	28	21,049,553	8,214,710
Taxation - net	30	79,815,472	-
Short-term borrowings	29	595,571,495	206,910,135
Current portion of long term liabilities	31	100,901,316	196,302,830
		2,013,171,719	1,299,076,293
TOTAL EQUITY AND LIABILITIES		6,659,019,463	5,453,011,523
CONTINGENCIES AND COMMITMENTS	32		

The annexed notes from 1 to 55 form an integral part of these financial statements.

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

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Sales - net	33	8,098,145,390	6,091,013,443
Cost of sales	34	(6,886,499,102)	(5,246,900,680)
Gross profit		1,211,646,288	844,112,763
General and administrative expenses	35	(161,679,029)	(137,780,088)
Distribution cost	36	(19,716,386)	(20,679,368)
Allowance for expected credit loss	14.2	(10,054,063)	(14,894,493)
Other operating income	37	58,666,627	82,073,537
Other operating expenses	38	(66,190,329)	(44,777,620)
		(198,973,180)	(135,993,032)
Operating profit		1,012,673,108	708,119,731
Financial charges	39	(140,149,470)	(116,908,698)
Share of loss from equity accounted associate	10.1	(196,063)	(58,149)
		(140,345,533)	(116,966,847)
Profit before taxation		872,327,575	591,152,884
Taxation	40	(217,605,015)	(136,913,625)
Profit for the year		654,722,560	454,239,259
Earnings per share - basic and diluted	41	52.72	36.58

The annexed notes from 1 to 55 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive Officer

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Profit for the year	654,722,560	454,239,259
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Surplus on revaluation of property, plant and equipment	-	2,454,800
Unrealized (loss) / gain on revaluation of investments classified as fair value through other comprehensive income	(20,687,638)	5,122,636
Total comprehensive income for the year	634,034,922	461,816,695

The annexed notes from 1 to 55 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive Officer

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	43	203,034,602	788,386,814
Finance cost paid		(127,314,627)	(141,579,998)
Taxes paid		(151,415,185)	(72,294,606)
Net cash (used in) / generated from operating activities		(75,695,210)	574,512,210
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(189,042,282)	(38,766,849)
Long term deposits		2,765,149	(11,607,970)
Short term investments - net		-	36,247,367
Proceeds from disposal of operating fixed assets		79,301,869	1,792,000
Net cash used in investing activities		(106,975,264)	(12,335,452)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	44	47,192,000	156,919,279
Repayments of long term financing	44	(192,298,620)	(67,591,629)
Dividend paid		(18,009,572)	(444)
Payments of lease liabilities		(16,488,178)	(19,898,996)
Short term borrowings - net		388,661,360	(562,552,997)
Net cash generated from / (used in) financing activities		209,056,990	(493,124,787)
Net increase in cash and cash equivalents		26,386,516	69,051,971
Cash and cash equivalent at the beginning of the year		221,423,239	152,371,268
Cash and cash equivalent at the end of the year		247,809,755	221,423,239

The annexed notes from 1 to 55 form an integral part of these financial statements.

Imran Maqbool

IMRAN MAQBOOL
Chief Executive Officer

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up capital	Capital reserve		Revenue reserves	Total
		Unrealized gain on investment classified as fair value through OCI	Surplus on revaluation of property, plant and equipment	Unappropriated profit	
	Rupees				
Balance as at July 01, 2020	124,178,760	53,077,963	1,993,825,768	1,090,948,939	3,262,031,430
Total comprehensive income for the year					
Profit for the year	-	-	-	454,239,259	454,239,259
Other comprehensive income					
Unrealized gain on revaluation of investments	-	5,122,636	-	-	5,122,636
Unrealized gain on revaluation of property, plant and equipment	-	-	2,454,800	-	2,454,800
	-	5,122,636	2,454,800	454,239,259	461,816,695
Balance as at June 30, 2021	124,178,760	58,200,599	1,996,280,568	1,545,188,198	3,723,848,125
Total comprehensive income for the year					
Profit for the year	-	-	-	654,722,560	654,722,560
Other comprehensive income					
Unrealized gain on revaluation of investments	-	(20,687,638)	-	-	(20,687,638)
Dividend Paid	-	-	-	(18,626,814)	(18,626,814)
	-	(20,687,638)	-	636,095,746	615,408,108
Balance as at June 30, 2022	124,178,760	37,512,961	1,996,280,568	2,181,283,944	4,339,256,233

The annexed notes from 1 to 55 form an integral part of these financial statements.

IMRAN MAQBOOL
Chief Executive Officer

NADEEM MAQBOOL
Director

KAMRAN RASHEED
Chief Financial Officer

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1 STATUS AND NATURE OF BUSINESS

Crescent Fibers Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (now the 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. The other offices of the Company is located at the 7th Floor, Lakson Square Building No.3 Karachi, Pakistan.

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

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 revaluation of certain property, plant and equipment at fair value.

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

3.3 Functional and presentation currency

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

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

4.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2022

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures. During the year the Company has adopted all the new standards and amendments to standards, including any consequential amendments to other standards which are applicable for the financial year beginning on July 1, 2021. The adoption of these new and amended standards did not have material impact on the Company's financial information.

	Effective date (annual periods beginning on or after)
Interest Rate Benchmarch Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

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

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

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

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 Standard
IFRS 17 Insurance Contracts

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Financial instruments

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

5.1.1 Financial assets

i. Classification and measurement of financial assets and financial liabilities

On initial recognition, a financial asset is classified as measured at amortised cost, fair value through other comprehensive income (FVOCI) equity investment, or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

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

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

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

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

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

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

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

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

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

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

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

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

iii. Derecognition of financial assets

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.

iv Financial liabilities

Financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities at amortized cost are initially measured at fair value less transaction costs.

Financial liabilities, other than those at fair value through profit or loss, are subsequently measured at amortized cost using the effective yield method.

v Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

Where an existing financial liability is replaced by another from the same lender or substantially different terms, or the terms of an existing liability are substantially modified, such an exchange and modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in statement of profit or loss.

vi Offsetting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the statement of financial position if the Company has a legally enforceable right to set-off the recognized amounts and the Company intends either to settle on a net basis or to realize the asset and discharge the liability simultaneously. Corresponding income on assets and charge on liability is also offset.

5.2 Property, plant and equipment

a) Owned

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

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

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

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

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

b) Investment property

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

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

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

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

c) Leases

Right of use assets

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

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

Lease Liability

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

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

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

Short term leases

Short term 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 statement of profit or loss 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 Surplus on revaluation of property, plant and equipment

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property, plant and equipment is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset. The revaluation surplus on property, plant and equipment is a capital reserve, and is not available for distribution to the shareholders.

5.4 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.

5.5 Intangible assets

These are stated at cost less accumulated amortisation and impairment, if any. Generally, costs associated with maintaining computer software programs are recognised as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefit exceeding one year are recognised as intangible assets. Direct costs include the purchase cost of software and related overhead cost.

Intangible assets are amortised from the point at which the asset is ready for use. Amortisation charge is based on the straight-line method whereby the cost of an intangible asset is written off over its estimated useful life of 5 years.

5.6 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.

5.7 Stores, spares and loose tools

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

5.8 Stock in trade

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

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

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

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

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

5.9 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.

5.10 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 recognized using the statement of financial statement method in respect of temporary differences arising from differences between the carrying amounts of assets and liabilities in financial statements 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.

5.11 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.

5.12 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.

5.13 Contingencies

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

5.14 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.

5.15 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.

5.16 Revenue recognition

Revenue comprises the fair value for the sale of goods net of sales taxes and discounts. Revenue from the sale of goods is recognized when control of the goods passes to customers and the customers can direct the use of and substantially obtain all the benefits from the goods.
Revenue is recognized when specific criteria have been met for each of the Company's activities as described below.

Revenue from contracts with customers

Sale of goods

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

Contract assets

Contract assets arise when the Company performs its performance obligations by transferring goods to a customer before the customer pays its consideration or before payment is due.

Contract liabilities

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

Others

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

5.17 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.

