



**Crescent
Fibres**



**Annual Report
2023**



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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)
	Syed Rizwan Husain (Independent, Non-Executive Director)
	Sheikh Muhammad Ali Asif (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. Tel: (042) 35916714, 35916719, 35839182 Email: shares@corplink.com.pk
Registered Office	104-Shadman 1, Lahore-54000 Tel: (042) 35960871-4 Lines
Head Office	7 th Floor, Lakson Square Building No. 3, Sarwar Shaheed Road, Karachi Tel: (021) 35682073-74
Project Locations	
Unit No. 1	Plot No. B/123, Road No. D-7, Industrial Area Nooriabad, District Dadu, Sindh
Unit No. 2	17-Km, Faisalabad Road, Bhikhi, District Sheikhpura, Punjab
E-mail	lo@crescentfibres.com
Website	www.crescentfibres.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 46th Annual General Meeting of the shareholders of Crescent Fibres Limited will be held on Saturday the 28th of October, 2023 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, 2023 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, 2023 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, 2023 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, 2024 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, 2024.”

“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.”

5. To consider and approve the circulation of the Annual Financial Statements (Including balance Sheet profit and loss account, auditor's report and Director report & other reports contained therein) to the members of the Company through QR enabled code and web link as allowed by the Securities and Exchange Commission under SRO 389(1)/2023 dated March 21, 2023.

“RESOLVED THAT the approval of the members of Crescent Fibres Limited be and is hereby accorded for transmission of Annual Reports including Annual Audited Financial Statements to the members in future through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 389(1)/2023 dated March 21, 2023.

OTHER BUSINESS

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

September 30, 2023
REGISTERED OFFICE
104-Shadman-1, Lahore,

By Order of the Board
JAVAID HUSSAIN
Company Secretary

NOTES:

1. **Book Closure**
The Share Transfer Books will remain closed from 20th October, 2023 to 28th October, 2023 (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, 2023 will be considered in time to attend the meeting.

NOTICE OF ANNUAL GENERAL MEETING

2. Proxy Form Facility

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.

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.

3. Video Conference Facility

The Company shall provide video conference facility to its members for attending Annual General Meeting if, members collectively holding 10% or more shareholding, provide their consent to participate in the meeting through video conference at least 7 days prior to the date of AGM.

4. Voting through Ballot paper:

In accordance with regulation 8(2) of the Companies (postal Ballot) Regulation 2018. Members have the option to cast their votes using the ballot paper copy of which is accessible from printed annual report or also available on the Company's website. The duly verified ballot paper should reach the Chairman of the meeting through e-mail at es@crescentfibres.com or through post to 104-Shadman-1, Lahore not later than one day prior to the AGM, during working hours.

5. Electronic Voting:

In accordance Regulation 4(4) of the Companies (Postal Ballot) Regulation 2018, Members also have the option to cast their votes through e-voting. Detail of E-Voting facility will be shared through e-mail with those members of the company who have valid cell numbers / e-mail addresses available in the Register of Members of the Company by the end of business on October 19, 2023 by Corplink (Private) Limited being the e voting service provider.

The facility for e-voting shall open on 25th October, 2023 9.00 a.m. and shall close at 17:00 hours on 27th October, 2023.

STATEMENT OF MATERIAL FACTS UNDER SECTION 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	2023 Rupees	2022 Rupees
Associated Companies / undertakings	Sale of Yarn / Cotton	185,632,232	285,452,505
	Insurance premium	32,889,030	26,273,504
	Rent received	856,680	778,800
Retirement benefit plans	Contribution to provident Fund	20,533,574	18,363,052
Directors/Director Close relatives	Rent paid	4,380,000	4,380,000
	Remuneration and		
	Other benefits (note 46)	55,314,664	50,191,289

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, 2024 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.

Agenda No.5 of the notice- Approval of QR Code and web link for circulation Annual accounts of the company.

The Securities and Exchange Commission of Pakistan has issued a S.R.O. 389 (I)/2023 dated March 22, 2023 whereby the SECP has allowed the listed companies to circulate the Annual balance sheet and profit and loss account, auditor's report and directors report etc. (annual financial statements) to its members through QR enabled code and weblink to its members, where they locate to access the financial statements of the Company.

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, 2023.

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 last financial year 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 also faced challenges due to the worsening global and domestic scenario and had to curtail capacity utilization and suffer from weakening margins. After tax profit for the year ended June 2023 was Rs. 375.9 million, as compared to a profit of Rs. 654.7 million for the twelve months ended June 30, 2022. The earnings per share for the period under review were Rs. 30.27 as compared to Rs. 52.72 in the previous financial year. However, a large portion of profit came from revaluation of investment property while operations suffered a loss. 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 2.1 percent this 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 2023 which were down 15% and also in exports for July 2023 which are down 11.4% month on month. 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 their handling of operations in extremely challenging times 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, 2023

DIRECTORS' REPORT

The Company reported after tax profit of Rs. 375.9 million for the year ended June 30, 2023, as compared to a profit of Rs. 654.7 million for the twelve months ended June 30, 2022. The earnings per share for the period under review was Rs. 30.27 as compared to Rs. 52.72 in the previous financial year. The last financial year has been a very difficult one for the textile industry primarily due to severe demand destruction caused by global recessionary trends, manifold increase in the interest rate, overall inflationary trends causing increase in operating costs and rapid depreciation and volatility in the value of the Pak Rupee.

OPERATING RESULTS

Crescent Fibres Limited

Summarized Financial Results

Rupees in millions	Year Ended 30-Jun-23		Year Ended 30-Jun-22	
	Rs.	% of Sales	Rs.	% of Sales
Sales	6,847.6	100.0%	8,098.1	100.0%
Cost of Sales	(6,818.4)	99.6%	(6,886.5)	85.0%
Gross Profit	29.2	0.4%	1,211.6	15.0%
Administrative Expenses	(171.8)	2.5%	(161.7)	2.0%
Distribution Cost	(30.8)	0.5%	(19.7)	0.2%
Allowance for Expected Credit Loss	(35.2)	0.5%	(10.1)	0.1%
Other Income	847.9	12.4%	58.7	0.7%
Other Expenses	(8.3)	0.1%	(66.2)	0.8%
Profit from Operations	630.9	9.2%	1,012.7	12.5%
Financial Charges / Other	(287.7)	4.2%	(140.3)	1.7%
Profit before Taxation	343.2	5.0%	872.3	10.8%
Taxations	32.7	0.5%	(217.6)	2.7%
Profit/(Loss) After Taxes	375.9	5.5%	654.7	8.1%
Earnings per Share	30.27		52.72	

Overall, sales decreased by 15.4% as compared to the year ending June 2022 primarily due to reduced demand which forced the Management to curtail production leading to lower capacity utilization. The gross margin for the year was 0.4% as compared to 15 % in the previous year. Administrative expenses at 2.5% were higher as compared to 2.0 % in the previous period primarily attributable to reduction in capacity and increase in operating costs. Other Income was significantly higher at 12.4% of sales as compared to 0.7% in the previous period. The bulk of this increase is attributable to the change in fair value of investment property owned by the Company at Faisalabad. Given the difficult operating conditions, the Board has requested Management to explore monetization options including disposal for the investment property. Therefore, it had been redesignated as "held for sale". Due to the revaluation the operating margin in the period under review was at 9.2% as compared to 12.5% for the year ended June 30, 2022. The financial charges were also higher at 4.2% as compared to 1.7% for the corresponding period. This increase is attributable to the unprecedented increase in interest rates and lower margins and cash flows. Overall, the net margin for the year was 5.5% as compared to 8.1% for the year ended June 30, 2022.

DIVIDEND

The world economy has seen a sharp downturn over the last year which when combined with financial and commodity market volatility, rising interest rates, rising inflation and deep recession has led to large scale demand destruction. Though the demand has started to improve we expect margins to remain under pressure. 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, 2023, 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)
 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 (3)

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

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

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

Human Resource and Remuneration Committee

Naila Humayun Maqbool, Member, Non-Executive (1)
 Nadeem Maqbool, Member, Non-Executive (1)
 Syed Rizwan Husain, Independent, Chairman, Non-Executive (1)

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. Five directors have attended the Directors' training course earlier.

FUTURE OUTLOOK

The last financial year was very challenging for the textile industry caused by a weakening global economy, rising interest rates and inflation and overall commodity and financial market volatility which led to severe demand destruction and pressure on margins. According to the data released by Pakistan Bureau of Statistics (PBS), textile exports for the year ending June 2023 amounted to USD 16.5 billion, a decrease of 15% year on year. The slowdown continues as reflected in the export figures for July 2023 which were down 11.4% month on month. In light of domestic and global challenges we expect this downward trend to continue.

According to the World Bank, global growth is projected to slow from 5.7 percent in 2021 to 2.1 percent in 2023. Tight global financial conditions and subdued external demand will continue to weigh on growth across emerging and developing economies. 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 had promised supply of energy at regionally competitive rates, but this has been abandoned and energy rates have been increased. Without a regionally competitive energy tariff Pakistan textile exports will continue to suffer. 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 light of the global economic scenario and Pakistan's own challenges, we expect the next year to be a difficult one for the textile industry.

Cognizant 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, 2023, was Rs. 123,655,824.
- (k) During the year, details of shares by Directors, CEO, CFO, Company Secretary and their spouses and minor children were as follows:

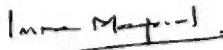
Sr. No.	NAME	Sale	Purchase
1.	Mr. Mansoor Riaz (Director)	-	196,849

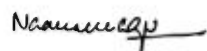
AUDITORS

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, 2023


NADEEM MAQBOOL
 Director



کمپنی نے 30 جون 2023 کو ختم ہونے والے مالی سال کے دوران 375.9 ملین روپے کا بعد از ٹیکس منافع حاصل کیا ہے جبکہ 30 جون 2022 کو ختم ہونے والے بارہ ماہ کے دوران 654.7 ملین روپے کا منافع ہوا تھا۔ اس عرصے کے دوران فی حصص آمدنی 30.27 روپے رہی جو گزشتہ مالی سال میں 52.72 روپے تھی۔ گزشتہ مالی سال ٹیکس ٹیکنالوجی کی صنعت کے لئے انتہائی مشکل رہا جس کی بنیادی وجہ عالمی کساد بازاری کے رجحانات، شرح سود میں کمی، گناہ اضافہ، مجموعی طور پر افراط زر کے رجحانات، جس کی وجہ سے آپریٹنگ اخراجات میں اضافہ اور پاکستانی روپے کی قدر میں تیزی سے کمی اور قیمتوں میں اتار چڑھاؤ کی وجہ سے ماگک میں شدید کمی واقع ہوئی۔

کرینینٹ فاہرزمینٹڈ
خلاصہ مالیاتی نتائج:

روپے (ملین میں)		سال مختتمہ		سال مختتمہ	
		30 جون 2023ء		30 جون 2022ء	
	روپے	فیصد	روپے	فیصد	
فروخت	6,847.6	100.0%	8,098.1	100.0%	
لاگت فروخت	(6,818.4)	99.6%	(6,886.5)	85.0%	
کل منافع	29.2	0.4%	1,211.6	15.0%	
انتظامی اخراجات	(171.8)	2.5%	(161.7)	2.0%	
لاگت تنسی	(30.8)	0.5%	(19.7)	0.2%	
متوقع کریڈٹ نقصان کے لیے الاؤنس	(35.2)	0.5%	(10.1)	0.1%	
دیگر آمدنی	847.9	12.4%	58.7	0.7%	
دیگر اخراجات	(8.3)	0.1%	(66.2)	0.8%	
چلتے ہوئے کام سے منافع	630.9	9.2%	1,012.7	12.5%	
مالیاتی اخراجات/دیگر	(287.7)	4.2%	(140.3)	1.7%	
منافع قبل از ٹیکس	343.2	5.0%	872.3	10.8%	
ٹیکس	32.7	0.5%	(217.6)	2.7%	
منافع بعد از ٹیکس	375.9	5.5%	654.7	8.1%	
آمدنی فی حصہ	30.27		52.72		