5.18 Deferred Capital Grant

The Company recognises benefit of a government loan at a below-market rate of interest as a government grant provided there is a reasonable assurance that the grant will be received and Company will comply with all attached conditions. The benefit of loan at below market rate of interest is measured as the difference between the initial carrying value of the loan in accordance with IFRS 9 and the proceeds received. The benefit is generally accounted for and presented as deferred grant as a separate line item in statement of financial position. Subsequently, the grant is recognized in the statement of profit or loss as other income, on a systematic basis over the periods in which the related finance cost for which the grant is intended to compensate is incurred.

5.19 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.

5.20 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.

5.21 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.

5.22 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.

5.23 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. Basic Earning per share 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.

5.24 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) depreciation method, useful lives and residual values of property, plant and equipment (notes 5.2 and 6);

b) depreciation method, useful lives and residual values of right-of-use asset and determination and measurement of lease liabilities (notes 5.2, 6 and 23);

c) amortisation method, useful lives and residual values of intangibles (notes 5.5 and 8);

d) provision of slow moving and obsolete stores, spares and loose tools (notes 5.7, and 12);

e) allowance for expected credit losses (notes 5.1.1 and 14);

f) taxation (notes 5.10 and 40);

g) contingencies (notes 5.13 and 32)

h) determination and measurement of deferred capital grant (notes 5.18 and 31)

6 **OPERATING FIXED ASSETS**

6.1 The following is the statement of operating fixed assets:

Description	Owned												Right-of-use 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	Total Owned	Vehicles	Plant and machinery	Total Right-of-use assets	Total assets
	Rupees															
Net carrying value basis year ended June 30, 2022																
Opening net book value (NBV)	318,990,800	1,630,847	95,247,786	66,767,114	752,452,709	554,015	32,201,647	356,504	338,999	7,024,203	9,816	1,275,574,440	2,777,917	70,797,465	73,575,382	1,349,149,822
Additions (at cost)	-	-	-	-	3,809,999	-	50,632,200	-	-	-	-	54,442,199	10,862,000	-	10,862,000	65,304,199
Transferred from capital work in progress	-	-	-	-	30,244,460	-	-	-	-	-	-	30,244,460	-	-	-	30,244,460
Disposals (NBV)	(42,000,000)	-	-	-	(2,764,671)	-	(28,416,555)	-	-	-	-	(73,181,226)	-	-	-	(73,181,226)
Depreciation charge	-	(24,935)	(4,762,389)	(3,338,356)	(77,946,630)	(55,402)	(8,693,650)	(71,301)	(33,900)	(702,420)	(1,963)	(95,630,946)	(1,174,616)	(7,079,747)	(8,254,363)	(103,885,309)
Closing net book value	276,990,800	1,605,912	90,485,397	63,428,758	705,795,867	498,613	45,723,642	285,203	305,099	6,321,783	7,853	1,161,204,467	12,465,301	63,717,718	76,183,019	1,267,631,946
Gross carrying value basis year ended June 30, 2022																
Cost	276,990,800	2,468,754	114,971,342	115,667,567	2,012,357,376	6,267,684	116,433,643	8,579,182	4,498,949	34,394,117	1,033,627	2,693,663,043	27,613,731	85,042,000	112,655,731	2,806,318,774
Accumulated depreciation	-	(862,842)	(24,485,944)	(52,238,809)	(1,336,805,969)	(5,769,071)	(70,710,001)	(8,293,979)	(4,193,850)	(28,072,334)	(1,025,774)	(1,532,458,573)	(15,148,430)	(21,324,282)	(36,472,712)	(1,568,931,285)
Net book value	276,990,800	1,605,912	90,485,398	63,428,758	675,551,407	498,613	45,723,642	285,203	305,099	6,321,783	7,853	1,161,204,470	12,465,301	63,717,718	76,183,019	1,237,387,489
Net carrying value basis year ended June 30, 2021																
Opening net book value (NBV)	316,536,000	1,647,487	100,260,827	70,281,172	805,471,115	615,572	29,467,913	445,631	376,665	7,804,670	12,270	1,332,919,322	9,360,000	78,663,850	88,023,850	1,420,943,172
Additions (at cost)	-	-	-	-	28,386,662	-	1,507,900	-	-	-	-	29,894,563	2,825,000	-	2,825,000	32,719,563
Revaluation surplus	2,454,800	-	-	-	-	-	-	-	-	-	-	2,454,801	-	-	-	2,454,801
Transfer from leased assets to own assets (NBV)	-	-	-	-	-	-	9,360,000	-	-	-	-	9,360,000	(9,360,000)	-	(9,360,000)	-
Disposals (NBV)	-	-	-	-	-	-	(198,079)	-	-	-	-	(198,079)	-	-	-	(198,079)
Depreciation charge	-	(16,640)	(5,013,041)	(3,514,058)	(81,405,068)	(61,557)	(7,936,087)	(89,127)	(37,667)	(780,467)	(2,454)	(98,856,165)	(47,083)	(7,866,385)	(7,913,468)	(106,769,633)
Closing net book value	318,990,800	1,630,847	95,247,786	66,767,114	752,452,709	554,015	32,201,647	356,504	338,999	7,024,203	9,816	1,275,574,442	2,777,917	70,797,465	73,575,382	1,349,149,824
Gross carrying value basis year ended June 30, 2021																
Cost	318,990,800	2,468,754	114,971,342	115,667,567	1,999,393,080	6,267,684	94,217,998	8,579,182	4,498,949	34,394,117	1,033,627	2,700,483,102	16,751,731	85,042,000	101,793,731	2,802,276,833
Accumulated depreciation / impairment	-	(837,907)	(19,723,556)	(48,900,453)	(1,246,940,371)	(5,713,669)	(62,016,351)	(8,222,678)	(4,159,950)	(27,369,914)	(1,023,811)	(1,424,908,660)	(13,973,814)	(14,244,535)	(28,218,349)	(1,453,127,009)
Net book value	318,990,800	1,630,847	95,247,786	66,767,114	752,452,709	554,015	32,201,647	356,504	338,999	7,024,203	9,816	1,275,574,442	2,777,917	70,797,465	73,575,382	1,349,149,824
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%		20%	10%		

6.1.1 This includes surplus resulting from revaluation of Freehold land carried upto September 27, 2017, November 06, 2017, and July 06, 2021 by surveyors a professional valuer named Sardar Enterprise and Evaluation Focused Consultants respectively, on the basis of market value as at that date and resulting in revaluation surplus aggregating to Rs. 2.454 million are included in the carrying values of such assets with a corresponding amount appearing as "Surplus on revaluation of property, plant and equipment". Management believes that the assessed value has not been significantly changed from the value of the property as at June 30, 2022.

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

6.1.2 The detail of operating fixed assets disposed off during the year having net book value exceeding Rs. 5,000,000 are as follows:

Description	Cost	Accumulated depreciation	Net book value	Sales proceeds	Gain on disposal	Mode of disposal	Particulars of purchasers
KIA Sportage	5,307,000	-	5,307,000	5,407,000	100,000	Bank	Kia motors sama
Hyundai Sonata	7,767,800	-	7,767,800	8,017,800	250,000	Bank	Ms. Romaisa Mohsin
Hyundai Sonata	7,767,800	-	7,767,800	8,067,800	300,000	Bank	AL - Rehman Embroidery
Hyundai Tucson	5,611,800	-	5,611,800	5,611,800	-	Bank	Mr. Masoon Tariq
FreeHold Land (old)	42,000,000	-	42,000,000	42,000,000	-	Bank	M. Hanif Khan

	Note	2022 Rupees	2021 Rupees

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

	Note	2022 Rupees	2021 Rupees
Cost of sales	34	93,888,368	98,633,330
General and administrative expenses	35	9,996,932	8,136,308
		103,885,300	106,769,638

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

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, 2021	Additions during the year	Transferred to operating fixed assets	As at June 30, 2022
	Rupees			
Extension in blowroom building-Unit 2	8,872,286	125,359,907	30,244,460	103,987,733
Total - 2021	-	8,872,286	-	8,872,286

8 INTANGIBLE ASSETS

Computer software		8,778,168	-

	Note	2022 Rupees	2021 Rupees
8.1 Movement in intangible assets			
Opening net book value		-	-
Additions (at cost)		9,240,176	-
Amortisation charged	35	(462,008)	-
Closing net book value		8,778,168	-
Useful life in years		**5**	

8.1.1 This includes computer software named SAP business one.

		2022 Rupees	2021 Rupees
9	**INVESTMENT PROPERTY**		
	Opening balance	1,752,738,250	1,736,101,561
	Fair value adjustment	3,839,470	16,636,689
		1,756,577,720	1,752,738,250

9.1 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 29, 2022 on the basis of market value. Fair value was determined having regard to recent market transactions for similar properties in the same location and condition as the Company's investment property. Management believes that the market value of the property would be same as of June 30, 2022.