مجموعی طور پر، جون 2022 کو ختم ہونے والے سال کے مقابلے میں فروخت میں 15.4 فیصد کمی واقع ہوئی جس کی بنیادی وجہ ماگک میں کمی تھی جس کی وجہ سے انتظامیہ کو پیسہ ادوار میں کمی کرنے پر مجبور ہونا پڑا جس کے نتیجے میں صلاحیت کا استعمال کم ہوا۔ سال کے لئے مجموعی منافع پچھلے سال کے 15.0 فیصد کے مقابلے میں 0.4 فیصد تھا۔ انتظامی اخراجات 2.5 فیصد تھے جو گزشتہ عرصے میں 2.0 فیصد کے مقابلے میں زیادہ تھے جس کی بنیادی وجہ صلاحیت میں کمی اور آپریٹنگ اخراجات میں اضافہ تھا۔ دیگر آمدنی گزشتہ عرصے میں 12.4 فیصد کے مقابلے میں فروخت کے 12.4 فیصد پر نمایاں طور پر زیادہ رہی۔ اس اضافے کی بڑی وجہ فیصل آباد میں کمپنی کی ملکیت والی سرمایہ کاری جانیادی کی مناسب قیمت میں تبدیلی ہے۔ مشکل آپریٹنگ حالات کو دیکھتے ہوئے، بورڈ نے انتظامیہ سے درخواست کی ہے کہ وہ سرمایہ کاری کی جائیداد کو ٹھکانے لگانے سمیت موبیلا نیشن کے اختیارات تلاش کرے۔ لہذا، اسے "فروخت کے لئے رکھنے" کے طور پر دوبارہ نامزد کیا گیا تھا۔ دوبارہ تفتیش کی وجہ سے 30 جون 2022 کو ختم ہونے والے سال کے 12.5 فیصد کے مقابلے میں زیر غور مدت میں آپریٹنگ منافع 9.2 فیصد رہا۔ مالیاتی اخراجات بھی اسی مدت کے 1.7 فیصد کے مقابلے میں 4.2 فیصد زیادہ تھے۔ یہ اضافہ شرح سود میں غیر معمولی اضافے اور کم منافع اور نقد بہاؤ کی وجہ سے ہے۔ مجموعی طور پر سال کے لئے خالص منافع 5.5 فیصد رہا جبکہ 30 جون 2022 کو ختم ہونے والے سال میں یہ 8.1 فیصد تھا۔

منافع مختصر:

گذشتہ ایک سال کے دوران عالمی معیشت میں شدید مندری دیکھی گئی ہے جس کے نتیجے میں مالیاتی اور اجناس کی منڈی میں اتار چڑھاؤ، شرح سود میں اضافہ، بڑھتی ہوئی مہنگائی اور گہری کساد بازاری بڑے پیمانے پر ماگک کی جانہی کا باعث بنی ہے۔ اگرچہ ماگک میں بہتری آنا شروع ہوئی ہے لیکن ہم توقع کرتے ہیں کہ منافع دباؤ میں رہے گا۔ کمزور ماگک، گرتی ہوئی مصنوعات کی قیمتوں اور بحالی کے وقت کے ارد گرد کی غیر یقینی صورتحال کے پیش نظر، بورڈ آف ڈائریکٹرز نے ایک 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 2023 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)

نانکھ 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 (3)

کوڈ آف کارپوریٹ گورننس (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:

ندیم مقبول، رکن، نان ایگزیکٹو (4)

نانکھ ہمایوں مقبول، رکن، نان ایگزیکٹو (4)

شیخ محمد علی آصف، چیئرمین، آزاد، نان ایگزیکٹو (4)

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

انسانی وسائل اور معاوضہ (R & HR) کمیٹی:

نانکھ ہمایوں مقبول، رکن، نان ایگزیکٹو (1)

ندیم مقبول، رکن، نان ایگزیکٹو (1)

سید رضوان حسین، آزاد، چیئرمین، نان ایگزیکٹو (1)

ڈائریکٹرز کا معاوضہ:

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

ڈائریکٹرز کی ترقیاتی پروگرام:

موجودہ BOD کا انتخاب 01 مئی 2022 کو کیا گیا تھا اور سات ڈائریکٹرز میں سے دو ڈائریکٹرز کو ترقیاتی پروگرام سے استفادہ حاصل ہے جیسا کہ ضابطہ نمبر 19 کا ذیلی ضابطہ 2 میں بتایا گیا ہے۔ اس سے قبل پانچ ڈائریکٹرز ڈائریکٹرز کے ترقیاتی کورس میں شرکت کر چکے ہیں۔

مستقبل کا منظر نامہ:

گذشتہ مالی سال ٹیکسٹائل کی صنعت کے لئے بہت مشکل تھا جس کی وجہ سے ورہمہ جاتی عالمی معیشت، شرح سود میں اضافہ اور افراط زر اور مجموعی طور پر اجناس اور مالیاتی منڈی میں اتار چڑھاؤ کی وجہ سے ماگک میں شدید کمی اور منافع پر باؤ پڑا۔ پاکستان پیورڈ آف سٹیلٹیکسٹائل (پٹی ٹی اےس) کے جاری کردہ اعداد و شمار کے مطابق جون 2023 کو ختم ہونے والے سال میں ٹیکسٹائل کی برآمدات کا حجم 16.5 ارب امریکی ڈالر رہا جس میں سال بہ سال 15 فیصد کمی ہوئی، تاہم سودی جاری ہے جیسا کہ جولائی 2023 کے برآمدی اعداد و شمار سے ظاہر ہوتا ہے جو ماہانہ 11.4 فیصد کے حساب سے کم تھے۔ ملکی اور عالمی چیلنجوں کی روشنی میں ہم توقع کرتے ہیں کہ یہ کمی کا رجحان جاری رہے گا۔

عالمی بینک کے مطالعاتی شرح مور 2021 میں 5.7 فیصد سے کم ہو کر 2023 میں 2.1 فیصد رہنے کا امکان ہے۔ سخت عالمی مالیاتی حالات اور بیرونی ماگک میں کمی کی بھرتی ہوئی اور ترقی پزیر معیشتوں کی ترقی پر اثر انداز ہوتی رہے گی۔ پالیسی سازوں کو قیمتوں کے استحکام اور مالی استحکام کا تحفظ کرتے ہوئے بحالی کی حمایت کرنے کی ضرورت کو متوازن کرنے اور ترقی پزیر معیشتوں کے لئے ایک مضبوط اور مستحکم بحالی ضروری ہے۔

حالیہ عالمی واقعات کے ساتھ مل کر غیر دانشمندانہ معاشی پالیسیوں نے پاکستان کی معیشت کو خاص طور پر کمزور بنا دیا ہے، جس میں ادا کیلیوں اور مالی خسارے کا عملی توازن، کمزور کرنسی، بڑھتی ہوئی افراط زر اور شرح سود، ملکی بیرونی قرضوں اور توانائی کی قلت شامل ہیں۔ معاشی سہولت کو فروغ دینے والی باہمی اصلاحات، برآمدات کو فروغ دینے والے بیرونی شعبوں کی جانب سے براہ راست سرمایہ کاری اور دیگر تجویزیی اقدامات کو ختم کرنے کی مسلسل کوششوں کے بغیر، پاکستان کی معاشی بحالی ناکام ہوتی رہے گی۔

عالمی اور ملکی اقتصادی مسائل کے علاوہ، ٹیکسٹائل انڈسٹری کو دیگر چیلنجوں کا بھی سامنا ہے جن میں کاروبار کرنے کی زیادہ قیمت، معاشی اضافہ، زرمبادلہ کے نرخ اور اجناس کی مارکیٹ میں اتار چڑھاؤ، کم ملکی کپاس کی پیداوار اور معیار اور فراہمی کے سلسلے میں رکاوٹیں شامل ہیں۔ حکومت نے علاقائی مسابقتی نرخوں پر توانائی کی فراہمی کا وعدہ کیا تھا لیکن اسے ترک کر دیا گیا ہے اور توانائی کی قیمتوں میں اضافہ کیا گیا ہے۔ علاقائی مسابقتی توانائی تیرف کے بغیر پاکستان کی ٹیکسٹائل برآمدات متاثر ہوتی رہیں گی۔ اس کے علاوہ، حکومت کو ایک دانشمندانہ مالیاتی پالیسی اپنانی چاہیے، بیلنگ ٹیکس کے نظام کو فوری طور پر معطل کرنا چاہیے اور طویل عرصے سے تاخیر کا شکار ٹیکس اور دیگر چھوٹ جاری کر کے لیکویٹی بنی کو بہتر بنانا چاہیے۔

عالمی اقتصادی منظر نامے اور پاکستان کے اپنے چیلنجز کی روشنی میں، ہم توقع کرتے ہیں کہ آئندہ سال ٹیکسٹائل انڈسٹری کے لئے بہت مشکل ہوگا۔ منفی نقطہ نظر سے آگاہ، انتظامیہ شیئر ہولڈرز کے مفادات کے تحفظ کے لئے درست، کم خطرے والے فیصلے لینے پر اصرار جاری رکھے گی۔

کارپوریٹ اور فنانشل رپورٹنگ فریم ورک:

- تختی اور اوروں کے بنائے گئے قوانین کے تحت کارپوریٹ گورننس اور مالیاتی رپورٹنگ فریم ورک سے متعلق چیئرمین میں مندرجہ ذیل بیانات کو ڈائریکٹر رپورٹ میں شامل کرنے کی ضرورت ہے۔
- کختی کی انتظامیہ کی طرف سے تیار کردہ، مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، فنڈی بہاؤ اور اکٹوٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
 - کختی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
 - 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۔
 - 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۔
 - اندرونی کنٹرول کے نظام کا ڈیزائن مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
 - کختی کے گولنگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
 - گزشتہ چھ سال کا کلیدی آپریشننگ اور مالیاتی ڈیٹا منسلک ہے۔
 - وہاں کارپوریٹ گورننس کے بہترین طریقوں میں سے کوئی بھی قابل ذکر روایتی سنگ کے ضابطے میں تفصیلی طور پر کیا گیا ہے۔
 - ٹیکس، لیویز سے متعلقہ تمام تفصیل کو مالی حسابات اور ملحقہ نوٹس آؤٹ اکاؤنٹس میں ظاہر کر دیئے گئے ہیں۔
 - آؤٹ اکاؤنٹس کی بنیاد پر 30 جون 2023 کے سال بختم کے لئے پروویڈنٹ فنڈ کی سرمایہ کاری کی قدر 123,655,824 روپے تھی۔
 - سال کے دوران، ڈائریکٹرز، ای او ای ایف او، کختی بکٹری اور ان کی شریک حیات اور بائیلنچوں کے شیئرز کی تفصیلات حسب ذیل تھیں۔

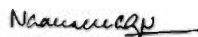
نمبر شمار	نام	فروخت	خرید
1	جناب منصور ریاض (ڈائریکٹر)	---	196,849

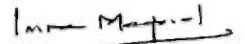
محاسب کی تقرری:

موجودہ آڈیٹرز "مسرز ڈی او ایچ ایم اینڈ کختی" کی خدمات کا عرصہ مکمل ہو چکا ہے اور دو بارہ تین تالی کے لئے اپنی خدمات پیش کی ہیں۔ آؤٹ کمتی نے اگلے سال کیلئے ڈی او ایچ ایم اینڈ کختی چارٹرڈ اکاؤنٹینٹ کو بطور آڈیٹرز تقرری کی سفارش کی ہے۔

اعتراف:

کختی کی انتظامیہ عملے کی مسلسل محنت اور جذبے پر اچھے تعلقات کا اعتراف کرتی ہے اور کختی ڈائریکٹرز، بیکرز اور حصہ داران کا بھی مسلسل حمایت پر شکر یہ ادا کرتی ہے۔


 نامنم متبول
 ڈائریکٹر


 عمران متبول
 چیف ایگزیکٹو

کراچی: تاریخ 30 ستمبر 2023ء



Tel: +92 21 3568 3030
Fax: +92 21 3568 4239
www.bdo.com.pk

2nd Floor, Block-C
Lakson Square, Building No.1
Sarwar Shaheed Road
Karachi-74200
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, 2023 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, 2023.