9.2 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 29, 2022 on the basis of market value. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

9.3 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.

9.4 Forced sales value - Investment property

Forced sales value of investment property as of June 30, 2022 amounted to Rs. 1,493.091 million (2021: 1,489.828 million).

9.5 Location and area - Investment property

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

10 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE

	Note	2022	2021
Investment in equity accounted associate	10.1	-	196,063

	Note	2022 Rupees	2021 Rupees
10.1 Investment in equity accounted associate			
Premier Insurance Limited			
69,621 shares of Rs. 10 each (2021 : 69,621 shares of Rs.10/- each)			
Cost of investment		930	930
Accumulated share of post acquisition profit - net of dividend received		284,140	342,289
Accumulated impairment		(89,007)	(89,007)
Share of loss for the year		(196,063)	(58,149)
		(930)	195,133
		-	196,063

Market value of investment in equity accounted associate was Rs. 0.302 million (2021: Rs. 0.382 million).

Financial statements of associated company for the year ended June 30, 2022 (Un-audited) have been used for the purpose of application of equity method. The percentage of equity held in associate is 0.1377% (2021: 0.1377%).

Summarised financial information of Premier Insurance Limited as of June 30, 2022 (Un-audited) is set out below:

	2022	2021
Total assets	3,284,725,000	3,760,359,000
Total liabilities	2,094,739,000	2,331,655,000
Net assets	1,189,986,000	1,428,704,000
Underwriting results	(209,721,000)	(78,232,000)
Investment income	18,634,000	139,617,000
Loss after tax	(145,161,000)	(42,233,000)
Company's share of associate's net assets	1,638,444	2,061,315

11 ADVANCES AND DEPOSITS

	Note	2022 Rupees	2021 Rupees
Security deposits			
Leases		11,178,070	8,200,070
Electricity deposit		690,343	9,039,103
Others		3,588,462	1,915,775
	11.1	15,456,875	19,154,948
Advance against vehicles	11.2	15,944,724	15,011,800
		31,401,599	34,166,748

11.1 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.

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

	Note	2022 Rupees	2021 Rupees

12 STORES, SPARES AND LOOSE TOOLS

	Note	2022 Rupees	2021 Rupees
In hand			
Stores		117,075,243	71,633,488
Spares		-	21,390,047
Loose tools		-	46,183
		117,075,243	93,069,718
Less: Provision for slow moving items	12.2	(10,829,860)	(10,543,997)
		106,245,383	82,525,721

12.1 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.

12.2 Provision for slow moving items

	2022 Rupees	2021 Rupees
Balance at the beginning of the year	10,543,997	7,903,072
Provision recognized during the year	285,863	2,640,925
Balance at the end of the year	10,829,860	10,543,997

13 STOCK-IN-TRADE

	2022 Rupees	2021 Rupees
Raw material in hand	418,646,065	194,938,050
Work-in-process	120,809,946	72,961,942
Finished goods	203,275,105	81,427,265
	742,731,116	349,327,257

14 TRADE DEBTS

	Note	2022 Rupees	2021 Rupees
Unsecured - considered good			
Due from associated companies	14.1	9,963,174	3,533
Others		2,175,125,990	1,514,685,331
		2,185,089,164	1,514,688,864
Considered doubtful		63,414,906	57,836,742
		2,248,504,070	1,572,525,606
Less: Allowance for expected credit loss	14.2	(63,414,906)	(57,836,742)
		2,185,089,164	1,514,688,864

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

14.2 Allowance for expected credit loss

	Note	2022 Rupees	2021 Rupees
Opening balance		57,836,742	42,942,249
Writen-off during the year		(4,475,899)	-
Allowance recognized during the year		10,054,063	14,894,493
Closing balance		63,414,906	57,836,742

	Note	2022 Rupees	2021 Rupees

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

Not past due		9,921,600	-
1 to 30 days		41,574	-
31 to 90 days		-	3,533

14.4 The maximum amount due from related parties at the end of any month during the year was Rs. 26.625 million (2021: Rs. 11.235 million).

15 LOANS AND ADVANCES - UNSECURED

	Note	2022 Rupees	2021 Rupees
Loans			
To employees	15.1 & 15.2	1,647,618	969,982
Advances			
To suppliers / contractors	15.3	39,425,047	9,767,889
Against imports	15.4	56,448,229	6,344,010
		95,873,276	16,111,899
		97,520,894	17,081,881

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

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

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

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

16 DEPOSITS AND SHORT TERM PREPAYMENTS

	Note	2022 Rupees	2021 Rupees
Security deposits	16.1	9,125,780	10,306,839
Prepayments		115,332	354,229
		9,241,112	10,661,068

16.1 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.

17 SHORT TERM INVESTMENTS

	Note	2022 Rupees	2021 Rupees
At fair value through other comprehensive income	17.1	73,051,580	93,739,218
At amortised cost	17.2	1,200,000	1,200,000
		74,251,580	94,939,218

	Note	2022 Rupees	2021 Rupees
17.1 Fair value through other comprehensive income			
At cost		48,187,534	48,187,534
Unrealized gain			
As at July 01,		58,200,599	53,077,963
(Loss) / gain for the year - net		(20,687,638)	5,122,636
As at June 30,		37,512,961	58,200,599
Impairment loss		(12,648,915)	(12,648,915)
	17.1.1	73,051,580	93,739,218

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

Number of shares 2022	Number of shares 2021		Market value 2022 Rupees	Market value 2021 Rupees
		Quoted - At fair value		
1,487,926	1,487,926	The Crescent Textile Mills Limited	26,767,789	40,605,500
1,089	1,089	Crescent Cotton Mills Limited	49,724	59,621
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	873,192	1,620,828
1,011,751	1,011,751	Shakarganj Mills Limited	40,470,040	48,078,408
50,060	50,060	Crescent Jute Products Limited	170,204	170,204
479,739	479,739	Samba Bank Limited	4,720,632	3,204,657
		Unquoted - At breakup value		
25,000	25,000	Crescent Modaraba Management Company Limited	-	-
533,623	533,623	Crescent Bahuman Limited	-	-
			73,051,580	93,739,218

	Note	2022 Rupees	2021 Rupees
17.2 Amortised cost			
Term deposit certificates	17.2.1	1,200,000	1,200,000

17.2.1 These term deposit certificates carry mark-up at rates ranging from 5.50% to 12.25% per annum (2021: 5.00% to 5.50% per annum).

18 TAX REFUNDS DUE FROM GOVERNMENT

	2022	2021
Sales tax refundable	24,382,978	-
Income tax refundable	-	8,026,640
	24,382,978	8,026,640

19 CASH AND BANK BALANCES

	Note	2022	2021
Cash in hand		853,236	849,755
Bank balances			
Conventional mode			
Current accounts		133,737,887	120,062,646
PLS Saving accounts	19.1	111,686,857	100,510,838
		245,424,744	220,573,484
Islamic Current accounts		1,531,775	-
		247,809,755	221,423,239

19.1 The balance in saving accounts carry profit at average rates ranging from 5.00% to 12.25% per annum (2021: 5.00% to 5.50% per annum).

20 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Number of ordinary shares of Rs. 10/- each 2022	2021		2022	2021
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

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

21 RESERVES

		Note	2022 Rupees	2021 Rupees
Capital reserve	Surplus on revaluation of property, plant and equipment		1,996,280,568	1,996,280,568
	Unrealized gain on investments classified as fair value through other comprehensive income		37,512,961	58,200,599
			2,033,793,529	2,054,481,167
Revenue reserves	Unappropriated profit		2,181,283,944	1,545,188,198
			4,215,077,473	3,599,669,365

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

22 LONG TERM FINANCING

	Note	2022	2021
From banking companies - secured			
Conventional mode			
United Bank Limited - Term finance - 1	22.1	-	54,555,466
MCB Bank Limited - Term finance - 2	22.2	-	3,659,700
MCB Bank Limited - Term finance - 3	22.3	-	13,190,892
United Bank Limited - Term finance - 4	22.4	5,222,224	15,666,668
MCB Bank Limited - Term finance - 5	22.5	22,105,000	26,527,000
MCB Bank Limited - Term finance - 6	22.6	10,006,000	16,676,000
MCB Bank Limited - Term finance - 7	22.7	8,780,445	13,170,667
MCB Bank Limited - Term finance - 8	22.8	31,998,000	42,666,000
MCB Bank Limited - Term finance - 9	22.9	22,500,000	27,000,000
Bank of Punjab - Term finance - 10	22.10	45,307,276	123,766,916
MCB Bank Limited - Term finance - 11	22.11	28,750,000	-
MCB Bank Limited - Term finance - 12	22.12	18,442,000	-
		193,110,945	336,879,309
Islamic mode			
Orix Modaraba - Term finance - 13	22.13	-	485,802
Orix Modaraba - Term finance - 14	22.14	-	191,605
Orix Modaraba - Term finance - 15	22.15	-	660,862
		-	1,338,269
		193,110,945	338,217,578
Less: Current portion shown under current liabilities	31	(79,676,388)	(174,181,723)
		113,434,557	164,035,855

22.1 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 (2021: Rs. 300 million).

22.2 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 9.00% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2016. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 32.937 million (2021: Rs. 32.937 million).

22.3 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 2.5% and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from July 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 59.359 million (2021: Rs. 59.359 million).

22.4 This facility has been obtained from United Bank Limited to import of plant and machinery. The rate of mark-up is 4.50% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 4.5 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 400 million (2021: Rs. 400 million).

22.5 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 10 years after a grace period of 18 months with installments starting from November 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 41 million (2021: Rs. 41 million).

22.6 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from October 2018. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 32 million (2021: Rs. 32 million).

22.7 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 3.25% as per State Bank of Pakistan LTF scheme and is payable semi-annually over a period of 6 years after a grace period of 18 months with installments starting from August 2017. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The limit of the facility is Rs. 20 million (2021: Rs. 20 million).

22.8 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 1 located at Nooriabad. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 48 million (2021: Rs. 48 million).

22.9 This facility has been obtained from MCB Bank Limited for balancing modernization and replacement in Textile Unit 2 located at Bikhi. The rate of mark-up is 6 months KIBOR + 1.25% and is payable semi-annually over a period of 6 years inclusive of 18 months grace period. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company aggregating to Rs. 460 million. The sanctioned limit of the facility is Rs. 27 million (2021: Rs. 27 million).

22.10 This term finance facility is obtained from Bank of Punjab for payment of wages and salaries to the workers and employees of business concerns' introduced by the State Bank of Pakistan and is payable quarterly over a period of 2 years, after a grace period of 6 months. The rate of mark-up is 2% per annum. This term finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over fixed assets of the Company and current assets aggregating to Rs. 213.334 million. The sanctioned limit of the facility is Rs. 160 million (2021: Rs. 160 million).

22.11 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 after a grace period of 18 months with installments starting from December 2024. 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. 190 million (2021: Nil).

22.12 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 after a grace period of 18 months with installments starting from May 2025. 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. 190 million (2021: Nil).

22.13 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of the company. The rate of mark-up is 6 months KIBOR + 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 Nil (2021: Rs. 2.429 million).

22.14 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of the Company. The rate of mark-up is 6 months KIBOR + 2.5% variable rate and is payable monthly over a period of 2.5 years after a grace period of 6 months with installments starting from January 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Nil (2021: Rs. 2.149 million).

22.15 This facility has been obtained from Orix Modaraba for purchases of vehicle for uses of employees of the Company. The rate of mark-up is 6 months KIBOR + 3% variable rate and is payable monthly over a period of 3 years starting from May 2019. The finance facility is secured against personal guarantees of directors upto 15 million .The sanctioned limit of the facility is Nil (2021: Rs. 3.379 million).

	Note	2022 Rupees	2021 Rupees
23 LEASE LIABILITIES			
Secured			
Balance as July 01,		49,118,580	66,192,576
Additions during the year		10,862,000	2,825,000
		59,980,580	69,017,576
Payments / adjustments during the year		(16,488,178)	(19,898,996)
		43,492,402	49,118,580
Less: Current portion	31	(20,190,508)	(16,166,070)
	23.1& 23.2	23,301,894	32,952,510

23.1 This includes finance leases entered into with financial institutions for vehicles. Financing rates ranging from 14.43% to 19.31% (2021: 8.15% to 15.86%) 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.

23.2 This also includes leases entered into with the financial institution for imported machinery. Financing ranging from 10.85% to 16.19% (2021: 10.30% to 16.90%) 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:

	2022			2021		
	Upto one year	One to five years	Total	Upto one year	One to five years	Total
	Rupees			Rupees		
Minimum lease payments outstanding	24,106,668	24,524,161	48,630,829	19,842,697	34,945,038	54,787,735
Financial charges not due	(3,916,171)	(1,222,256)	(5,138,427)	(3,676,626)	(1,992,528)	(5,669,154)
Present value of minimum lease payments	20,190,497	23,301,905	43,492,402	16,166,071	32,952,510	49,118,581
Payable within one year shown under current liabilities	(20,190,497)	-	(20,190,497)	(16,166,071)	-	(16,166,071)
	-	23,301,905	23,301,905	-	32,952,510	32,952,510

	Note	2022 Rupees	2021 Rupees

23.3 Amounts recognised in the statement of profit or loss:

	Note	2022 Rupees	2021 Rupees
Interest expense on lease liability	39	4,220,928	5,489,004
Expense relating to short-term leases	35	5,454,821	8,365,669
Total amount recognised in statement of profit or loss		9,675,749	13,854,673

23.4 Cash outflow for leases:

The Company had total cash outflows for leases of Rs. 20.709 million (2021: Rs. 19.898 million). The Company had non-cash addition to right-of-use assets and lease liabilities of Rs. 10.862 million (2021: Rs. 2.85 million).

24 GIDC PAYABLE

	Note	2022 Rupees	2021 Rupees
GIDC Payable		216,430,776	220,507,848
Less: Current portion		(169,944,009)	(132,112,286)
	24.1	46,486,767	88,395,562

24.1 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. Financing rate 9.19% (2021: 9.19%) per annum have been used as a discounting factor.

In November 2020, the Supreme Court dismissed the review petition seeking review of its order issued in favor of recovery for GIDC arrears. Accordingly, the Company has paid GIDC installments amounting to Rs. 8.124 million (2021: Rs. 10.305 million) as per monthly billing by Sui Northern Gas Pipeline Limited (SNGPL), however, the matter with respect to GIDC billing by Sui Southern Gas Company (SSGC) is under litigation in High Court of Sindh. The liability in respect of Sui Southern Gas Company (SSGC) amounting to Rs. 164.735 million (2021: Rs. 162.561 million) is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

Further, we have observed that the SNGPL and SSGC has charged the cess as per Industrial sector rates while company has recorded liability as per Captive Power rates and results in aggregate difference of Rs. 56.431 million between provision as per books of account and liability recognized based on monthly installment billed by SNGPL and SSGC. Therefore, the difference remains unrecognized.

The management is hopeful that the interpretation of the Company will sustain and eventually the Company is not liable for the differential amount of provision as mentioned above.