KARACHI

DATED: October 4, 2023

UDIN: CR2023101662sW6IORgC

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

BDO Ebrahim & Co. Chartered Accountants

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**Crescent
Fibres**

Annual Report 2023

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

Name of Company : Crescent Fibres Limited
Year ended : June 30, 2023

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. Five directors attended the Directors' training course earlier.
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:

Audit Committee	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.


IMRAN MAQBOOL
Chief Executive Officer

On behalf of the Board of Director


NADEEM MAQBOOL
Director

SIX YEARS FINANCIAL SUMMARY

OPERATING RESULTS:	JUNE 2023	JUNE 2022	JUNE 2021	JUNE 2020	JUNE 2019	JUNE 2018
Net Sales	6,847,571,401	8,098,145,390	6,091,013,443	5,023,570,129	5,289,441,070	4,439,239,208
Cost of Sales	6,818,363,352	6,886,499,102	5,246,900,680	4,624,193,242	4,878,999,857	4,155,531,171
Distribution and admin. Expenses	202,671,275	181,395,415	158,459,456	151,073,375	138,922,268	125,788,730
Financial Charges	287,724,827	140,149,470	116,908,698	144,539,290	124,520,265	80,953,892
Other operating expenses	43,477,436	76,244,392	59,672,113	38,495,093	22,056,497	17,292,155
Other operating income - Net	847,868,005	58,666,627	82,073,537	85,218,721	37,788,978	33,427,705
Share of associate profit	-	(196,063)	(58,149)	(122,082)	(163,269)	(289,164)
Pre-Tax Profit/ (Loss)	343,202,516	872,327,575	591,087,884	150,365,768	162,567,892	92,811,801
Taxation	(32,702,731)	217,605,015	136,913,625	41,596,557	49,373,469	24,882,324
Extraordinary item						
Net Income	375,905,247	654,722,560	454,174,259	108,769,211	113,194,423	67,929,477
PER SHARE RESULTS AND RETURN:						
Share Price	55.65	55.65	62.00	37.29	37.95	25.51
Earning Per Share	30.27	52.72	36.57	8.76	9.12	5.47
Dividend Per Share	-	-	1.50	-	-	-
Net Income Sales Percent	5.49%	8.08%	7.46%	2.17%	2.14%	1.53%
Return on Average Assets Percent	5.24%	10.63%	8.03%	2.01%	2.26%	1.80%
Return on Average Equity Percent	8.31%	16.24%	13.00%	3.39%	3.64%	3.30%
FINANCIAL POSITION:						
Current Assets	5,741,287,027	3,490,642,297	2,307,888,352	2,474,673,943	2,006,090,259	1,712,461,451
Current Liabilities	2,344,807,011	2,013,171,719	1,299,076,293	2,044,358,551	1,662,218,227	1,415,648,999
Operating Fixed Assets	1,911,375,536	1,371,619,679	1,358,022,110	1,420,943,172	1,392,445,602	1,401,920,366
Total Assets	7,688,149,868	6,659,019,463	5,654,531,666	5,654,531,666	5,150,476,597	4,873,346,695
Long Term Debt	286,442,241	113,434,557	164,035,855	223,368,882	226,628,927	252,406,925
Shareholders Equity	4,710,336,785	4,339,256,233	3,723,848,125	3,262,031,430	3,150,480,471	3,068,059,569
Break-up Value Per Share	379.32	349.44	299.88	262.69	253.71	247.07
FINANCIAL RATIOS:						
P/E Ratio	1.84	1.06	1.70	4.26	4.16	4.66
Current Ratio	2.45	1.73	1.78	1.21	1.21	1.21
Total Debt to Total Assets Percent	38.73%	34.84%	34.14%	42.31%	38.83%	37.04%
Interest Charges Cover (Times)	2.193	7.224	6.056	2.040	2.306	2.146
Inventory Turnover (Times)	8.278	10.753	8.183	5.886	7.244	7.772
Fixed Assets Turnover (Times)	3.583	5.904	4.485	3.535	3.799	3.167
Total Assets Turnover (Times)	0.891	1.216	1.077	0.888	1.027	0.911
OTHER DATA:						
Depreciation and Amortization	100,477,779	104,347,308	106,769,633	112,094,218	108,046,640	115,650,909
Capital Expenditure	651,693,917	189,042,282	38,766,849	141,032,790	89,787,113	32,990,558

INDEPENDENT AUDITORS' 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, 2023, 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, 2023 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.

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Following are the Key audit matters:

S. No	Key audit matters	How the matter was addressed in our audit
1.	<p>Valuation of stock in trade</p> <p>Stock in trade has been valued following an accounting policy as stated in note 5.8 to the financial statements. As at reporting date value of stock in trade as disclosed in note 13 to the financial statements amounting to Rs. 687.804 million.</p> <p>The cost included in the valuation of stock in trade has different components, which involves judgment in relation to the allocation of overheads costs and in determining the net realizable value of stock-in-trade items in line with accounting policy.</p> <p>Due to above factor, we have considered the valuation of stock in trade as key audit matter.</p>	<p>Our audit procedures in respect of valuation of stock in trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • 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. • We have assessed the adequacy of the financial statements disclosures in accordance with the applicable

S. No	Key audit matters	How the matter was addressed in our audit
		financial reporting framework.
2.	<p>Trade debts</p> <p>As disclosed in note 14 to the accompanying financial statements of the Company, the Company has a trade debt balance amounting to Rs. 1,939.962 million, which represents a significant element of statement of financial position.</p> <p>A discrepancy in the valuation or existence of trade debt could cause the asset to be materially misstated, which would impact the Company's reported financial position as the reporting date.</p> <p>Management estimates the collectible amounts of debts. An allowance for Expected Credit Loss (ECL) is made against trade debts on the basis of lifetime ECL model as explained in note 5.1.1 whereas debts considered irrecoverable are written off.</p> <p>In view of the significance of trade debts in relation to the total assets of the Company, we considered impairment of trade receivables as a key audit matter due to the significant management judgment involved in determining the allowance for ECL and that the existence and carrying value of trade receivables.</p>	<p>We performed the following procedures:</p> <ul style="list-style-type: none"> • We considered the appropriateness of impairment of trade receivables as per the Company policies and assessing compliance with applicable accounting standards; • We tested the design and effectiveness of internal controls implemented by the Company through the trade receivables cycle. • We critically considered management's assumptions used in determining impairment losses for both specific and collective loss components. • We identified those trade receivables with credit risk exposure and checking if they are properly included in management's impairment assessment. • We examined on a sample basis, evidence related to post year-end cash receipts / collections. • We circularized 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. • We have assessed the adequacy of the financial statements disclosures in accordance with the applicable financial reporting framework.

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.

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- 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;

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- 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: 04 OCT 2023

UDIN: AR202310166sYL974Hg2

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BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS

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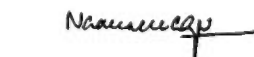
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STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

ASSETS	Note	2023 Rupees	2022 Rupees
NON-CURRENT ASSETS			
Property, plant and equipment			
Operating fixed assets	6	1,191,009,114	1,267,631,946
Capital work-in-progress	7	720,366,422	103,987,733
		1,911,375,536	1,371,619,679
Intangible assets	8	8,430,500	8,778,168
Investment property	9	-	1,756,577,720
Investment in equity accounted associate	10	-	-
Advances and deposits	11	27,056,805	31,401,599
		1,946,862,841	3,168,377,166
CURRENT ASSETS			
Stores, spares and loose tools	12	110,512,114	106,245,383
Stock-in-trade	13	687,933,993	742,731,116
Trade debts	14	1,945,149,699	2,185,089,164
Loans and advances	15	25,886,548	97,520,894
Deposits and short term prepayments	16	9,882,962	9,241,112
Other receivables		3,253,340	3,370,315
Short term investments	17	69,426,885	74,251,580
Tax refunds due from Government	18	105,638,469	24,382,978
Taxation - net	19	40,355,400	-
Cash and bank balances	20	204,350,417	247,809,755
		3,202,389,827	3,490,642,297
Assets classified as held for sale	21	2,538,897,200	-
		7,688,149,868	6,659,019,463
TOTAL ASSETS			
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorised share capital			
15,000,000 (2022: 15,000,000) ordinary shares of Rs. 10/- each		150,000,000	150,000,000
Issued, subscribed and paid up capital	22	124,178,760	124,178,760
Capital reserves			
Surplus on revaluation of property, plant and equipment		1,996,280,568	1,996,280,568
Unrealized gain on investment classified as fair value through other comprehensive income		32,688,266	37,512,961
		2,028,968,834	2,033,793,529
Revenue reserves			
Unappropriated profit		2,557,189,191	2,181,283,944
		4,710,336,785	4,339,256,233
NON-CURRENT LIABILITIES			
Long term financing	23	286,442,241	113,434,557
Lease liabilities	24	135,463,672	23,301,894
Deferred Capital Grant	25	121,804,419	-
GIDC payable	26	2,843,217	46,486,767
Deferred taxation	27	86,452,523	123,368,293
		633,006,072	306,591,511
CURRENT LIABILITIES			
Trade and other payables	28	1,597,496,291	1,212,793,507
Current portion of long term liabilities	32	65,876,262	100,901,316
Unclaimed dividend	29	3,038,460	3,040,376
Interest and mark-up accrued	30	50,289,757	21,049,553
Taxation - net	19	-	79,815,472
Short-term borrowings	31	628,106,241	595,571,495
		2,344,807,011	2,013,171,719
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	33	7,688,149,868	6,659,019,463

The annexed notes from 1 to 56 form an integral part of these financial statements.


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director

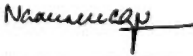

KAMRAN RASHEED
Chief Financial Officer

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023 Rupees	2022 Rupees
Sales - net	34	6,847,571,401	8,098,145,390
Cost of sales	35	(6,818,363,352)	(6,886,499,102)
Gross profit		29,208,049	1,211,646,288
General and administrative expenses	36	(171,830,424)	(161,679,029)
Distribution cost	37	(30,840,851)	(19,716,386)
Allowance for expected credit loss	14.2	(35,173,753)	(10,054,063)
Other operating income	38	847,868,005	58,666,627
Other operating expenses	39	(8,303,683)	(66,190,329)
		601,719,294	(198,973,180)
Operating profit		630,927,343	1,012,673,108
Financial charges	40	(287,724,827)	(140,149,470)
Share of loss from equity accounted associate	10.1	-	(196,063)
		(287,724,827)	(140,345,533)
Profit before taxation		343,202,516	872,327,575
Taxation	41	32,702,731	(217,605,015)
Profit for the year		375,905,247	654,722,560
Earnings per share - basic and diluted	42	30.27	52.72

The annexed notes from 1 to 56 form an integral part of these financial statements.


IMRAN MAQBOOL
 Chief Executive Officer


NADEEM MAQBOOL
 Director

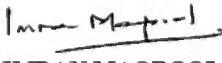

KAMRAN RASHEED
 Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	2023 Rupees	2022 Rupees
Profit for the year	375,905,247	654,722,560
Other comprehensive income		
Items that will not be reclassified to statement of profit or loss subsequently		
Unrealized loss on revaluation of investments classified as fair value through other comprehensive income	(4,824,695)	(20,687,638)
Total comprehensive income for the year	371,080,552	634,034,922

The annexed notes from 1 to 56 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, 2023

	Note	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	44	563,069,514	203,034,602
Finance cost paid		(255,689,693)	(127,314,627)
Taxes paid		(124,383,911)	(151,415,185)
Net cash (used in) / generated from operating activities		182,995,910	(75,695,210)
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(651,693,917)	(189,042,282)
Long term deposits		4,344,794	2,765,149
Short term investments - net		-	-
Proceeds from disposal of operating fixed assets		15,377,798	79,301,869
Net cash used in investing activities		(631,971,325)	(106,975,264)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long term financing	45	352,599,000	47,192,000
Repayments of long term financing	45	(82,679,723)	(192,298,620)
Dividend paid		(1,916)	(18,009,572)
Proceeds from Lease Financing	45	125,000,000	-
Payments of lease liabilities	45	(21,936,030)	(16,488,178)
Short term borrowings - net		32,534,746	388,661,360
Net cash generated from financing activities		405,516,077	209,056,990
Net (decrease)/increase in cash and cash equivalents		(43,459,338)	26,386,516
Cash and cash equivalent at the beginning of the year		247,809,755	221,423,239
Cash and cash equivalent at the end of the year		204,350,417	247,809,755

The annexed notes from 1 to 56 form an integral part of these financial statements.


IMRAN MAQBOOL
 Chief Executive Officer


NADEEM MAQBOOL
 Director

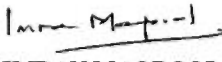

KAMRAN RASHEED
 Chief Financial Officer



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	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, 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 loss on revaluation of investments	-	(20,687,638)	-	-	(20,687,638)
		(20,687,638)		654,722,560	634,034,922
Transaction with owners					
Dividend paid	-	-	-	(18,626,814)	(18,626,814)
Balance as at June 30, 2022	124,178,760	37,512,961	1,996,280,568	2,181,283,944	4,339,256,233
Total comprehensive income for the year					
Profit for the year	-	-	-	375,905,247	375,905,247
Other comprehensive income					
Unrealized loss on revaluation of investments	-	(4,824,695)	-	-	(4,824,695)
	-	(4,824,695)	-	375,905,247	371,080,552
Balance as at June 30, 2023	124,178,760	32,688,266	1,996,280,568	2,557,189,191	4,710,336,785

The annexed notes from 1 to 56 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, 2023

1 STATUS AND NATURE OF BUSINESS

Crescent Fibres Limited ("the Company") was incorporated in Pakistan on August 06, 1977 under the Companies Act, 1913 (now 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 to manufacture and sale of yarn.

2 GEOGRAPHICAL LOCATION AND ADDRESSES OF BUSINESS UNITS

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

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, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. 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.

**Effective date
(annual periods
beginning on or after)**

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework January 01, 2022

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.

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 7 'Financial Instruments: Disclosures' - Supplier finance arrangements January 01, 2024

Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions January 01, 2024

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 1 'Presentation of Financial Statements' - Non-current liabilities with covenants January 01, 2024

Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements January 01, 2024

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 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes January 01, 2023

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 Standards

IFRS 17 Insurance Contracts

5 SIGNIFICANT ACCOUNTING POLICIES

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

5.1 Financial instruments

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

Classification and measurement of financial assets and financial liabilities

i. Financial assets

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 measure 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 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 an determination
- 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 and 14);
- f) taxation (notes 5.10 and 41);
- g) contingencies (notes 5.13 and 33);
- h) determination and measurement of deferred capital grant (notes 5.18 and 25);

6 OPERATING FIXED ASSETS

6.1 The following is the statement of operating fixed assets:

Description	Owned										Total Owned	Right-of-use assets		Total Right-of-use assets	Total assets	
	Freehold land note (6.1.1)	Leasehold Land note (6.1.2)	Buildings on freehold land	Buildings on leasehold land	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Tools and equipment	Electric installation		Service equipment	Vehicles			Plant and machinery
Rupees																
Net carrying value basis																
year ended June 30, 2023																
Opening net book value (NBV)	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	1,191,448,927	12,465,301	63,717,718	76,183,019	1,267,631,946
Transfer from leased assets to own assets (NBV)	-	-	-	-	11,391,934	-	19,415,620	-	-	2,842,600	-	-	33,648,154	-	-	33,648,154
Disposals (NBV)	-	-	-	-	-	-	1,851,946	-	-	-	-	-	1,851,946	(1,851,946)	(1,851,946)	-
Depreciation charge	-	(24,934)	(4,524,270)	(3,171,438)	(71,716,780)	(49,861)	(11,217,071)	(57,041)	(30,510)	(892,750)	(1,571)	(91,687,026)	(2,418,982)	(6,371,771)	(8,790,753)	(100,477,779)
Closing net book value	276,990,800	1,580,978	85,961,127	60,257,320	645,471,021	448,752	45,978,130	228,162	274,589	8,271,633	6,282	1,125,468,794	8,194,373	57,345,947	65,540,320	1,191,009,114
Gross carrying value basis																
year ended June 30, 2023																
Cost	276,990,800	2,468,754	114,971,341	115,667,567	2,065,912,738	6,267,684	127,906,002	8,579,182	4,498,949	37,236,717	1,033,627	2,791,533,361	10,862,000	85,042,000	95,904,000	2,857,437,361
Accumulated depreciation	-	(887,776)	(29,010,214)	(55,410,247)	(1,420,441,717)	(5,818,932)	(81,927,872)	(8,351,020)	(4,224,360)	(28,965,084)	(1,023,345)	(1,636,064,567)	(2,667,627)	(27,696,053)	(30,363,680)	(1,699,428,247)
Net book value	276,990,800	1,580,978	85,961,127	60,257,320	645,471,021	448,752	45,978,130	228,162	274,589	8,271,633	6,282	1,125,468,794	8,194,373	57,345,947	65,540,320	1,191,009,114
Net carrying value basis																
year ended June 30, 2022																
Opening net book value (NBV)	318,990,800	1,630,847	95,247,796	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)	-	(28,416,565)	-	-	-	-	(73,181,226)	-	-	-	(73,181,226)
Depreciation charge	-	(24,936)	(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)
Transfer from leased assets to own assets (NBV)	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	1,191,448,927	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	114,971,341	115,667,567	2,042,601,836	6,267,684	116,433,643	8,579,182	4,498,949	34,394,117	1,033,627	2,723,907,499	27,613,731	85,042,000	112,666,731	2,836,563,226
Accumulated depreciation / impairment	-	(887,842)	(24,485,944)	(52,238,809)	(1,336,805,969)	(5,769,071)	(70,710,001)	(8,263,879)	(4,193,850)	(28,072,334)	(1,025,774)	(1,532,458,571)	(15,148,430)	(21,324,282)	(36,472,712)	(1,598,931,283)
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	1,191,448,927	12,465,301	63,717,718	76,183,019	1,267,631,946
Depreciation rate (% per annum)	-	1%	5%	5%	10%	10%	20%	20%	10%	10%	20%	-	20%	10%	-	-

6.1.1 Revaluation was carried out on July 08, 2021 resulting in revaluation surplus aggregating to Rs. 2,454 million. Management believes that the assessed value has not been significantly changed from the

6.1.2 The area and locations of the freehold land are as follows:
57 acres located at Mouza Bikh, Lahore Sheikhpura Road, Tehsil & District: Sheikhpura.
5.8 acres located at New Lahore Road, Nishatabad, Faisalabad.

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

6.1.4 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 / (Loss) on disposal	Mode of disposal	Particulars of purchasers
Hydrax Sprays	1,367,800	(577,853)	789,947	775,800	51,653	Bank	Mr. Asif Iqbal

9.1 The carrying value of investment property is the fair value of the property as determined by independent valuer (approved by Pakistan Banks' Association and Leasing Association of Pakistan) M/s. Evaluation Focused Consulting as on June 30, 2023 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. Fair value measurement of revalued premises is based on assumptions considered to be level 2 inputs.

9.2 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.

9.3 Forced sales value - Investment property

Forced sales value of investment property as of June 30, 2023 amounted to Rs. 2,158.062 million (2022: 1,493.091 million).

9.4 Location and area - Investment property

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

	Note	2023 Rupees	2022 Rupees
10 INVESTMENT IN EQUITY ACCOUNTED ASSOCIATE			
Investment in equity accounted associate	10.1	-	-
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		88,077	284,140
Accumulated impairment		(89,007)	(89,007)
Share of loss for the year		-	(196,063)
		(930)	(930)
		-	-

Market value of investment in equity accounted associate was Rs. 0.348 million (2022: Rs. 0.302 million).

Financial statements of associated company for the year ended June 30, 2023 (Un-audited) have been used for the purpose of application of equity method. The percentage of equity held in associate is 0.1377% (2022: 0.1377%).

Summarised financial information of Premier Insurance Limited as of June 30, 2023 (Un-audited) is set out below:

Total assets	2,311,404,000	3,284,725,000
Total liabilities	1,564,739,000	2,094,739,000
Net assets	746,665,000	1,189,986,000
Underwriting results	(157,572,000)	(209,721,000)
Investment income	29,356,000	18,634,000
Loss after tax	(45,406,000)	(145,161,000)
Company's share of associate's net assets	1,028,053	1,638,444

	Note	2023 Rupees	2022 Rupees
11	ADVANCES AND DEPOSITS		
Security deposits			
Leases		22,778,000	11,178,070
Electricity deposit		690,343	690,343
Others		3,588,462	3,588,462
	11.1	27,056,805	15,456,875
Advance against vehicles	11.2	-	15,944,724
		<u>27,056,805</u>	<u>31,401,599</u>
11.1	These deposits do not carry any interest or markup and are not recoverable within one year.		
11.2	This represents the advance paid by the Company against purchase of vehicles.		
12	STORES, SPARES AND LOOSE TOOLS		
In hand			
Stores, spares and loose tools		121,756,412	117,075,243
Less: Provision for slow moving items	12.2	(11,244,298)	(10,829,860)
		<u>110,512,114</u>	<u>106,245,383</u>
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		
Balance at the beginning of the year		10,829,860	10,543,997
Provision recognized during the year		414,438	285,863
Balance at the end of the year		<u>11,244,298</u>	<u>10,829,860</u>
13	STOCK-IN-TRADE		
Raw material in hand		458,254,047	418,646,065
Work-in-process		129,395,154	120,809,946
Finished goods		100,284,792	203,275,105
		<u>687,933,993</u>	<u>742,731,116</u>
14	TRADE DEBTS		
Unsecured - considered good			
Due from associated companies	14.1	27,891,583	9,963,174
Others		1,917,258,116	2,175,125,990
		1,945,149,699	2,185,089,164
Considered doubtful		98,588,659	63,414,906
		<u>2,043,738,358</u>	<u>2,248,504,070</u>
Less: Allowance for expected credit loss	14.2	(98,588,659)	(63,414,906)
		<u>1,945,149,699</u>	<u>2,185,089,164</u>
14.1	This represents due from Suraj Cotton Mills Limited, an associated company.		