25 DEFERRED TAXATION

	Note	2022 Rupees	2021 Rupees
Deferred taxation	25.1	123,368,293	143,668,760

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

	2022 Rupees	2021 Rupees
Deferred tax liabilities		
Accelerated tax depreciation allowance	153,764,247	177,743,562
Deferred tax assets		
Lease rentals	(11,227,556)	(14,244,388)
Allowance for expected credit loss	(16,372,362)	(16,772,655)
Provision for slow moving items	(2,796,036)	(3,057,759)
	(30,395,954)	(34,074,802)
	123,368,293	143,668,760

		Note	2022 Rupees	2021 Rupees
25.2	The gross movement in the deferred tax liability during the year is as follows:			
	Balance as at July 1,		143,668,760	73,655,937
	Charged during the year - net		(20,300,467)	70,012,823
			123,368,293	143,668,760

26 TRADE AND OTHER PAYABLES

	Note	2022 Rupees	2021 Rupees
Creditors	26.1	418,245,322	235,111,931
Accrued liabilities	26.2	653,594,134	535,427,990
Sales tax payable		-	20,949,381
Contractual liability		15,620,243	10,882,496
Payable to provident fund		5,054,015	2,472,897
Workers' Profit Participation Fund	26.3	47,119,445	31,748,275
Due to related party	26.4	23,821,190	23,679,715
Withholding tax payable		2,882,130	2,136,039
Workers' Welfare Fund		39,075,826	21,170,436
Other liabilities		7,381,202	1,646,324
		1,212,793,507	885,225,484

26.1 This includes balance amounting to Rs. 3.273 million (2021: Rs. 2.352 million) due to an associated company.

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

26.3 Workers' Profit Participation Fund

	2022 Rupees	2021 Rupees
Balance as at July 01,	31,748,275	8,084,181
Add: Allocation for the year	47,119,445	31,748,275
Add: Interest on funds utilized in the Company's business	754,218	337,985
	79,621,938	40,170,441
Less: Amount paid during the year	(32,502,493)	(8,422,166)
	47,119,445	31,748,275

26.4 This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 5.170 million (2021: 5.170 million), Rs.1.210 million (2021: Rs.1.220 million) and Rs. 17.300 million (2021: Rs.17.299 million) respectively. These balances do not carry any interest and are repayable on demand.

		Note	2022 Rupees	2021 Rupees
27	**UNCLAIMED DIVIDEND**			
	Unclaimed dividend	27.1	3,040,376	2,423,134

27.1 The reconciliation of the carrying amount is as follows:

Opening balance	2,423,134	2,423,578
Dividend Declared - net	15,740,119	-
Less: dividend paid	(15,122,877)	(444)
	3,040,376	2,423,134

28 INTEREST AND MARK-UP ACCRUED

Interest and markup accrued on:		
Long-term financing from Banks and Modaraba		
Conventional mode	6,482,880	4,037,545
Short-term borrowings from Banks		
Islamic mode	10,103,473	248,285
Conventional mode	4,463,200	3,928,880
	14,566,673	4,177,165
	21,049,553	8,214,710

29 SHORT-TERM BORROWINGS

	Note		
From banking companies - secured			
Running / cash finance			
Islamic mode		218,572,406	120,000,000
Conventional mode		376,999,089	86,910,135
	29.1	595,571,495	206,910,135

29.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs.740 million (2021: Rs. 650 million). The rate of mark up on these finance facilities ranges between 1 month to 6 months KIBOR plus 1.25% to 2% per annum (2021: 1 month and 3 months KIBOR plus 1.25% to 2% per annum) and is payable quarterly.

The Company has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 200 million (2021: Rs. 300 million) from a commercial bank. The unutilized balance at the end of the year was Rs. Nil (2021: Rs. 295.100 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.

		Note	2022 Rupees	2021 Rupees
30	**TAXATION - NET**			
	Advance income tax		146,438,812	71,015,727
	Income tax refundable		109,734,467	-
	Provision for taxation	40	(335,988,751)	(64,340,901)
			(79,815,472)	6,674,826

		Note	2022 Rupees	2021 Rupees
31	**CURRENT PORTION OF LONG TERM LIABILITIES**			
	Long term financing	22	79,676,388	174,181,723
	Lease liabilities	23	20,190,508	16,166,070
	Deferred capital grant BOP		1,034,420	5,955,037
			100,901,316	196,302,830

32 CONTINGENCIES AND COMMITMENTS

32.1 Contingencies

a) 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.

b) 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.

32.2 Commitments

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

a) Letters of credit against import of raw cotton and spare parts amounting to Rs. 452.673 million (2021: Rs. 276.118 million) and 437.045 million (2021: Rs. 324.212 million).

b) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 95.285 million (2021: Rs. 95.285 million).

		Note	2022 Rupees	2021 Rupees
33	**SALES - NET**			
	Gross sales			
	Local yarn		9,560,653,056	7,017,475,547
	Local waste		50,682,214	46,896,007
			9,611,335,270	7,064,371,554
	Local trading		-	146,437,021
			9,611,335,270	7,210,808,575
	Sales tax		(1,396,518,778)	(1,041,152,951)
	Brokerage and commission		(116,671,102)	(78,642,181)
			8,098,145,390	6,091,013,443

	Note	2022 Rupees	2021 Rupees
34 COST OF SALES			
Material consumed	34.1	5,443,183,549	3,720,867,688
Salaries, wages and other benefits	34.2	514,506,126	457,322,271
Power and fuel		719,709,687	573,165,154
Depreciation	6.2	93,888,368	98,633,330
Packing material consumed		91,253,840	79,867,466
Stores, spares and loose tools consumed		138,516,861	110,810,680
Insurance		15,577,768	13,875,415
Repairs and maintenance		11,397,863	7,460,406
Provision for slow moving stores, spares and		285,863	2,640,925
Other manufacturing overheads		27,875,021	25,670,705
Manufacturing cost		7,056,194,946	5,090,314,040
Opening work-in-process		72,961,942	78,313,474
Closing work-in-process		(120,809,946)	(72,961,942)
		(47,848,004)	5,351,532
Cost of goods manufactured		7,008,346,942	5,095,665,572
Cost of goods purchased for trading		-	126,530,182
		7,008,346,942	5,222,195,754
Opening stock of finished goods		81,427,265	106,132,191
Closing stock of finished goods		(203,275,105)	(81,427,265)
		(121,847,840)	24,704,926
		6,886,499,102	5,246,900,680

34.1 Material consumed

	2022 Rupees	2021 Rupees
Opening stock	194,938,050	595,937,986
Purchases including related expenses	5,666,891,564	3,319,867,752
	5,861,829,614	3,915,805,738
Closing stock	(418,646,065)	(194,938,050)
	5,443,183,549	3,720,867,688

34.2 Salaries, wages and other benefits include Rs. 14.017 million (2021: Rs. 12.942 million) in respect of staff retirement benefits.

35 GENERAL AND ADMINISTRATIVE EXPENSES

	Note	2022 Rupees	2021 Rupees
Staff salaries and other benefits	35.1	68,045,953	60,001,886
Directors' remuneration		20,995,266	21,043,531
Repairs and maintenance		6,920,318	6,818,894
Vehicles running and maintenance		12,084,309	8,113,145
Insurance		3,008,706	3,523,128
Telephone and postage		1,802,898	1,404,671
Traveling and conveyance		15,312,235	2,703,809
Fee and subscription		4,101,277	5,115,870
Legal and professional charges		705,959	1,863,850

	Note	2022 Rupees	2021 Rupees
Depreciation	6.2	9,996,932	8,136,308
Amortization	8.1	462,008	-
Utilities		4,729,808	3,551,947
Rent, rates and taxes	23.3	5,454,821	8,365,669
Entertainment		3,367,011	2,395,222
Printing and stationery		1,351,720	1,003,233
Others		3,339,808	3,738,925
		161,679,029	137,780,088

35.1 Staff salaries and other benefits include Rs. 4.345 million (2021: Rs. 4.133 million) in respect of staff retirement benefits.