	Note	2023 Rupees	2022 Rupees
14.2 Allowance for expected credit loss			
Opening balance		63,414,906	57,836,742
Written-off during the year		-	(4,475,899)
Allowance recognized during the year		35,173,753	10,054,063
Closing balance		<u>98,588,659</u>	<u>63,414,906</u>
14.3	The aging of related party balances as at the reporting date is as follows:		
Not past due		<u>10,705,550</u>	<u>9,921,600</u>
1 to 30 days		<u>17,186,033</u>	<u>41,574</u>
14.4	The maximum amount due from related parties at the end of any month during the year was Rs. 56.484 million (2022: Rs. 26.625 million).		
15 LOANS AND ADVANCES - UNSECURED			
Loans			
To employees	15.1 & 15.2	1,661,623	1,647,618
Advances			
To suppliers / contractors	15.3	<u>16,287,485</u>	<u>39,425,047</u>
Against imports	15.4	<u>7,937,440</u>	<u>56,448,229</u>
		<u>24,224,925</u>	<u>95,873,276</u>
		<u>25,886,548</u>	<u>97,520,894</u>
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			
Security deposits	16.1	9,858,080	9,125,780
Prepayments		24,882	115,332
		<u>9,882,962</u>	<u>9,241,112</u>
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			
At fair value through other comprehensive income	17.1	68,226,885	73,051,580
At amortised cost	17.2	1,200,000	1,200,000
		<u>69,426,885</u>	<u>74,251,580</u>

	Note	2023 Rupees	2022 Rupees
17.1 Fair value through other comprehensive income			
At cost		48,187,534	48,187,534
Unrealized gain			
As at July 01,		37,512,961	58,200,599
(Loss) / gain for the year - net		(4,824,695)	(20,687,638)
As at June 30,		32,688,266	37,512,961
Impairment loss		(12,648,915)	(12,648,915)
	17.1.1	<u>68,226,885</u>	<u>73,051,580</u>
17.1.1 Details of fair value through other comprehensive income investment are as under:			
		Market value	
		2023	2022
		Rupees	Rupees
		Quoted - At fair value	
		2023	2022
		Rupees	Rupees
Number of shares			
2023	2022		
1,487,926	1,487,926	The Crescent Textile Mills Limited	19,194,245
1,089	1,089	Crescent Cotton Mills Limited	36,874
285,357	285,357	Jubilee Spinning and Weaving Mills Limited	739,075
1,011,751	1,011,751	Shakarganj Mills Limited	44,334,929
50,060	50,060	Crescent Jute Products Limited	170,204
479,739	479,739	Samba Bank Limited	3,751,559
			4,720,632
		Unquoted - At breakup value	
25,000	25,000	Crescent Modaraba Management Company Limited	-
533,623	533,623	Crescent Bahuman Limited	-
			-
		<u>68,226,885</u>	<u>73,051,581</u>
		2023	2022
		Rupees	Rupees
17.2 Amortised cost	Note		
Term deposit certificates	17.2.1	<u>1,200,000</u>	<u>1,200,000</u>
17.2.1 These term deposit certificates carry mark-up at rates ranging from 9% to 19.50% per annum (2022: 5.50% to 12.25% per annum).			
18 TAX REFUNDS DUE FROM GOVERNMENT			
Sales tax refundable		<u>105,638,469</u>	<u>24,382,978</u>
		<u>105,638,469</u>	<u>24,382,978</u>
19 TAXATION - NET			
Advance income tax		127,133,472	146,438,812
Income tax refundable	19.1	-	109,734,467
Provision for taxation	41	(86,778,072)	(335,988,751)
		<u>40,355,400</u>	<u>(79,815,472)</u>
19.1 The said refundable has been adjusted against the normal tax liability for tax year 2022.			
20 CASH AND BANK BALANCES			
Cash in hand		1,196,401	853,236
Bank balances			
Conventional mode			
Current accounts		89,857,320	133,737,887
PLS Saving accounts	20.1	112,913,759	111,686,857
		202,771,079	245,424,744
Islamic current accounts		382,937	1,531,775
		<u>204,350,417</u>	<u>247,809,755</u>
20.1 The balance in saving accounts carry profit at average rates ranging from 12.25% to 14.50% per annum (2022: 5.00% to 12.25% per annum).			

	Note	2023 Rupees	2022 Rupees		
21	ASSETS CLASSIFIED AS HELD FOR SALE				
	Investment Property	21.1	2,538,879,200	-	
21.1	The management has an active plan to sell the investment property located at Nishatabad, Faisalabad in view of the available market opportunities. The board of directors have approved the management plan and authorized the CEO to assess the available opportunities and fulfill all corporate formalities in this regard. The management is hopeful to sell the said property in next financial year.				
22	ISSUED, SUBSCRIBED AND PAID UP CAPITAL				
	Number of ordinary shares of Rs. 10/- each				
	2023	2022	2023	2022	
	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
	381,657	57,825	Shares held by associated undertakings	381,6570	578,250

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

	Note	2023 Rupees	2022 Rupees	
23	LONG TERM FINANCING			
	From banking companies - secured			
	Conventional mode			
	United Bank Limited - Term finance - 1	23.1	-	5,222,224
	MCB Bank Limited - Term finance - 2	23.2	17,683,000	22,105,000
	MCB Bank Limited - Term finance - 3	23.3	3,336,000	10,006,000
	MCB Bank Limited - Term finance - 4	23.4	4,390,222	8,780,445
	MCB Bank Limited - Term finance - 5	23.5	21,330,000	31,998,000
	MCB Bank Limited - Term finance - 6	23.6	16,500,000	22,500,000
	Bank of Punjab - Term finance - 7	23.7	-	45,307,276
	MCB Bank Limited - Term finance - 8	23.8	28,750,000	28,750,000
	MCB Bank Limited - Term finance - 9	23.9	18,442,000	18,442,000
	MCB Bank Limited - Term finance - 10	23.10	75,768,000	-
	MCB Bank Limited - Term finance - 10	23.10	26,831,000	-
	United Bank Limited - Term finance - 11	23.11	112,710,683	-
			325,740,905	193,110,945
	Less: Current portion shown under current liabilities		(39,298,664)	(79,676,388)
			286,442,241	113,434,557

23.1 This facility was 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 (2022: Rs. 400 million).

- 23.2 This facility was 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 LTFF 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 (2022: Rs. 41 million).
- 23.3 This facility was 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 LTFF 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 (2022: Rs. 32 million).
- 23.4 This facility was 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 LTFF 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 (2022: Rs. 20 million).
- 23.5 This facility was 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 (2022: Rs. 48 million).
- 23.6 This facility was 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 (2022: Rs. 27 million).
- 23.7 This term finance facility was 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 (2022: Rs. 160 million).
- 23.8 This facility was 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 (2022: 190 million).

- 23.9 This facility was 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 (2022: 190 million).
- 23.10 This facility was obtained from MCB Bank Limited for the import of machinery for planned BMR activity in existing units located at Bikhi-Punjab and Dadu-Sindh. 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 and exclusive charge on plant and machinery of Rs. 271.43 million. The sanctioned limit of the facility is Rs. 190 million (2022: Nil)
- 23.11 This facility was obtained from United Bank Limited under the Temporary Economic Refinance (TERF) schemes of State Bank of Pakistan for the import of machinery for planned BMR activity in existing units located at Bikhi-Punjab. The rate of mark-up is SBP Rate (1%) + 3.50% and is payable semi-annually over a period of 10 years after a grace period of 2 years with installments starting from November 2024. The finance facility is secured against first registered pari passu equitable mortgage / hypothecation charge over present and future fixed assets at Nooriabad unit and pari passu equitable mortgage on land and building of the Company located in Faisalabad and Lahore aggregating to Rs. 400 million with 25% margin and exclusive charge on plant and machinery of Rs. 134 million. The sanctioned limit of the facility is Rs. 250 million (2022: Nil).

24	Note	2023 Rupees	2022 Rupees
LEASE LIABILITIES			
Secured			
		43,492,402	49,118,580
		125,000,000	10,862,000
		<u>168,492,402</u>	<u>59,980,580</u>
		(21,936,030)	(16,488,178)
		<u>146,556,372</u>	<u>43,492,402</u>
	31	(11,092,700)	(20,190,508)
	23.1& 23.2	<u>135,463,672</u>	<u>23,301,894</u>
Maturity analysis-contractual cash flows			
		11,092,699	20,190,497
		135,463,672	23,301,905
		<u>146,556,371</u>	<u>43,492,402</u>

- 24.1 This includes finance leases entered into with financial institutions for vehicles. Financing rates ranging from 14.43% to 23.26% (2022: 14.43% to 19.31%) 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.

24.2 This also includes leases entered into with the financial institution for imported machinery. Financing ranging from 16.19% to 25.68% (2022: 10.85% to 16.19%) 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. 177 million.

	Note	2023 Rupees	2022 Rupees
24.3 Amounts recognised in the statement of profit or loss:			
Interest expense on lease liability	40	9,149,978	4,220,928
Expense relating to short-term lease	36	4,380,000	4,380,000
Total amount recognised in statement of profit or loss		<u>13,529,978</u>	<u>8,600,928</u>

24.4 Cash outflow for leases:

The Company had total cash outflows for leases of Rs. 21.936 million (2022: Rs. 20.709 million). The Company had non-cash addition to right-of-use assets and lease liabilities of Rs. 125 million (2022: Rs. 10.862 million).

25 DEFERRED GOVERNMENT GRANT

Deferred government grant against temporary economic refinance	25.1 of 25.2	137,289,317	1,034,420
Less: Current portion of government grant		<u>(15,484,898)</u>	<u>(1,034,420)</u>
		<u>121,804,419</u>	<u>-</u>

25.1 Following is the movement in government grant during the year:

Opening balance		1,034,420	6,989,457
Addition during the year		140,084,247	-
Amortized during the year		<u>(3,829,350)</u>	<u>(5,955,037)</u>
Closing balance		<u>137,289,317</u>	<u>1,034,420</u>

25.2 This represents government grant recognized on long term financing facilities obtained under Temporary Economic Refinance (TERF) schemes of State Bank of Pakistan as disclosed in note 22.11 to the financial statements.

25.3 The Company had availed long term finance facility. The Institute of Chartered Accountants of Pakistan (ICAP) issued the guidance for accounting of said financing through circular No. 11/2020. Accordingly, the Company recognised the Deferred Government Grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance'.

26 GIDC PAYABLE

GIDC Payable		220,397,766	216,430,776
Less: Current portion		<u>(217,554,549)</u>	<u>(169,944,009)</u>
	26.1	<u>2,843,217</u>	<u>46,486,767</u>

- 26.1 This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015. Financing rate 9.19% (2022: 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. 1.975 million (2022: Rs. 8.124 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. 170.677 million (2022: Rs. 164.735 million) is recognized as per the guidelines issued by Institute of Chartered Accountants of Pakistan dated January 21, 2021.

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 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 will not require to make differential payment.

	Note	2023 Rupees	2022 Rupees
27 DEFERRED TAXATION			
Deferred taxation	27.1	86,452,524	123,368,293
27.1 The net balance for deferred taxation is in respect of following temporary differences:			
Deferred tax liabilities			
Accelerated tax depreciation allowance		160,805,430	153,764,247
Deferred tax assets			
Lease rentals		(42,501,348)	(11,227,556)
Allowance for expected credit loss		(28,590,711)	(16,372,362)
Provision for slow moving items		(3,260,847)	(2,796,036)
		(74,352,906)	(30,395,954)
		86,452,524	123,368,293
27.2 The gross movement in the deferred tax liability during the year is as follows:			
Balance as at July 1,		123,368,293	143,668,760
Charged during the year - net		(36,915,770)	(20,300,467)
		86,452,523	123,368,293
28 TRADE AND OTHER PAYABLES			
Creditors	28.1	760,770,164	418,245,322
Accrued liabilities	28.2	731,275,941	653,594,134
Contractual liability		16,536,429	15,620,243
Payable to provident fund		4,145,816	5,054,015
Workers' Profit Participation Fund	28.3	-	47,119,445
Due to related party	28.4	23,696,548	23,821,190
Withholding tax payable		3,655,554	2,882,130
Workers' Welfare Fund		46,079,959	39,075,826
Other liabilities		11,335,880	7,381,202
		1,597,496,291	1,212,793,507

28.1	This includes balance amounting to Rs. 3.328 million (2022: Rs. 3.273 million) due to an associated company.		
28.2	This includes the amount payable in respect of Gas Infrastructure Development Cess (GIDC) levied under GIDC Act, 2015 as disclosed in note 26.1.		
28.3	Note	2023 Rupees	2022 Rupees
	Workers' Profit Participation Fund		
		47,119,445	31,748,275
		-	47,119,445
		4,241,258	754,218
		<u>51,360,703</u>	<u>79,621,938</u>
		(51,360,703)	(32,502,493)
		<u>-</u>	<u>47,119,445</u>
28.4	This includes due to Chief Executive Officer, Directors and other related party amounting to Rs. 18.877 million (2022: 5.170 million), Rs.1.210 million (2022: Rs.1.210 million) and Rs. 3.610 million (2022: 3.380 million) respectively. These balances do not carry any interest and are repayable on demand.		
29	UNCLAIMED DIVIDEND		
	29.1	<u>3,038,460</u>	<u>3,040,376</u>
29.1	The reconciliation of the carrying amount is as follows:		
		3,040,376	2,423,134
			15,740,119
		(1,916)	(15,122,877)
		<u>3,038,460</u>	<u>3,040,376</u>
30	INTEREST AND MARK-UP ACCRUED		
	Interest and markup accrued on:		
	Long-term financing from Banks and Modaraba		
		15,959,687	6,482,880
	Short-term borrowings from Banks		
		6,776,591	10,103,473
		27,553,479	4,463,200
		<u>34,330,070</u>	<u>14,566,673</u>
		<u>50,289,757</u>	<u>21,049,553</u>
31	SHORT-TERM BORROWINGS		
	From banking companies - secured		
	Running / cash finance		
		47,770,723	218,572,406
		580,335,518	376,999,089
	31.1	<u>628,106,241</u>	<u>595,571,495</u>

31.1 The Company has obtained short term finance facilities from various commercial banks. The aggregate facilities under mark-up arrangements amounted to Rs. 2,105 million (2022: Rs. 2,105 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 (2022: 1 month and 6 months KIBOR plus 1.25% to 2% per annum) and is payable quarterly.

The Company has a facility for opening letters of credit under mark-up arrangements amounting to Rs. 300 million (2022: Rs. 300 million) from a commercial bank. The unutilized balance at the end of the year was Rs. Nil (2022: Rs. Nil).

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	2023 Rupees	2022 Rupees
32	CURRENT PORTION OF LONG TERM LIABILITIES		
	Long term financing	39,298,664	79,676,388
	Lease liabilities	11,092,700	20,190,508
	Deferred government grant	15,484,898	1,034,420
		<u>65,876,262</u>	<u>100,901,316</u>

33 CONTINGENCIES AND COMMITMENTS

33.1 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

33.2 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. 190.473 million (2022: Rs. 452.673 million) and 19.066 million (2022: Rs. 437.045 million) respectively.
- b) Guarantees have been issued by banking companies in normal course of business amounting to Rs. 106.96 million (2022: Rs. 95.285 million).

	Note	2023 Rupees	2022 Rupees
34	SALES - NET		
	Gross sales		
	Local yarn	8,098,037,688	9,560,653,056
	Local waste	50,451,456	50,682,214
		<u>8,148,489,144</u>	<u>9,611,335,270</u>
	Sales tax	(1,206,243,380)	(1,396,518,778)
	Brokerage and commission	(94,674,363)	(116,671,102)
		<u>6,847,571,401</u>	<u>8,098,145,390</u>

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	Note	2023 Rupees	2022 Rupees
35 COST OF SALES			
Material consumed	35.1	5,112,799,737	5,443,183,549
Salaries, wages and other benefits	35.2	491,447,085	514,506,126
Power and fuel		747,821,898	719,709,687
Depreciation	6.2	86,732,451	93,888,368
Packing material consumed		80,049,406	91,253,840
Stores, spares and loose tools consumed		136,063,153	138,516,861
Insurance		20,975,597	15,577,768
Repairs and maintenance		17,114,419	11,397,863
Provision for slow moving stores, spares and loose tools		414,438	285,863
Other manufacturing overheads		30,540,063	27,875,021
Manufacturing cost		6,723,958,247	7,056,194,946
Opening work-in-process		120,809,946	72,961,942
Closing work-in-process		(129,395,154)	(120,809,946)
		(8,585,208)	(47,848,004)
Cost of goods manufactured		6,715,373,039	7,008,346,942
Opening stock of finished goods		203,275,105	81,427,265
Closing stock of finished goods		(100,284,792)	(203,275,105)
		102,990,313	(121,847,840)
		6,818,363,352	6,886,499,102
35.1 Material consumed			
Opening stock		418,646,065	194,938,050
Purchases including related expenses		5,152,407,719	5,666,891,564
		5,571,053,784	5,861,829,614
Closing stock		(458,254,047)	(418,646,065)
		5,112,799,737	5,443,183,549
35.2	Salaries, wages and other benefits include Rs. 15.600 million (2022: Rs. 14.017 million) in respect of staff retirement benefits.		
36 GENERAL AND ADMINISTRATIVE EXPENSES			
Staff salaries and other benefits	36.1	66,961,465	60,063,929
Directors' remuneration		24,730,008	20,995,266
Repairs and maintenance		7,618,129	6,920,318
Vehicles running and maintenance		15,899,730	12,084,309
Insurance		3,528,716	3,008,706
Telephone and postage		1,407,120	1,802,898
Traveling and conveyance		6,246,845	15,312,235
Fee and subscription		7,842,334	4,101,277
Legal and professional charges		611,950	705,959
Depreciation	6.2	13,745,328	9,996,932
Amortization	8.1	2,014,742	462,008
Utilities		5,649,197	4,729,808
Rent, rates and taxes	24.3	6,093,865	5,454,821
Entertainment		4,164,447	3,367,011
Printing and stationery		1,294,519	1,351,720
Others		4,022,029	3,339,808
		171,830,424	153,697,005
36.1	Staff salaries and other benefits include Rs. 4.696 million (2022: Rs. 4.345 million) in respect of staff retirement benefits.		

	Note	2023 Rupees	2022 Rupees
37			
DISTRIBUTION COST			
Staff salaries and other benefits		9,732,468	7,982,024
Local freight and insurance		18,564,403	17,609,342
Other		2,543,980	2,107,044
		<u>30,840,851</u>	<u>27,698,410</u>
38			
OTHER OPERATING INCOME			
Rental income		32,801,844	29,819,856
Fair value gain on investment property	9	782,319,480	3,839,470
Interest on bank deposits		15,155,998	11,031,527
Grant income		3,829,350	5,955,037
Dividend income	38.1	1,488,742	287,843
Scrap sales - store items		6,688,000	1,612,251
Gain on sale of fixed assets		5,584,591	6,120,643
		<u>847,868,005</u>	<u>58,666,627</u>
38.1	Dividend income received on the shares of the Samba Bank Limited.		
39			
OTHER OPERATING EXPENSES			
Auditors' remuneration:			
Statutory audit		917,130	833,750
Out of pocket		91,713	83,375
Sales Tax		80,707	73,370
Half yearly review		210,000	175,000
		<u>1,299,550</u>	<u>1,165,495</u>
Workers' Profit Participation Fund		-	47,119,445
Workers' Welfare Fund		7,004,133	17,905,389
		<u>8,303,683</u>	<u>66,190,329</u>
40			
FINANCIAL CHARGES			
Mark-up / interest on:			
Long-term financing			
Islamic mode		-	53,372
Conventional mode		55,429,318	17,890,750
		<u>55,429,318</u>	<u>17,944,122</u>
Short-term borrowing			
Islamic mode		62,024,693	33,705,009
Conventional mode		97,282,454	38,460,540
		<u>159,307,147</u>	<u>72,165,549</u>
Financial charges on leases	22.3	9,149,978	4,220,928
Workers' Profit Participation Fund		4,241,258	754,218
		<u>228,127,701</u>	<u>95,084,817</u>
Finance charges on GIDC		5,942,227	7,790,362
LC discounting charges		53,654,899	37,274,291
		<u>287,724,827</u>	<u>140,149,470</u>

	Note	2023 Rupees	2022 Rupees
41 TAXATION			
Current	41.1	86,778,072	335,988,751
Prior	41.5	(82,565,033)	(98,083,268)
	41.3	4,213,039	237,905,483
Deferred		(36,915,770)	(20,300,468)
		<u>(32,702,731)</u>	<u>217,605,015</u>
41.1	The provision of current tax charge for the year contains normal tax at the applicable tax rates.		
41.2	Relationship between tax expense and accounting profit		
		<u>343,202,516</u>	<u>872,327,575</u>
		Profit before taxation	
		99,528,730	252,974,997
		-	13,575,816
		(12,750,658)	-
		(82,565,033)	(98,083,268)
		-	(40,298)
		(36,915,770)	(20,300,468)
		-	55,263,190
		-	14,215,046
		<u>(32,702,731)</u>	<u>217,605,015</u>
41.3	Numerical reconciliation between the applicable tax rate and average effective tax rate is as follows:		
		2023	2022
		%	%
		29	29
	41.4	-	10
		(4)	-
		<u>25</u>	<u>39</u>
41.4	This represents super tax @ 10% on the taxable income for the year 2022 imposed through Finance Act 2022.		
41.5	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.		
42 EARNINGS PER SHARE - BASIC AND DILUTED			
		<u>375,905,247</u>	<u>654,722,560</u>
		Profit for the year	
		12,417,876	12,417,876
		Weighted average number of ordinary shares outstanding	
		<u>30.27</u>	<u>52.72</u>
		Earnings per share - basic and diluted	

43 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.