36 DISTRIBUTION COST

		2022	2021
Local freight and insurance		17,609,342	17,802,231
Other		2,107,044	2,877,137
		19,716,386	20,679,368

37 OTHER OPERATING INCOME

	Note	2022	2021
Gain on sale of investments	37.1	-	4,675,879
Rental income		29,819,856	25,868,332
Gain on valuation of investment property	9	3,839,470	16,636,689
Interest on bank deposits		11,031,527	5,118,789
Gain on extinguishment of original GIDC liability		-	20,387,498
Grant income		5,955,037	6,547,996
Dividend income	37.2	287,843	505,133
Scrap sales - store items		1,612,251	739,300
Gain on sale of fixed assets		6,120,643	1,593,921
		58,666,627	82,073,537

37.1 Gain on sale of investments

		2022	2021
MCB Cash Management Optimizer Fund		-	9,413
Gain on sale of Shares of CRTM		-	4,666,466
		-	4,675,879

37.2 Dividend income received on the shares of the Samba Bank Limited.

38 OTHER OPERATING EXPENSES

		2022	2021
Auditors' remuneration:			
Statutory audit		833,750	725,000
Out of pocket		83,375	-
Sales Tax		73,370	-
Half yearly review		175,000	175,000
		1,165,495	900,000
Workers' Profit Participation Fund		47,119,445	31,748,275
Workers' Welfare Fund		17,905,389	12,064,345
		66,190,329	44,712,620

	Note	2022 Rupees	2021 Rupees
39 FINANCIAL CHARGES			
Mark-up / interest on:			
Long-term financing			
Islamic mode		53,372	2,273,348
Conventional mode		17,890,750	19,503,764
		17,944,122	21,777,112
Short-term borrowing			
Islamic mode		33,705,009	10,136,499
Conventional mode		38,460,540	43,330,167
		72,165,549	53,466,666
Financial charges on leases	22.3	4,220,928	5,489,004
Workers' Profit Participation Fund		754,218	337,985
		95,084,817	81,070,767
Finance charges on GIDC		7,790,362	-
LC discounting charges		37,274,291	35,837,931
		140,149,470	116,908,698

40 TAXATION

	Note	2022 Rupees	2021 Rupees
Current	40.1	335,988,751	64,340,901
Prior	40.4	(98,083,268)	2,559,901
	40.2	237,905,483	66,900,802
Deferred		(20,300,468)	70,012,823
		217,605,015	136,913,625

40.1 The provision of current tax charge for the year contains normal tax at the applicable tax rates.

40.2 Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:

		2022 %	2021 %
Applicable tax rate		29	29
Effect of Super tax adjustment	40.3	10	-
Effect of minimum tax adjustment		-	18
Average effective tax rate		39	11

40.3 This represents super tax @ 10% on the taxable income for the year 2022 imposed through Finance Act 2022.

40.4 The Additional Commissioner Inland Revenue (ACIR) amended the assessment u/s 122(5A) of the Income Tax Ordinance, 2001 for the Tax Year 2015, 2016, 2017, 2018 and 2021 and allowed income tax refundable of Rs. 109.743 million after adjusting tax demand of Rs. 20.284 million for the Tax Year 2019 and 2020.

41 EARNINGS PER SHARE - BASIC AND DILUTED	Note	2022 Rupees	2021 Rupees
Profit for the year		654,722,560	454,239,259
Weighted average number of ordinary shares outstanding		12,417,876	12,417,876
Earnings per share - basic and diluted		52.72	36.58

42 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.

42.1 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.

43 CASH GENERATED FROM OPERATIONS

	Note	2022 Rupees	2021 Rupees
Profit before taxation		872,327,575	591,152,884
Adjustment for non-cash charges and other items:			
Gain on disposal of operating fixed assets		(6,120,643)	(1,593,921)
Financial charges		140,149,470	116,908,698
Depreciation		103,885,300	106,769,638
Amortization		462,008	-
Gain on sale of investments		-	(4,675,879)
Gain on revaluation of investment property		(3,839,470)	(16,636,689)
Grant income		(5,955,037)	(6,547,996)
Share of loss from equity accounted associate		196,063	58,149
Allowance for expected credit loss		10,054,063	14,894,493
Provision for slow moving items		285,863	2,640,925
		239,117,617	211,817,418
Profit before working capital changes		1,111,445,192	802,970,302
Working capital changes	43.1	(908,410,590)	(14,583,488)
		203,034,602	788,386,814

43.1 Working capital changes

	2022 Rupees	2021 Rupees
(Increase) / decrease in current assets:		
Stores, spares and loose tools	(24,005,525)	(14,970,886)
Stock in trade	(393,403,859)	431,056,394
Trade debts	(680,454,363)	(217,205,646)
Loans and advances	(80,439,013)	(4,623,512)
Deposits and short term prepayments	1,419,956	413,953
Other receivables	(830,677)	(843,980)
Tax refund due from the Government	(16,356,338)	3,425,319
	(1,194,069,819)	197,251,642
Increase / (Decrease) in current liabilities		
Trade and other payables	285,659,229	(211,835,130)
	(908,410,590)	(14,583,488)

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

Description	2022	Total
	Rupees	
Balance as at July 1,	590,614,206	590,614,206
Proceed from long term loan	47,192,000	47,192,000
Impact of amortization - net	5,955,037	5,955,037
Proceed from lease liabilities	10,862,000	-

Description	2022	Total
	Rupees	
Repayment of long term loan	(192,298,620)	(192,298,620)
Short term borrowing - net	388,661,360	-
Repayment of lease liabilities	(16,488,178)	(16,488,178)
Balance as at June 30	834,497,805	834,497,805

45 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:

	2022			2021		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	Rupees			Rupees		
Managerial remuneration	7,239,734	7,239,734	16,795,908	6,388,800	6,388,800	15,455,620
House rent	3,257,880	3,257,880	7,090,172	2,874,960	2,874,960	6,487,264
Company's contribution to Provident Fund Trust	723,973	723,973	1,679,605	638,880	638,880	1,529,568
Reimbursable expenses	658,241	768,788	755,400	616,714	621,537	644,550
Total	11,879,828	11,990,375	26,321,085	10,519,354	10,524,177	24,117,002
Number of persons	1	1	8	1	1	8

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

45.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.160 million (2021: Rs. 0.160 million).

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

46 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the company comprise the subsidiary company, companies with common directorship, retirement funds, directors and key management personnel. All the transactions with related parties are entered into at agreed terms in the normal course of business as approved by the Board of directors of the company. Detail of transactions with related parties during the year, other than disclosed elsewhere in the unconsolidated financial statements, are as follows:

Nature of related party and relationship with the company	Nature of transaction	Percentage of shareholding in the company	2022 Rupees	2021 Rupees
Associated companies (Common directorship)				
Suraj Cotton Mills Limited	Sale of yarn / Cotton	Nil	285,452,505	24,912,000
Premier Insurance Limited	Insurance premium	0.1377%	26,273,504	22,599,161
Amil Exports (Pvt.) Limited	Rent received	Nil	778,800	676,140

Retirement benefit plans				
Employees' Provident Fund	Contribution	Nil	18,363,052	17,468,112
Key management personnel				
	Rent paid	Nil	4,380,000	4,380,000
	Remuneration and other benefits (note 43)	Nil	50,191,289	45,160,533

Relationship with Company	Nature of transaction	2022 Rupees	2021 Rupees

46.1 Year end balances

Associated companies	Trade debts	9,963,174	3,533
	Trade and other payables	3,273,442	2,352,331
Retirement benefit plans	Trade and other payables	5,054,015	2,472,895
Directors and close relative	Trade and other payables	23,262,445	23,679,715

46.2 Names of related parties, nature and basis of relationship

a) Associated companies / undertakings

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

b) Board of Directors

Mr. Nadeem Maqbool (Chairman)
Mr. Imran Maqbool (Chief Executive Officer)
Mr. Humayun Maqbool (Executive Director)
Mr. Sheikh Muhammad Ali Asif (Non-Executive Director)
Mrs. Naila Humayun Maqbool (Non-Executive Director)
Mr. Mansoor Riaz (Non-Executive Director)
Mr. Syed Rizwan Husain (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)

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

47 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

47.1 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.

47.2 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

Credit risk of the Company arises principally from trade debts, trade deposits, loans, other receivables and investment, term deposit certificates and bank balances. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is as follows:

	2022 Rupees	2021 Rupees
Deposits	13,404,585	21,261,717
Short term investments	74,251,580	1,200,000
Trade debts	2,185,089,164	1,514,688,864
Loans	1,647,618	969,982
Other receivables	3,370,315	2,539,638
Bank balances	245,424,744	220,573,484
	2,523,188,006	1,761,233,685

The aging of trade receivables at the reporting date is:

	2022	2021
Not past due	721,406,663	620,109,640
Past due 1-30 days	391,432,027	288,709,718
Past due 30-90 days	637,337,747	315,886,806
Past due 90 days	434,912,727	289,982,700
	2,185,089,164	1,514,688,864

The Company measures credit risk and expected credit losses using probability of default, exposure at default and loss given default. Management considers both historical analysis and forward-looking information in determining any expected credit loss. At the end of the reporting period, financial assets are held with counterparties with a good credit rating or are due to be settled in short term or on demand.