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

	Note	2023 Rupees	2022 Rupees
44 CASH GENERATED FROM OPERATIONS			
Profit before taxation		343,202,516	872,327,575
Adjustment for non-cash charges and other items:			
Gain on disposal of operating fixed assets		(5,584,591)	(6,120,643)
Financial charges		287,724,827	140,149,470
Depreciation		100,477,779	103,885,300
Amortization		2,014,742	462,008
Gain on revaluation of investment property		(782,319,480)	(3,839,470)
Grant income		(3,829,350)	(5,955,037)
Share of loss from equity accounted associate		-	196,063
Allowance for expected credit loss		35,173,753	10,054,063
Provision for slow moving items		414,438	285,863
		<u>(365,927,882)</u>	<u>239,117,617</u>
Profit/(Loss) before working capital changes		(22,725,366)	1,111,445,192
Working capital changes	44.1	585,794,880	(908,410,590)
		<u>563,069,514</u>	<u>203,034,602</u>

44.1 Working capital changes

(Increase) / decrease in current assets:

Stores, spares and loose tools	(4,681,169)	(24,005,525)
Stock in trade	54,797,123	(393,403,859)
Trade debts	204,765,712	(680,454,363)
Loans and advances	71,634,346	(80,439,013)
Deposits and short term prepayments	(641,850)	1,419,956
Other receivables	116,975	(830,677)
Tax refund due from the Government	(81,255,491)	(16,356,338)
	<u>244,735,646</u>	<u>(1,194,069,819)</u>

Increase / (Decrease) in current liabilities

Trade and other payables	341,059,234	285,659,229
	<u>585,794,880</u>	<u>(908,410,590)</u>

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

Description	2023 Rupees	2022 Rupees
Balance as at July 1,	833,209,262	589,325,663
Proceed from long term loan	352,599,000	47,192,000
Impact of amortization - net	(3,829,350)	5,955,037
Proceed from lease liabilities	125,000,000	10,862,000
Repayment of long term loan	(82,679,723)	(192,298,620)
Short term borrowing - net	32,534,746	388,661,360
Repayment of lease liabilities	(21,936,030)	(16,488,178)
Balance as at June 30	<u>1,234,897,905</u>	<u>833,209,262</u>

46 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.

	2023			2022		
	Chief Executive Officer	Executive Directors	Executives	Chief Executive Officer	Executive Directors	Executives
	Rupees			Rupees		
Managerial remuneration	8,300,004	8,300,004	19,420,524	7,239,734	7,239,734	16,795,908
House rent	3,735,000	3,735,000	8,222,068	3,257,880	3,257,880	7,090,172
Company's contribution to Provident Fund Trust	830,000	830,000	1,942,063	723,973	723,973	1,679,605
Reimbursable expenses	536,827	1,195,559	950,250	658,241	768,788	755,400
Total	13,401,831	14,060,563	30,534,905	11,879,828	11,990,375	26,321,085
Number of persons	1	1	8	1	1	8

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

46.2 Aggregate amount charged in these financial statements in respect of Directors fee is Rs. 0.660 million (2022: Rs. 0.160 million).

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

47 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties of the company comprise the associated 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 financial statements, are as follows:

Nature of related party and relationship with the company	Nature of transaction	Percentage of shareholding in the company	2023 Rupees	2022 Rupees
Associated companies (Common directorship)				
Suraj Cotton Mills Limited	Sale of yarn / Cotton	Nil	185,632,232	285,452,505
Premier Insurance Limited	Insurance premium	Nil	32,889,030	26,273,504
Amil Exports (Pvt.) Limited	Rent received	Nil	856,680	778,800
Retirement benefit plans				
Employees' Provident Fund	Contribution	Nil	20,533,574	18,363,052
Relationship with Company				
	Nature of transaction		2023 Rupees	2022 Rupees
47.1 Year end balances				
Associated companies	Trade debts		27,891,583	9,963,174
	Trade and other payables		3,445,729	3,273,442
Retirement benefit plans	Trade and other payables		4,145,816	5,054,015
Directors and close relative	Trade and other payables		23,696,548	23,262,445

47.2 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)
- The Crescent Textile Mills Limited (Common Directorship)

b) Board of Directors

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

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

48 CAPACITY AND PRODUCTION

Spinning units	2023			2022		
	Unit - I	Unit - II	Total	Unit - I	Unit - II	Total
Number of spindles installed	28,608	38,448	67,056	28,608	38,448	67,056
Number of spindles worked	28,608	38,448	67,056	28,608	38,448	67,056
Number of shifts per day	3	3	3	3	3	3
Installed capacity after conversion into 20/s count - kgs	11,083,232	14,895,417	25,978,649	11,083,232	14,895,417	25,978,649
Actual production of yarn after conversion into 20/s count - kgs	7,430,917	7,476,821	14,907,738	9,622,408	11,368,910	20,991,318

48.1 The difference between installed and actual production capacity is due to general deteriorating economic condition of country. Further government forex management created raw material shortages that lead to under utilization of capacity.

49 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

49.1 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.

49.2 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:

	2023 Rupees	2022 Rupees
Deposits	14,136,885	13,404,585
Short term investments	69,426,885	74,251,580
Trade debts	1,945,149,699	2,185,089,164
Loans	1,661,623	1,647,618
Other receivables	3,253,340	3,370,315
Bank balances	202,771,079	245,424,744
	<u>2,236,399,511</u>	<u>2,523,188,006</u>

The aging of trade receivables at the reporting date is:

Not past due	1,061,556,950	721,406,663
Past due 1-30 days	453,437,830	391,432,027
Past due 30-90 days	180,996,818	637,337,747
Past due 90 days	249,158,101	434,912,727
	<u>1,945,149,699</u>	<u>2,185,089,164</u>

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 A A A.

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. 23.824 million (2022: Rs. 10.054 million).

49.3 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 Rupees	One to two years	Two to five years	Over five years
2023							
Long term financing	595,429,215	595,429,215	28,227,553	23,784,416	105,143,872	324,510,917	113,762,456
Lease liabilities	237,133,149	237,133,149	22,963,209	18,047,570	42,843,470	123,289,550	29,989,350
Trade and other payables	1,547,760,778	1,547,760,778	1,547,760,778	-	-	-	-
Interest and markup accrued	50,289,757	21,049,553	21,049,553	-	-	-	-
Short-term borrowings	628,106,241	628,106,241	628,106,241	-	-	-	-
	<u>3,058,719,140</u>	<u>3,029,478,936</u>	<u>2,248,107,334</u>	<u>41,831,986</u>	<u>147,987,342</u>	<u>447,800,467</u>	<u>143,751,806</u>
	Carrying amount	Contractual Cash Flows	Six months or less	Six to Twelve months Rupees	One to two years	Two to five years	Over five years
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	-	-	-	-
	<u>1,411,682,356</u>	<u>2,007,810,961</u>	<u>1,815,368,270</u>	<u>49,111,498</u>	<u>32,118,341</u>	<u>106,401,843</u>	<u>-</u>

49.4 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, 2023, 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:

	2023 Effective rate (In percent)	2022 Effective rate (In percent)	2023 Carrying amount Rupees	2022 Carrying amount Rupees
Financial liabilities				
Fixed rate instrument				
Long term financing	2% - 4.5%	2.00%	<u>138,119,905</u>	<u>91,420,945</u>
Variable rate instruments				
Long term financing	4.50% - 18.32%	4.50% - 16.40%	<u>325,740,905</u>	<u>193,110,945</u>
Short term borrowings	14.42% - 21.70%	9.58% - 15.85%	<u>628,106,241</u>	<u>595,571,495</u>
Lease liabilities	14.43% - 25.68%	13.19% - 21.77%	<u>146,556,372</u>	<u>43,492,402</u>

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, 2023		
Cash flow sensitivity - Variable rate financial liabilities	11,004,035	(11,004,035)
As at June 30, 2022		
Cash flow sensitivity - Variable rate financial liabilities	8,321,748	(8,321,748)

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:

	Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub-total	Not exposed to yield / mark-up rate risk
			Maturity upto one year	Maturity over one year to five years	Maturity over five years		
			Rupees				
Financial assets							
At fair value through other comprehensive income							
Investments		68,226,885	-	-	-	-	68,226,885
Amortized cost							
Investments	5.00% - 12.25%	1,200,000	1,200,000	-	-	1,200,000	-
Trade debts	-	1,945,149,699	-	-	-	-	1,945,149,699
Trade deposits	-	14,136,885	-	-	-	-	14,136,885
Loans	-	1,661,623	-	-	-	-	1,661,623
Other receivables	-	3,253,340	-	-	-	-	3,253,340
Cash and bank balances	12.25% - 14.50%	203,967,480	112,913,759	-	-	112,913,759	91,053,721
		2,237,595,912	114,113,759	-	-	114,113,759	2,123,482,153
Financial liabilities							
Financial liabilities carried at amortized cost							
Long-term financing	3.25% - 18.32%	595,429,215	52,011,969	429,654,790	113,762,456	595,429,215	-
Lease liabilities	14.43% - 25.68%	237,133,149	41,010,779	166,133,020	29,989,350	237,133,149	-
Trade and other payables		1,547,760,778	-	-	-	-	1,547,760,778
Interest and markup accrued		50,289,757	-	-	-	-	50,289,757
Short-term borrowings	14.42% - 21.70%	628,106,241	628,106,241	-	-	628,106,241	-
		(3,058,719,140)	(721,128,989)	(595,787,810)	(143,751,806)	(1,460,668,605)	(1,598,050,535)
On balance sheet gap		(821,123,228)	(607,015,230)	(595,787,810)	(143,751,806)	(1,346,554,846)	525,431,618
Off balance sheet items							
Guarantees on behalf of the Company		106,965,168	-	-	-	-	106,965,168
Letter of credit		209,539,000	-	-	-	-	600,330,000
		316,504,168	-	-	-	-	707,295,168
Total gap		(1,137,627,396)	(607,015,230)	(595,787,810)	(143,751,806)	(1,346,554,846)	(181,863,550)

2022						
Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub- total	Not exposed to yield / mark-up rate risk
		Maturity upto one year	Maturity over one year to five years	Maturity over five years		
%	Rupees					
Financial assets						
At fair value through other comprehensive income						
Investments	73,051,580	-	-	-	-	73,051,580
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% - 5.50%	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

2022						
Effective yield / mark-up rate	Total	Exposed to yield / mark-up rate risk			Sub- total	Not exposed to yield / mark-up rate risk
		Maturity upto one year	Maturity over one year to five years	Maturity over five years		
%	Rupees					
Financial 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)
On balance sheet gap		545,453,123	(582,551,534)	(136,736,451)	-	(719,287,985)
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		(147,764,877)	(582,551,534)	(136,736,451)	-	(719,287,985)

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.

2023
Rupees

2022
Rupees

As at June 30, 2023, the fair value of equity securities exposed to price risk were as follows:

At fair value through other comprehensive income	68,226,885	73,051,580
--	------------	------------

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	3,411,344	3,652,579
-------------------	-----------	-----------

49.5 Financial instruments by category

Financial assets

At fair value through other comprehensive income

Investments	68,226,885	73,051,580
-------------	------------	------------

Amortized cost

Investments	1,200,000	1,200,000
-------------	-----------	-----------

Trade debts	1,945,149,699	2,185,089,164
-------------	---------------	---------------

Loans	1,661,623	1,647,618
-------	-----------	-----------

Trade deposits	14,136,885	13,404,585
----------------	------------	------------

Other receivables	3,253,340	3,370,315
-------------------	-----------	-----------

Bank balances	203,967,480	245,424,744
---------------	-------------	-------------

	2,237,595,912	2,523,188,006
--	---------------	---------------

Financial liabilities

Financial liabilities carried at amortized cost

Long-term financing	595,429,215	193,110,945
---------------------	-------------	-------------

Lease liabilities	237,133,149	43,492,402
-------------------	-------------	------------

Trade and other payables	1,547,760,778	1,123,716,106
--------------------------	---------------	---------------

Interest and markup accrued	50,289,757	21,049,553
-----------------------------	------------	------------

Short-term borrowings	628,106,241	595,571,495
-----------------------	-------------	-------------

	3,058,719,140	1,976,940,501
--	---------------	---------------

50 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, 2023, 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	69,426,885	-	-	69,426,885

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

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.