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. 10.054 million (2021: Rs. 14.894 million).

47.3 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			
2022							
Long term financing	193,110,945	219,310,402	63,055,686	37,136,068	21,659,468	92,648,171	4,811,009
Lease liabilities	43,492,402	48,163,405	11,975,430	11,975,430	10,458,873	13,753,672	-
Trade and other payables	1,123,716,106	1,123,716,106	1,123,716,106	-	-	-	-
Interest and markup accrued	21,049,553	21,049,553	21,049,553	-	-	-	-
Short-term borrowings	595,571,495	595,571,495	595,571,495	-	-	-	-
	1,976,940,501	2,007,810,961	1,815,368,270	49,111,498	32,118,341	106,401,843	4,811,009

	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			
2021							
Long term financing	338,217,578	373,907,433	90,538,082	103,003,143	110,952,333	69,413,875	
Lease liabilities	49,118,580	46,587,664	9,921,348	9,921,348	19,842,696	6,902,272	-
Trade and other payables	809,221,353	809,221,353	809,221,353	-	-	-	-
Interest and markup accrued	8,214,710	8,214,710	8,214,710	-	-	-	-
Short-term borrowings	206,910,135	206,910,135	206,910,135	-	-	-	-
	1,411,682,356	1,444,841,295	1,124,805,628	112,924,491	130,795,029	76,316,147	-

47.4 Market risk

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

a) Currency risk

Foreign currency risk is the risk that the value of financial asset or a liability will fluctuate due to a change in foreign exchange rates. It arises mainly where receivables and payables exist due to transactions entered into in foreign currencies. As of June 30, 2022, the Company is not exposed to any currency risk.

b) Interest rate risk

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

	2022 Effective rate (In percent)	2021 Effective rate (In percent)	2022	2021
			Carrying amount Rupees	
Financial liabilities				
Fixed rate instrument				
Long term financing	2% - 9%	2.00%	91,420,945	338,217,578
Short term borrowings	0.00%	8.00%	-	206,910,135
Variable rate instruments				
Long term financing	4.50% - 16.88%	4.50% - 16.40%	193,110,945	-
Short term borrowings	9.03% - 16.92%	9.58% - 15.85%	595,571,495	206,910,135
Lease liabilities	14.43% - 19.31%	13.19% - 21.77%	43,492,402	49,118,580

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 or loss	
	100 bp increase	**100 bp decrease**
As at June 30, 2022		
Cash flow sensitivity - Variable rate financial liabilities	8,321,748	(8,321,748)
As at June 30, 2021		
Cash flow sensitivity - Variable rate financial liabilities	2,560,287	(2,560,287)

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

c) Yield / mark up rate risk

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

	2022						
			Exposed to yield / mark-up rate risk				
	Effective yield / mark-up rate	Total	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
	%	Rupees					
Financial assets							
At fair value through other comprehensive income							
Investments		73,051,580	-	-	-	-	73,051,580
At fair value through other profit or loss							
Investments		-	-	-	-	-	-
Amortized cost							
Investments	5.00% - 12.25%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	2,185,089,164	-	-	-	-	2,185,089,164
Trade deposits	-	13,404,585	-	-	-	-	13,404,585
Other receivables	-	3,370,315	-	-	-	-	3,370,315
Cash and bank balances	5.00% - 12.25%	246,277,980	111,686,857	-	-	111,686,857	134,591,123
		2,522,393,624	112,886,857	-	-	112,886,857	2,409,506,767
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	3.25% - 12.40%	193,110,945	79,676,388	113,434,557	-	193,110,945	-
Lease liabilities	14.43% - 19.31%	43,492,402	20,190,508	23.301.894	-	43,492,402	-
Trade and other payables		1,123,716,106	-	-	-	-	1,123,716,106
Interest and markup accrued		21,049,553	-	-	-	-	21,049,553
Short-term borrowings	9.03% - 16.92%	595,571,495	595,571,495	-	-	595,571,495	-
		(1,976,940,501)	(695,438,391)	(136,736,451)	-	(832,174,842)	(1,144,765,659)
On balance sheet gap		545,453,123	(582,551,534)	(136,736,451)	-	(719,287,985)	1,264,741,108
Off balance sheet items							
Guarantees on behalf of the Company		92,888,000	-	-	-	-	92,888,000
Letter of credit		600,330,000	-	-	-	-	600,330,000
		693,218,000	-	-	-	-	693,218,000
Total gap		(147,764,877)	(582,551,534)	(136,736,451)	-	(719,287,985)	571,523,108

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

d) Market price risk

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

Exposure

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

Risk management

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

	2022 Rupees	2021 Rupees
As at June 30, 2022, the fair value of equity securities exposed to price risk were as follows:		
At fair value through other comprehensive income	73,051,580	93,739,218

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

Price sensitivity	3,652,579	4,686,961

47.5 Financial instruments by category	2022 Rupees	2021 Rupees
Financial assets		
At fair value through other comprehensive income		
Investments	73,051,580	93,739,218
Amortized cost		
Investments	1,200,000	1,200,000
Trade debts	2,185,089,164	1,514,688,864
Loans	1,647,618	969,982
Trade deposits	13,404,585	21,261,717
Other receivables	3,370,315	2,539,638
Bank balances	245,424,744	221,423,239
	2,523,188,006	1,855,822,658
Financial liabilities		
Financial liabilities carried at amortized cost		
Long-term financing	193,110,945	338,217,578
Lease liabilities	43,492,402	49,118,580
Trade and other payables	1,123,716,106	809,221,353
Interest and markup accrued	21,049,553	8,214,710
Short-term borrowings	595,571,495	206,910,135
	1,976,940,501	1,411,682,356

48 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

As at June 30, 2022, the Company held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	'Rupees			
At fair value through other comprehensive income				
Short term investment	74,251,580	-	-	74,251,580

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

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

Valuation techniques

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

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

The carrying values of all financial assets and liabilities reflected in the financial statements approximate their fair values. However, there were no transfers between levels of fair value hierarchy during the year.

Transfers during the year

During the year to June 30, 2022:

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

49 CAPITAL MANAGEMENT

The Company finances its operations through equity, borrowings and management of working capital with a view to maintaining an approximate mix between various sources of finance to minimize risk. The Company is not subject to any externally imposed capital requirements.

The Company's objectives, policies and processes for managing capital are as follows:

The objective of the Company when managing capital is to safeguard the Company's ability to continue as going concern in order to provide returns for shareholders and benefit for other stake holders and to maintain an optimal capital structure to reduce the cost of capital.

The Company sets the amount of capital in proportion to the risk and manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares, or sell assets to reduce debt.

Consistently with others in the industry, the Company monitors capital on the basis of the debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total debt (as shown in the statement of financial position) less cash and bank balances. Adjusted capital comprises all components of equity (i.e. issued, subscribed and paid up capital, general reserve and unappropriated profit).

	2022 Rupees	2021 Rupees
The debt-to-adjusted capital ratio at the end of the reporting period were as follows:		
Total Borrowings (notes 22, 23, 28 & 30)	832,174,842	594,246,293
Less: Cash and bank balances (note 19)	(247,809,755)	(221,423,239)
Net debt	584,365,087	372,823,054
Total equity	2,342,975,665	1,727,567,557
Total capital	2,927,340,752	2,100,390,611
Gearing ratio	20%	18%

50 DISCLOSURE BY COMPANIES LISTED IN ISLAMIC INDEX

Loans / advances obtained as per Islamic mode:		
Loans	218,572,406	219,910,675
Advances	-	-
	-	-
Shariah complaint bank deposits / bank balances	1,531,775	-
Profit earned from shariah complaint bank deposits / bank balances	-	-
Revenue earned from a shariah complaint business	-	-
Gain / (loss) or dividend earned from shariah complaint investments Dividend income	-	-
Gain on sale of investments	-	-
(Loss) / gain on remeasurement of investments at fair value through profit or loss	(21,446,080)	(1,986,878)
Exchange gain earned	-	-
Mark up paid on Islamic mode of financing	28,124,121.00	25,892,602
Profits interest paid on any	-	-
conventional loan or advance	-	-
Interest paid on loans	91,400,144	115,687,396

51 NUMBER OF EMPLOYEES

	2022	2021
	No. of employees	
a) Number of employees as at June 30	1058	1062
Average number of employees	1055	1059
b) Number of factory employees as at June 30	1006	1012
Average number of factory employees during the year	991	994

52 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

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

The Board of Directors in their meeting held on September 30, 2022 has recommended the final Cash Rs. Nil (2021: Rs. 1.50 per share) amounting to Nil (2021: 18.630 million).

54 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2022 by the Board of Directors of the Company.

55 GENERAL

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

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

PATTERN OF SHAREHOLDING

FORM 34
THE COMPANIES ACT, 2017
(Section 227(2)(f))

1.1 Name of the Company — **CRESCENT FIBRES LIMITED**

2.1. Pattern of holding of the shares held by the shareholders as at — **June 30, 2022**

2.2 No. of Shareholders	------Shareholdings------ From	To	Total Shares Held	Percentage
677	1	100	21,718	0.17
432	101	500	98,316	0.79
91	501	1,000	63,579	0.51
121	1,001	5,000	237,554	1.91
33	5,001	10,000	234,453	1.89
8	10,001	15,000	109,573	0.88
8	15,001	20,000	135,328	1.09
7	20,001	25,000	156,061	1.26
6	25,001	30,000	172,518	1.39
3	30,001	35,000	98,866	0.80
2	35,001	40,000	75,500	0.61
3	40,001	35,000	126,573	1.02
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
1	65,001	70,000	69,183	0.56
2	70,001	75,000	145,320	1.17
1	75,001	80,000	77,956	0.63
1	130,001	135,000	134,000	1.08
1	135,001	140,000	137,641	1.11
1	145,001	150,000	150,000	1.21
2	150,001	155,000	301,038	2.42
1	155,001	160,000	156,463	1.26
1	165,001	170,000	169,498	1.36
1	180,001	185,000	180,275	1.45
1	350,001	355,000	351,657	2.83
1	610,001	615,000	612,905	4.94
1	630,001	635,000	633,015	5.10
1	850,001	855,000	852,681	6.87
1	950,001	955,000	953,154	7.68
1	1,140,001	1,145,000	1,140,732	9.19
1	1,395,001	1,400,000	1,396,045	11.24
1	1,410,001	1,415,000	1,414,375	11.39
1	1,835,001	1,840,000	1,837,493	14.80
1,415			**12,417,876**	**100.00**

2.3 Categories of Shareholders	Shares Held	Percentage
2.3.1 Directors, CEO, their Spouse and Minor Children	5,231,805	42.13
2.3.2 Associated Companies, Undertakings and Related Parties	30,000	0.24
2.3.3 NIT and ICP	858,438	6.91
2.3.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	130,308	1.05
2.3.5 Insurance Companies	1,102	0.01
2.3.6 Modarabas and Mutual Funds	95,621	0.77
2.3.7 Shareholders holding 10% or above	4,647,913	37.43
2.3.8 General Public		
a. Local	5,362,725	43.19
b. Foreign	1,979	0.02
2.3.9 Others (to be specified)		
Joint Stock Companies	597,137	4.81
Pension Funds	77,956	0.63
Others	30,805	0.25

Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2022

Sr.No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	PREMIER INSURANCE LIMITED (CDC)	30,000	0.24
Mutual Funds (Name Wise Detail)			
1	CDC -TRUSTEE AKD OPPROTUNITY FUND (CDC)	37,000	0.30
2	CDC - TRUSTEE GOLDEN ARROW STOCK FUND (CDC)	42,000	0.34
Directors, CEO , their Spouse and Minor Children (Name Wise Detail):			
1	MRS. NAILA HUMAYUN MAQBOOL	500	0.00
2	MR. NADEEM MAQBOOL (CDC)	1,140,732	9.19
3	MR. IMRAN MAQBOOL (CDC)	1,414,375	11.39
4	MR. MANSOOR RIAZ (CDC)	953,154	7.68
5	MR. HUMAYUN MAQBOOL (CDC)	1,396,045	11.24
6	MR. SHEIKH MUHAMMAD ALI ASIF (CDC)	500	0.00
7	SYED RIZWAN HUSSAIN (CDC)	500	0.00
8	MRS. NAZIA MAQBOOL W/O MR. NADEEM MAQBOOL (CDC)	169,498	1.36
9	MRS. ASMA IMRAN MAQBOOL W/O MR. IMRAN MAQBOOL (CDC)	6,501	0.05
10	MRS. SADIA MANSOOR RIAZ W/O MR. MANSOOR RIAZ (CDC)	150,000	1.21
Executives:		1,050	0.01
Public Sector, Companies & Corporations:			
	Joint Stock Companies	597,137	4.81
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		225,987	1.82

Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail):

S. No.	NAME	Holding	%Age
1	MRS. KHAWAR MAQBOOL (CDC)	1,837,493	14.80
2	MR. IMRAN MAQBOOL (CDC)	1,414,375	11.39
3	MR. HUMAYUN MAQBOOL (CDC)	1,396,045	11.24
4	MR. NADEEM MAQBOOL (CDC)	1,140,732	9.19
5	MR. MANSOOR RIAZ (CDC)	953,154	7.68
6	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	852,681	6.87
7	MR. BASHIR AHMAD (CDC)	633,015	5.10

All trades in the shares of the listed company, carried out by its Directors, CEO, Executives, their spouses and minor children shall also be disclosed:

Sr. No.	NAME	Sale	Purchase	Gift Out	Gift In
1	Mr. Imran Maqbool (Director)	-	66,500	-	-
2	Mr. Humayun Maqbool (Director)	-	65,645	-	-
3	Mr. Nadeem Maqbool (Director)	-	-	166,099	-
4	Mr. Mansoor Riaz (Director)	-	143,237	300,000	-
5	Mrs. Nazia Maqbool W/o Mr. Nadeem Maqbool	-	-	-	166,099
6	Mrs. Sadia Mansoor Riaz W/o. Mr. Mansoor Riaz	-	-	-	150,000
7	Mr. Sameer Mansoor Riaz S/o. Mr. Mansoor Riaz	-	-	-	150,000

Crescent Fibres

FORM OF PROXY

CDC Participant ID #	Sub Account # / Folio #	NIC 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 45th Annual General Meeting of the Company to be held on Friday the 28th October, 2022 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 NIC numbers shall be mentioned on the form.

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

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

v) In case of 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.

Crescent Fibres

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 ____________________

بحیثیت رکن کریسنٹ فائبرز لمیٹڈ محترم/محترمہ ____________________ یا اس

کی غیر موجودگی میں ____________________ (بحیثیت

کمپنی کے رکن) کو اپنے/ہمارے ایماء پر مورخہ 28 اکتوبر 2022ء بروز جمعہ صبح 9:30 بجے بمقام کمپنی کے رجسٹرڈ آفس 104 شادمان-1، لاہور پر منعقد ہونے والے کریسنٹ فائبرز لمیٹڈ کے 45ویں 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 ________ 2022ء کو میرے/ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواھان

: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 مختارنامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختارنامہ کی نوٹری 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 آف 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 (مختارنامہ) جمع کرانا ہونگے۔

(ii) پراکسی فارم پر بطور گواہان دو افراد کے دستخط ہونے چاہئیں اور ان کے نام، پتے اور کمپیوٹرائزڈ قومی شناختی کارڈ نمبرز فارم پر درج ہوں۔

(iii) بینیفشل اونرز اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختارنامہ) کے ہمراہ جمع کرانا ہونگی۔

(iv) پراکسی، اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا اصل پاسپورٹ مہیا کرے گا/گی۔

(v) بصورت کارپوریٹ اینٹٹی، بورڈ کی قرارداد/مختارنامہ معہ پراکسی ہولڈر کے دستخط (اگر پہلے فراہم نہ کئے گئے ہوں) پراکسی فارم (مختارنامہ) کے ہمراہ کمپنی میں جمع کرانا ہوگا۔

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