51 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).

The debt-to-adjusted capital ratio at the end of the reporting period were as follows:

	2023 Rupees	2022 Rupees
Total Borrowings (notes 23, 24, 31 & 32)	1,100,403,518	832,174,842
Less: Cash and bank balances (note 20)	<u>(204,350,417)</u>	<u>(247,809,755)</u>
Net debt	896,053,101	584,365,087
Total equity	<u>2,714,056,217</u>	<u>2,342,975,665</u>
Total capital	<u>3,610,109,318</u>	<u>2,927,340,752</u>
Gearing ratio	25%	20%

52 DISCLOSURE BY COMPANIES LISTED IN ISLAMIC INDEX

Loans / advances obtained as per Islamic mode:

Loans	47,770,723	218,572,406
Advances	<u>-</u>	<u>-</u>
Shariah complaint bank deposits / bank Profit earned from shariah complaint bank deposits / bank balances	<u>382,937</u>	<u>1,531,775</u>
Revenue earned from a shariah complaint Gain / (loss) or dividend earned from shariah investments Dividend income	<u>-</u>	<u>-</u>
Gain on sale of investments	<u>-</u>	<u>-</u>
(Loss) / gain on remeasurement of investments at fair value through profit or Exchange gain earned	<u>-</u>	<u>(21,446,080)</u>
Mark up paid on Islamic mode of financing	<u>55,248,102</u>	<u>28,124,121</u>
Profits interest paid on any conventional loan or advance	<u>-</u>	<u>-</u>
Interest paid on loans	<u>194,499,364</u>	<u>91,400,144</u>

Relationship with shariah compliant

The Company has earned dividend income from the investment made in the shares of shariah complaint companies.

	2023	2022
53 NUMBER OF EMPLOYEES	No. of employees	
a) Number of employees as at June 30	1022	1058
a) Average number of employees	1010	1055

54 CORRESPONDING FIGURES


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


55 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on September 30, 2023 by the Board of Directors of the Company.

56 GENERAL

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


IMRAN MAQBOOL
Chief Executive Officer


NADEEM MAQBOOL
Director


KAMRAN RASHEED
Chief Financial Officer

PATTERN OF SHAREHOLDING

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

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, 2023

2.2 No. of Shareholders	-----Shareholdings-----		Total Shares Held	Percentage
	From	To		
686	1	100	21,758	0.18
438	101	500	100,079	0.81
88	501	1,000	60,734	0.49
124	1,001	5,000	246,925	1.99
28	5,001	10,000	201,613	1.62
9	10,001	15,000	122,573	0.99
7	15,001	20,000	115,193	0.93
8	20,001	25,000	176,154	1.42
10	25,001	30,000	284,620	2.29
3	30,001	35,000	98,865	0.80
3	35,001	40,000	110,874	0.89
3	40,001	45,000	126,573	1.02
1	55,001	60,000	58,233	0.47
2	60,001	65,000	125,559	1.01
1	65,001	70,000	69,183	0.56
2	70,001	75,000	145,320	1.17
2	75,001	80,000	153,897	1.24
1	135,001	140,000	137,641	1.11
1	145,001	150,000	150,000	1.21
2	155,001	160,000	315,948	2.54
1	165,001	170,000	166,099	1.34
1	340,001	345,000	340,086	2.74
1	350,001	355,000	351,657	2.83
1	630,001	635,000	633,015	5.10
1	645,001	650,000	649,904	5.23
1	805,001	810,000	809,917	6.52
1	850,001	855,000	852,681	6.87
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	1,840,001	1,845,000	1,841,623	14.83
1,430			12,417,876	100.00

2.3 Categories of Shareholders

	Shares Held	Percentage
2.3.1 Directors, CEO, their Spouse and Minor Children	5,428,654	43.72
2.3.2 Associated Companies, Undertakings and Related Parties	381,657	3.07
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	94,121	0.76
2.3.7 Shareholders holding 10% or above	4,652,043	37.46
2.3.8 General Public		
a. Local	5,186,268	41.76
b. Foreign	652	0.01
2.3.9 Others (to be specified)		
Joint Stock Companies	227,915	1.84
Pension Funds	77,956	0.63
Others	30,805	0.25

Annual Report 2023



**Crescent
Fibres**

**Categories of Shareholding required under Code of Corporate Governance (CCG)
As on June 30, 2023**

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
2	THE CRESCENT TEXTILE MILLS LIMITED (CDC)	351,657	2.83
Mutual Funds (Name Wise Detail)			
1	CDC -TRUSTEE AKD OPPROTUNITY FUND (CDC)	35,500	0.29
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)	1,150,003	9.26
5	MR. HUMAYUN MAQBOOL (CDC)	1,396,045	11.24
6	MR. SHEIKH MUHAMMAD ALI ASIF (CDC)	500	0.00
7	MR. 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		227,915	1.84
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 interest in the listed company (Name Wise Detail):

S. No.	NAME	Holding	%Age
1	MRS. KHAWAR MAQBOOL (CDC)	1,841,623	14.83
2	MR. IMRAN MAQBOOL (CDC)	1,414,375	11.39
3	MR. HUMAYUN MAQBOOL (CDC)	1,396,045	11.24
4	MR. MANSOOR RIAZ (CDC)	1,150,003	9.26
5	MR. NADEEM MAQBOOL (CDC)	1,140,732	9.19
6	M/S. CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST (CDC)	852,681	6.87
7	MR. RIAZ MASOOD (CDC)	649,904	5.23
8	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
1	MR. MANSOOR RIAZ (DIRECTOR)	-	196,849



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 46th Annual General Meeting of the Company to be held on Saturday the

28th October, 2023 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) along with proxy form to the company.

پراکسی فارم (مختار نامہ)

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

میں / ہم _____ ساکن _____

بجائیت رکن کریڈٹ فائبرز لمیٹڈ، محترم / محترمہ _____ کی غیر موجودگی میں _____ (بجائیت

کمپنی کے رکن) کو اپنے / ہمارے ایما پر مورخہ 28 اکتوبر 2023ء بروز ہفتہ صبح 9:30 بجے بمقام کمپنی کے رجسٹرڈ آفس 104 شادمان-1، لاہور پر منعقد ہونے والے کریڈٹ فائبرز لمیٹڈ کے 46 واں سالانہ اجلاس عام میں حق رائے دہی استعمال کرنے، تقرر یا وراثت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

آج بروز _____ بتاریخ _____ 2023ء کو میرے / ہمارے دستخط سے گواہوں کی تصدیق سے جاری ہوا۔

گواہان

1:

دستخط: _____

نام: _____

پتہ: _____

50/- روپے کارسیدی ٹکٹ یہاں چسپاں کریں

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

2:

دستخط: _____

نام: _____

پتہ: _____

دستخط رکن
کمپنی کے نمونہ دستخط سے مماثل ہونے چاہئیں۔

کمپیوٹرائزڈ قومی شناختی کارڈ نمبر: _____

نوٹ:

1: اجلاس عام میں شرکت اور رائے دہی کا مستحق رکن، پراکسی مقرر کر سکتا ہے۔

2: پراکسی اور مختار نامہ یا دیگر اتھارٹی (اگر کوئی ہوں) تقرری کے آلات، جس کے تحت یہ دستخط شدہ ہو یا اس مختار نامہ کی نوٹریلی مصدقہ کاپی، کمپنی کے شئیر رجسٹرڈ دفتر 104 شادمان-1، لاہور میں اجلاس منعقد ہونے سے کم از کم 48 (اڑتالیس) گھنٹے قبل جمع کرائے جانے چاہئیں۔

3: سی ڈی سی اکاؤنٹ ہولڈرز کو پراسیز 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 تقصیلات تو امداد و ضوابط کے مطابق اپ لوڈ ہوں، انہیں درج بالا شرائط کے مطابق پراکسی فارم (مختار نامہ) جمع کرانا ہوگا۔

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

(iii) تین مفصل اور پراکسی کے کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول، پراکسی فارم (مختار نامہ) کے ہمراہ جمع کرانا ہوگی۔

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

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



BALLOT PAPER

Registered Office: 104-Shadnman-1, Lahore.

Contact: +92-42-35960871-4 Lines, **Website:** <https://www.crescentfibres.com>

Ballot paper for voting through post for the Special Business at the Annual General Meeting of Crescent Fibres Limited scheduled on Saturday, October 28, 2023 at 09.30 a.m. at the Company's Registered Office situated at 104-Shadman-1, Lahore.

Contact details of the Chairman at which the ballot paper may be sent:

Registered Office Address: The Chairman, Crescent Fibres Limited, 104-Shadman-1, Lahore

Attention: Chairman of the meeting at Designated Email Address: cs@crescentfibres.com

Name of Shareholder/Joint Shareholders	
Registered Address	
Folio No./CDC Participant / Investor ID with Sub-Account #	
Number of shares held (shall be taken as of book closure in notice)	
CNIC, NICOP/ Passport No. (for foreigner) (Copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation, and Federal Government.)	

Instructions for Poll

- Please indicate your vote by ticking (√) the relevant box.
- In case if both the boxes are marked as (√), your poll shall be treated as "Rejected".

I/we hereby exercise my/our vote in respect of the following Special Business resolution through postal ballot by conveying my/our assent or dissent to the resolution by placing tick (√) mark in the appropriate box below;

Agenda #	Nature and Description of Resolutions	No of Shares for which votes cast	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)
3.	" RESOLVED THAT the transactions conducted with related parties as disclosed in the note of the financial statement for the year ended June 30, 2023 and specified in the Statement of Material Information under section 134(3) be and are hereby ratified, approved and confirmed."			
4.	" 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, 2024." " 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."			
5.	" RESOLVED THAT the approval of the members of Crescent Fibres Limited be and is hereby accorded for transmission of Annual Reports including Annual Audited Financial Statements to the members in future through QR enabled code and Weblink instead of transmitting the same through CD/DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its S.R.O. 389(I)/2023 dated March 21, 2023."			

Signature of Shareholder(s) (In case of corporate entity, please affix company stamp)	Place	Date



NOTES:

1. Dully filled ballot paper form should be sent to the Chairman of Crescent Fibres Limited at Registered Office at 104-Shadman-1, Lahore, or e-mail at cs@crescentfibres.com.
2. Copy of CNIC/ Passport (in case of foreigner) should be enclosed with the postal ballot form.
3. Ballot paper should reach the Chairman of the Company on or before October 28, 2023, upto 17.00 p.m. Any postal ballot received after this date and time will not be considered for voting.
4. Signature on ballot paper should match with signature on CNIC/Passport (in case of foreigner).
5. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written poll paper will be rejected.
6. In case of a representative of a body corporate, corporation or Federal Government, the Ballot Paper Form must be accompanied by a copy of the CNIC of an authorized person, an attested copy of Board Resolution, / Power of Attorney, / Authorization Letter etc., in accordance with Section(s) 138 or 139 of the Companies Act, 2017 as applicable. In the case of foreign body corporate etc. all documents must be attested by the Counsel General of Pakistan having jurisdiction over the Member.
7. Ballot Paper form has also been placed on the website of the Company at: www.crescentfibres.com. Members may download the ballot paper from the website or use an original/photocopy printed in annual reports.



CRESCENT FIBRES LIMITED

104 Shadman 1, Lahore 54000
Tel: +92 (42) 35960871 - 4 Lines
Fax: +92 (42) 35960004
Email: lo@crescentfibres.com
Website: www.crescentfibres.com